NEW ISSUE – BOOK-ENTRY ONLY **Ratings: See "RATINGS" herein.**

In the opinion of Kutak Rock LLP, Bond Counsel to the Department, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2025DEF Subordinate Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2025F Subordinate Bond for any period during which such Series 2025F Subordinate Bond is held by a "substantial user" of the facilities refinanced by the Series 2025F Subordinate Bonds, or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Bond Counsel is further of the opinion that (a) interest on the Series 2025D Subordinate Bonds and the Series 2025E Subordinate Bonds is not a specific preference item for purposes of the federal alternative minimum tax on individuals, and (b) interest on the Series 2025F Subordinate Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series 2025DEF Subordinate Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is further of the opinion that interest on the Series 2025DEF Subordinate Bonds is exempt from present State of California personal income taxes. See "TAX MATTERS" herein.

$1,331,210,000
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES, CALIFORNIA
LOS ANGELES INTERNATIONAL AIRPORT

$971,325,000	$285,085,000	$74,800,000
Subordinate Revenue and Refunding Revenue Bonds, 2025 Series D (Governmental Purpose/Non-AMT) (Green Bonds)	**Subordinate Revenue and Refunding Revenue Bonds, 2025 Series E (Governmental Purpose/Non-AMT)**	**Subordinate Refunding Revenue Bonds, 2025 Series F (Private Activity/AMT)**

Dated: Date of Delivery **Due: May 15, as shown on the inside cover**

The Los Angeles International Airport Subordinate Revenue and Refunding Revenue Bonds, 2025 Series D (Governmental Purpose/Non-AMT) (Green Bonds) (the **"Series 2025D Subordinate Bonds"**), the Los Angeles International Airport Subordinate Revenue and Refunding Revenue Bonds, 2025 Series E (Governmental Purpose/Non-AMT) (the **"Series 2025E Subordinate Bonds"**) and the Los Angeles International Airport Subordinate Refunding Revenue Bonds, 2025 Series F (Private Activity/AMT) (the **"Series 2025F Subordinate Bonds"** and, collectively with the Series 2025D Subordinate Bonds and the Series 2025E Subordinate Bonds, the **"Series 2025DEF Subordinate Bonds"**), of the Department of Airports of the City of Los Angeles (the "Department") are being issued as described herein. Capitalized terms not defined on the cover of this Official Statement have the meanings ascribed to them in this Official Statement.

The Series 2025DEF Subordinate Bonds are being issued to: (i) pay and/or reimburse the Department for the costs of certain capital projects at LAX; (ii) current refund all of the outstanding Series A Subordinate Commercial Paper Notes; (iii) current refund all of the outstanding Subordinate Revolving Obligations; (iv) current refund all of the Department's outstanding Los Angeles International Airport Senior Revenue Bonds, 2015 Series A (AMT) and Los Angeles International Airport Senior Revenue Bonds, 2015 Series D (AMT); (v) fund a portion of the interest accruing on the Series 2025D Subordinate Bonds, certain Existing Senior Bonds and certain Existing Subordinate Bonds; (vi) make a deposit to the Subordinate Debt Service Reserve Fund; and (vii) pay costs of issuance of the Series 2025DEF Subordinate Bonds. See "PLAN OF FINANCE."

THE SERIES 2025DEF SUBORDINATE BONDS ARE LIMITED OBLIGATIONS OF THE DEPARTMENT PAYABLE SOLELY FROM AND SECURED SOLELY BY: (I) A PLEDGE OF SUBORDINATE PLEDGED REVENUES; AND (II) CERTAIN FUNDS AND ACCOUNTS HELD BY THE SUBORDINATE TRUSTEE. THE SERIES 2025DEF SUBORDINATE BONDS ARE BEING ISSUED ON PARITY WITH THE EXISTING SUBORDINATE BONDS, THE SUBORDINATE COMMERCIAL PAPER NOTES AND THE SUBORDINATE REVOLVING OBLIGATIONS. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025DEF SUBORDINATE BONDS."

The Series 2025DEF Subordinate Bonds 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 described herein, is pledged to the payment of the principal of or interest on the Series 2025DEF Subordinate Bonds. The Department has no power of taxation. The Series 2025DEF Subordinate Bonds constitute and evidence an obligation of the Department payable only in accordance with Section 609(b) of the City Charter and other applicable provisions 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 Series 2025DEF Subordinate Bonds. The Department is under no obligation to pay the Series 2025DEF Subordinate Bonds, except from funds in the LAX Revenue Account of the Airport Revenue Fund and as further specifically provided in the Subordinate Indenture.

Interest on the Series 2025DEF Subordinate Bonds will be payable on each May 15 and November 15, commencing November 15, 2025. The Series 2025DEF Subordinate Bonds are being issued only as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") and will be available in authorized denominations of $5,000 and integral multiples thereof. The Series 2025DEF Subordinate Bonds initially are being issued and delivered in book-entry form only.

The Series 2025DEF Subordinate Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described under "DESCRIPTION OF THE SERIES 2025DEF Subordinate Bonds—Redemption Provisions."

The Series 2025DEF Subordinate Bonds are offered when, as and if issued by the Department, subject to the approval of validity by Kutak Rock LLP, Bond Counsel to the Department, and certain other conditions. Certain legal matters will be passed upon for the Department by Hydee Feldstein Soto, City Attorney of the City. Stradling Yocca Carlson & Rauth LLP, serves as Disclosure Counsel to the Department. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP. Omnicap Group LLC and Frasca & Associates, LLC serve as Co-Municipal Advisors to the Department. It is expected that the delivery of the Series 2025DEF Subordinate Bonds will be made through the facilities of DTC on or about April 22, 2025.

Ramirez & Co., Inc. **RBC Capital Markets**

BofA Securities **Cabrera Capital Markets**

Date of Official Statement: April 15, 2025.

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIP† NUMBERS

$971,325,000
DEPARTMENT OF AIRPORTS
OF THE CITY OF LOS ANGELES, CALIFORNIA
LOS ANGELES INTERNATIONAL AIRPORT
Subordinate Revenue and Refunding Revenue Bonds
2025 Series D (Governmental Purpose/Non-AMT) (Green Bonds)

Maturity Date (May 15)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP† No. (544445)*
2027	$20,335,000	5.000%	3.150%	103.666	5N5
2028	21,350,000	5.000	3.170	105.301	5P0
2029	22,420,000	5.000	3.240	106.649	5Q8
2030	23,540,000	5.000	3.270	108.011	5R6
2031	24,715,000	5.000	3.330	109.099	5S4
2032	25,955,000	5.000	3.400	109.970	5T2
2033	27,250,000	5.000	3.450	110.827	5U9
2034	28,615,000	5.000	3.520	111.397	5V7
2035	30,040,000	5.000	3.600	111.729	5W5
2036	31,545,000	5.000	3.700	110.838C	5X3
2037	33,120,000	5.000	3.790	110.043C	5Y1
2038	34,780,000	5.000	3.870	109.342C	5Z8
2039	36,520,000	5.000	3.940	108.734C	6A2
2040	38,345,000	5.000	4.040	107.871C	6B0
2041	40,260,000	5.000	4.170	106.762C	6C8
2042	42,275,000	5.000	4.260	106.002C	6D6
2043	44,390,000	5.000	4.340	105.332C	6E4
2044	46,605,000	5.000	4.430	104.585C	6F1
2045	48,940,000	5.000	4.490	104.090C	6G9

$130,070,000 5.000% Series 2025D Subordinate Term Bonds due May 15, 2048 – Yield 4.610%, Price 103.109C, CUSIP† No. 5444456H7

$32,000,000 5.250% Series 2025D Subordinate Term Bonds due May 15, 2048 – Yield 4.560%, Price 105.516C, CUSIP† No. 5444456J3

$188,255,000 5.250% Series 2025D Subordinate Term Bonds due May 15, 2051 – Yield 4.620%, Price 105.021C, CUSIP† No. 5444456K0

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C Priced to par call on May 15, 2035.

$285,085,000
DEPARTMENT OF AIRPORTS
OF THE CITY OF LOS ANGELES, CALIFORNIA
LOS ANGELES INTERNATIONAL AIRPORT
Subordinate Revenue and Refunding Revenue Bonds
2025 Series E (Governmental Purpose/Non-AMT)

Maturity Date (May 15)	***Principal Amount***	***Interest Rate***	***Yield***	***Price***	***CUSIP† No. (544445)***
2026	$3,425,000	5.000%	3.140%	101.929	6L8
2027	4,515,000	5.000	3.150	103.666	6M6
2028	4,740,000	5.000	3.170	105.301	6N4
2029	4,975,000	5.000	3.240	106.649	6P9
2030	5,225,000	5.000	3.270	108.011	6Q7
2031	5,485,000	5.000	3.330	109.099	6R5
2032	5,760,000	5.000	3.400	109.970	6S3
2033	6,045,000	5.000	3.450	110.827	6T1
2034	6,350,000	5.000	3.520	111.397	6U8
2035	6,665,000	5.000	3.600	111.729	6V6
2036	7,000,000	5.000	3.700	110.838[C]	6W4
2037	7,350,000	5.000	3.790	110.043[C]	6X2
2038	7,720,000	5.000	3.870	109.342[C]	6Y0
2039	8,100,000	5.000	3.940	108.734[C]	6Z7
2040	8,510,000	5.000	4.040	107.871[C]	7A1
2041	8,935,000	5.000	4.170	106.762[C]	7B9
2042	9,385,000	5.000	4.260	106.002[C]	7C7
2043	9,850,000	5.000	4.340	105.332[C]	7D5
2044	10,340,000	5.000	4.430	104.585[C]	7E3
2045	10,865,000	5.000	4.490	104.090[C]	7F0

$63,020,000 5.000% Series 2025E Subordinate Term Bonds due May 15, 2050 – Yield 4.650%, Price 102.784[C], CUSIP† No. 5444457G8

$80,825,000 5.250% Series 2025E Subordinate Term Bonds due May 15, 2055 – Yield 4.670%, Price 104.611[C], CUSIP† No. 5444457H6

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† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Department, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.
[C] Priced to par call on May 15, 2035.

$74,800,000
DEPARTMENT OF AIRPORTS
OF THE CITY OF LOS ANGELES, CALIFORNIA
LOS ANGELES INTERNATIONAL AIRPORT
Subordinate Refunding Revenue Bonds
2025 Series F (Private Activity/AMT)

Maturity Date (May 15)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP[†] No. (544445)*
2026	$7,630,000	5.000%	3.840%	101.195	7J2
2027	8,250,000	5.000	3.890	102.178	7K9
2028	8,660,000	5.000	3.930	103.057	7L7
2029	9,095,000	5.000	4.040	103.562	7M5
2030	9,550,000	5.000	4.100	104.075	7N3
2033	10,030,000	5.000	4.270	104.933	7P8
2034	10,530,000	5.000	4.320	105.052	7Q6
2035	11,055,000	5.000	4.400	104.833	7R4

This Official Statement is provided in connection with the issuance of the Series 2025DEF Subordinate Bonds referred to herein and may not be reproduced or be used, in whole or in part, for any other purpose. The information contained in this Official Statement has been derived from information provided by the Department and other sources which are believed to be reliable.

No dealer, broker, salesperson or other person has been authorized by the Department to give any information or to make any representation, other than those contained herein, and if given or made, such other information or representation must not be relied upon as having been authorized by the Department. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025DEF Subordinate Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information and expressions of opinion herein speak as of their date unless otherwise noted and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Department since the date hereof.

Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Series 2025DEF Subordinate Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

The Series 2025DEF Subordinate Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Subordinate Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2025DEF Subordinate Bonds. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Department since the date hereof.

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

The Department undertakes no responsibility for and makes no representations as to the accuracy or completeness of the content of materials contained on the websites referenced in this Official Statement, including but not limited to, updates of such information or links to other Internet sites accessed through such websites. Any information contained on such websites that is inconsistent with the information set forth in this Official Statement should be disregarded. No information contained on such websites or the Department's or the City's social media accounts is a part of or incorporated into this Official Statement except as expressly noted.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the cover page, the inside cover page and the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2025DEF Subordinate Bonds is made only by means of this entire Official Statement.

CITY OF LOS ANGELES OFFICIALS

Karen Bass, Mayor
Hydee Feldstein Soto, *City Attorney*
Kenneth Mejia, *City Controller*
Matthew W. Szabo, *City Administrative Officer*
Petty Santos, *Interim City Clerk*
Diana Mangioglu, *Director of Finance* / *City Treasurer*

CITY COUNCIL

Eunisses Hernandez (District 1)
Adrin Nazarian (District 2)
Bob Blumenfield (District 3)
Nithya Raman (District 4)
Katy Yaroslavsky (District 5)
Imelda Padilla (District 6)
Monica Rodriguez (District 7)
Marqueece Harris-Dawson (District 8)
Curren D. Price, Jr. (District 9)
Heather Hutt (District 10)
Traci Park (District 11)
John S. Lee (District 12)
Hugo Soto Martinez (District 13)
Ysabel Jurado (District 14)
Tim McOsker (District 15)

BOARD OF AIRPORT COMMISSIONERS

Karim Webb, President
Matthew M. Johnson, Vice President
Courtney La Bau, Commissioner
Nicholas P. Roxborough, Commissioner
Vanessa Aramayo, Commissioner
Victor Narro, Commissioner
Valeria C. Velasco, Commissioner

LOS ANGELES WORLD AIRPORTS STAFF

John Ackerman, Chief Executive Officer
Marla Bleavins, Chief Airport Administrative Officer
Tatiana Starostina, Chief Financial Officer
Michael Christensen, Chief Airport Development Officer
Becca Doten, Chief of Staff
Ian Law, Chief Innovation and Experience Officer
Brian Ostler, General Counsel
Doug Webster, Chief Operations and Maintenance Officer
Jacob Adams, Deputy Executive Director, Airport Development Group, Landside Access Modernization Program
Richard J. Connolly, Deputy Executive Director, Facilities Management
Martin Elam, Deputy Executive Director, Public Safety and Security
Jacob Haik, Airport Manager, Van Nuys Airport
Crystal Lee, Deputy Executive Director, Airport Development Group: Sustainability, Energy, Environmental, and Development Services
Robert Lowe, Chief People and Culture Officer
Emery Molnar, Deputy Executive Director, Airport Development Group, Airports Development Program
Aura Moore, Deputy Executive Director, Information Management and Technology
Courtney Moore, Deputy Executive Director Strategy, Innovation and Experience
David Reich, Deputy Executive Director, Mobility Planning and Strategy
Cecil W. Rhambo Jr., Chief of Airport Police
Harold Samms, Deputy Executive Director, LAMP Performance
Hans Thilenius, Deputy Executive Director, Terminal Development and Improvement Program
Erin Trapp, Deputy Executive Director, Major Events and Strategy

SUBORDINATE TRUSTEE
U.S. Bank Trust Company,
National Association

BOND COUNSEL
Kutak Rock LLP

DISCLOSURE COUNSEL
Stradling Yocca Carlson & Rauth LLP

CO-MUNICIPAL ADVISOR
Omnicap Group LLC

CO-MUNICIPAL ADVISOR
Frasca & Associates, LLC

AIRPORT CONSULTANT
WJ Advisors LLC

GREEN BONDS EXTERNAL REVIEWER
Kestrel

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

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INTRODUCTION

This introduction contains a summary of the offering and certain documents. Investors must read this Official Statement, including the appendices hereto, in its entirety.

General

The purpose of this Official Statement, which includes the cover page, the inside cover and following pages, the table of contents and the appendices of this Official Statement, is to provide certain information concerning the issuance by the Department of Airports of the City of Los Angeles (the "**Department**") of its Los Angeles International Airport Subordinate Revenue and Refunding Revenue Bonds, 2025 Series D (Governmental Purpose/Non-AMT) (Green Bonds) (the "**Series 2025D Subordinate Bonds**"), the Los Angeles International Airport Subordinate Revenue and Refunding Revenue Bonds, 2025 Series E (Governmental Purpose/Non-AMT) (the "**Series 2025E Subordinate Bonds**") and the Los Angeles International Airport Subordinate Refunding Revenue Bonds, 2025 Series F (Private Activity/AMT) (the "**Series 2025F Subordinate Bonds**" and, collectively with the Series 2025D Subordinate Bonds and the Series 2025E Subordinate Bonds, the "**Series 2025DEF Subordinate Bonds**"). Capitalized terms used but not defined herein have the meanings ascribed to them in APPENDIX C-1—"CERTAIN DEFINITIONS."

The City, the Department and the Airport System

The Department is designated a proprietary department of the City of Los Angeles (the "**City**"). The City is a municipal corporation and chartered city duly organized and existing under and pursuant to the provisions of the Constitution of the State of California (the "**State**") and the Charter of the City. The City, acting through the Department, operates and maintains Los Angeles International Airport ("**LAX**") and Van Nuys Airport ("**VNY**"). In addition, the Department maintains LA/Palmdale Regional Airport ("**LA/PMD**" and, collectively with LAX and VNY, the "**Airport System**"), although LA/PMD is not currently certificated by the Federal Aviation Administration (the "**FAA**"). The Department's fiscal year ("**Fiscal Year**") currently begins on July 1 and ends on June 30 of the immediately subsequent year. The City operates the Airport System as a financially self-sufficient enterprise, without support from the City's General Fund, through the Department under the supervision of the Board of Airport Commissioners of the City (the "**Board**"). The Department is governed by the seven-member Board, which is in possession, management and control of the Airport System.

Plan of Finance

The Series 2025DEF Subordinate Bonds are being issued to: (i) pay and/or reimburse the Department for the costs of certain capital projects at LAX; (ii) current refund all of the outstanding Series A Subordinate

Commercial Paper Notes (as defined herein); (iii) current refund all of the outstanding Subordinate Revolving Obligations (as defined herein); (iv) current refund all of the Department's outstanding Los Angeles International Airport Senior Revenue Bonds, 2015 Series A (AMT) (the "**Series 2015A Senior Bonds**"), and Los Angeles International Airport Senior Revenue Bonds, 2015 Series D (AMT) (the "**Series 2015D Senior Bonds**" and, together with the Series 2015A Senior Bonds, the "**Series 2015 Senior Bonds**"); (v) fund a portion of the interest accruing on the Series 2025D Subordinate Bonds, certain Existing Senior Bonds and certain Existing Subordinate Bonds; (vi) make a deposit to the Subordinate Reserve Fund; and (vii) pay costs of issuance of the Series 2025DEF Subordinate Bonds.

See "PLAN OF FINANCE" and "DESCRIPTION OF THE SERIES 2025DEF SUBORDINATE BONDS."

Series 2025DEF Subordinate Bonds and Other Subordinate Obligations

The Series 2025DEF Subordinate Bonds are being issued pursuant to 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 Trust Company, National Association (as successor in interest to U.S. Bank National Association), as trustee (the "**Subordinate Trustee**"), and a Twenty-Seventh Supplemental Subordinate Trust Indenture, to be dated as of April 1, 2025 (the "**Twenty-Seventh Supplemental Subordinate Indenture**," and together with the Master Subordinate Indenture and all supplements thereto, the "**Subordinate Indenture**"), by and between the Department and the Subordinate Trustee; and under and in accordance with Section 609 of the Charter of the City of Los Angeles, relevant ordinances of the City and the Los Angeles Administrative Code (collectively, the "**Charter**"). Issuance of the Series 2025DEF Subordinate Bonds has been authorized by Resolution No. 27612, as amended, adopted by the Board on October 20, 2022 and approved by the City Council on December 2, 2022 and the Mayor of the City on December 8, 2022, and Resolution No. 28128 adopted by the Board on March 13, 2025.

The Series 2025DEF Subordinate Bonds are secured by a pledge of and first lien on Subordinate Pledged Revenues. "**Subordinate Pledged Revenues**" means 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 payable on the Outstanding Senior Bonds, less, for such period, deposits to any reserve fund or account required pursuant to the Senior Indenture (as defined below). Pledged Revenues generally include certain income and revenue received by the Department from LAX, but exclude any income and revenue from the Department's other airports. The Series 2025DEF Subordinate Bonds are secured by a pledge of and lien on Subordinate Pledged Revenues on a parity with the Existing Subordinate Bonds (as defined herein), any additional bonds issued on parity with the Series 2025DEF Subordinate Bonds under the terms and provisions of the Master Subordinate Indenture (the "**Additional Subordinate Bonds**"), the Subordinate Commercial Paper Notes (as defined herein), the payment obligations of the Department under the CP Reimbursement Agreements (as defined herein), the Subordinate Revolving Obligations (as defined herein), the additional payment obligations of the Department under the Subordinate Credit Agreement (as defined herein) and any other obligations issued or incurred on a parity with respect to Subordinate Pledged Revenues pursuant to the Master Subordinate Indenture (collectively, "**Additional Subordinate Obligations**"). The Series 2025DEF Subordinate Bonds are not secured by moneys held in any construction funds established under the Subordinate Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025DEF SUBORDINATE BONDS—Pledge of Subordinate Pledged Revenues."

For purposes of this Official Statement, "**Subordinate Bonds**" means the Series 2025DEF Subordinate Bonds, the Existing Subordinate Bonds and any Additional Subordinate Bonds; and "**Subordinate Obligations**" means the Subordinate Bonds, the Subordinate Commercial Paper Notes, the payment obligations of the Department under the CP Reimbursement Agreements, the Subordinate Revolving Obligations, the additional payment obligations of the Department under the Subordinate Credit Agreement and any Additional Subordinate Obligations.

THE SERIES 2025DEF SUBORDINATE BONDS 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 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 SERIES 2025DEF SUBORDINATE BONDS. THE DEPARTMENT HAS NO POWER OF TAXATION. THE SERIES 2025DEF SUBORDINATE BONDS CONSTITUTE AND EVIDENCE AN OBLIGATION OF THE DEPARTMENT PAYABLE ONLY IN ACCORDANCE WITH SECTION 609(B) OF THE CHARTER AND OTHER APPLICABLE PROVISIONS 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 SERIES 2025DEF SUBORDINATE BONDS. THE DEPARTMENT IS UNDER NO OBLIGATION TO PAY THE SERIES 2025DEF SUBORDINATE BONDS, EXCEPT FROM FUNDS IN THE LAX REVENUE ACCOUNT OF THE AIRPORT REVENUE FUND AND AS FURTHER SPECIFICALLY PROVIDED IN THE SUBORDINATE INDENTURE. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025DEF SUBORDINATE BONDS."

Existing Subordinate Obligations

Existing Subordinate Bonds. Pursuant to the Subordinate Indenture and the Charter, the Department, acting through the Board, has previously issued and, as of April 3, 2025, there were outstanding $8,019,905,000 aggregate principal amount of Existing Subordinate Bonds. See Table 2 under "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Subordinate Bonds, Subordinate Commercial Paper Notes and Subordinate Revolving Obligations" for a list of the Existing Subordinate Bonds and the outstanding principal amounts thereof as of the date of issuance of the Series 2025DEF Subordinate Bonds.

Subordinate Commercial Paper Notes. Pursuant to the Subordinate Indenture and the Charter, the Department is authorized to issue and have outstanding, at any one time, its Los Angeles International Airport, Subordinate Revenue Commercial Paper Notes, Series A (Governmental – Non-AMT) (the "**Series A Subordinate Commercial Paper Notes**"), Series B (Private Activity – AMT) (the "**Series B Subordinate Commercial Paper Notes**"), Series C (Federally Taxable) (the "**Series C Subordinate Commercial Paper Notes**") and Series D (Private Activity – Non-AMT) (the "**Series D Subordinate Commercial Paper Notes**" and collectively with the Series A Subordinate Commercial Paper Notes, the Series B Subordinate Commercial Paper Notes and the Series C Subordinate Commercial Paper Notes, the "**Subordinate Commercial Paper Notes**") in a maximum aggregate principal amount not exceeding $500,000,000 (subject to certain conditions). As of April 3, 2025, Series A Subordinate Commercial Paper Notes were outstanding in the aggregate principal amount of $155,012,000, and Series B Subordinate Commercial Paper Notes were outstanding in the aggregate principal amount of $30,370,000 (which the Department expects to pay on April 30, 2025). A portion of the proceeds of the Series 2025D Subordinate Bonds will be use to current refund and pay all of the outstanding Series A Subordinate Commercial Paper Notes. See also "PLAN OF FINANCE—Refunding of Series A Subordinate Commercial Paper Notes."

Subordinate Revolving Obligations. Pursuant to the Subordinate Indenture, the Charter and the Revolving Credit Agreement, dated as of December 5, 2024 (the "Subordinate Credit Agreement"), by and between the Department and Wells Fargo Municipal Capital Strategies, LLC (the "**Subordinate Revolving Obligations Lender**"), the Department is authorized to issue and have outstanding, from time to time, up to $500,000,000 in aggregate principal amount of its Los Angeles International Airport Subordinate Revenue Revolving Obligations (collectively, the "**Subordinate Revolving Obligations**"). As of April 3, 2025, the Department had $500,000,000 aggregate principal amount of Subordinate Revolving Obligations outstanding. A portion of the proceeds of the Series 2025D Subordinate Bonds will be used to current refund and repay all of the outstanding Subordinate Revolving Obligations. See "PLAN OF FINANCE – Refunding of Subordinate Revolving Obligations."

Existing Senior Bonds

Pursuant to the Master Trust Indenture, dated as of April 1, 1995, as amended (the "**Master Senior Indenture**"), 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, N.A., as trustee (the "**Senior Trustee**"), and various supplemental trust indentures (collectively with the Master Senior Indenture and all supplements thereto, the "**Senior Indenture**"), by and between the Department, acting through the Board, and the Senior Trustee, and the Charter, the Department, acting through the Board, has previously issued and, as of April 3, 2025, there were outstanding $3,344,120,000 aggregate principal amount of Existing Senior Bonds (as defined herein). See Table 1 under "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Senior Bonds" for a list of the Existing Senior Bonds and the outstanding principal amounts thereof as of the date of issuance of the Series 2025DEF Subordinate Bonds. A portion of the proceeds of the Series 2025F Subordinate Bonds will be used to current refund and defease all of the outstanding Series 2015 Senior Bonds See "PLAN OF FINANCE—Refunding of the Series 2015 Senior Bonds."

As of the date of this Official Statement, the only obligations the Department has issued pursuant to the Senior Indenture, and that are currently outstanding, are the Existing Senior Bonds. The Existing Senior Bonds are secured by a pledge of and first lien on the Net Pledged Revenues. "**Net Pledged Revenues**" means, for any given period, Pledged Revenues for such period, less, for such period, LAX Maintenance and Operation Expenses. Payment of debt service on the Series 2025DEF Subordinate Bonds and all other Subordinate Obligations is subordinate in priority to the payment of the Senior Bonds. For purposes of this Official Statement, "**Senior Bonds**" means the Existing Senior Bonds and any additional bonds issued on parity with respect to Net Pledged Revenues with the Existing Senior Bonds under the terms of the Master Senior Indenture (the "**Additional Senior Bonds**"). See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Senior Bonds."

Continuing Disclosure

In connection with the issuance of the Series 2025DEF Subordinate Bonds, the Department will covenant for the benefit of the owners of the Series 2025DEF Subordinate Bonds to provide annually certain financial information and operating data concerning the Department to the Municipal Securities Rulemaking Board (the "**MSRB**") and notice of certain enumerated events, pursuant to the requirements of Rule 15c2-12 adopted by the SEC ("**Rule 15c2-12**"). See "CONTINUING DISCLOSURE" and APPENDIX G—"FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Report of the Airport Consultant

Included as APPENDIX A to this Official Statement is a Report of the Airport Consultant dated March 18, 2025 (the "**Report of the Airport Consultant**"), prepared by WJ Advisors LLC (the "**Airport Consultant**") in connection with the issuance of the Series 2025D Subordinate Bonds and the Series 2025E Subordinate Bonds and the issuance on April 3, 2025 of the Department's Los Angeles International Airport Subordinate Revenue and Refunding Revenue Bonds, 2025 Series A (Private Activity/AMT) (Green Bonds) (the "**Series 2025A Subordinate Bonds**"), Los Angeles International Airport Subordinate Revenue and Refunding Revenue Bonds, 2025 Series B (Private Activity/AMT) (the "**Series 2025B Subordinate Bonds**"), and Los Angeles International Airport Subordinate Refunding Revenue Bonds, 2025 Series C (Governmental Purpose/Non-AMT) (the "**Series 2025C Subordinate Bonds**" and, collectively with the Series 2025A Subordinate Bonds and the Series 2025B Subordinate Bonds, the "**Series 2025ABC Subordinate Bonds**")

The Series 2025ABC Subordinate Bonds and the Series 2025DEF Subordinate Bonds are referred to collectively as the "**Series 2025A-F Subordinate Bonds**."

The Report of the Airport Consultant was prepared to demonstrate that forecast financial results are sufficient to meet the requirements of the rate covenants set forth in the Master Senior Indenture and the Master Subordinate Indenture for Fiscal Years 2025 through 2034 (referred to in the Report of the Airport Consultant as the "**Forecast Period**") when taking into account the issuance of: (1) the proposed Series 2025A-F Subordinate Bonds; and (2) future Senior Bonds and additional Subordinate Obligations currently expected to be issued by the Department during the Forecast Period to fund a portion of the Capital Program (as defined herein).

No assurance can be given that the projections discussed in the Report of the Airport Consultant will occur or that the other assumptions for passenger traffic and financial results on which the projections are based will be realized. The Report of the Airport Consultant is an integral part of this Official Statement and should be read in its entirety for an explanation of the assumptions and projections used therein. The financial projections in the Report of the Airport Consultant are based upon certain information and assumptions that were provided or reviewed and agreed to by the Department. Additionally, the debt service projections in the Report of the Airport Consultant are estimates made by Public Resources Advisory Group and will not be updated to reflect the issuance and final terms of the Series 2025A-F Subordinate Bonds, nor do they include any adjustments for debt service savings which may occur with respect to the refunding of any Senior Bonds or Subordinate Obligations during the Forecast Period. As of the date of this Official Statement, in the opinion of the Airport Consultant, the assumptions made in the Report of the Airport Consultant provide a reasonable basis for the projections therein. See "—Forward-Looking Statements," "CERTAIN INVESTMENT CONSIDERATIONS—Assumptions in the Report of the Airport Consultant," and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT."

Investment Considerations

The purchase and ownership of the Series 2025DEF Subordinate Bonds involve investment risks. Prospective purchasers of the Series 2025DEF Subordinate Bonds should read this Official Statement in its entirety. For a discussion of certain risks relating to the Series 2025DEF Subordinate Bonds, see "CERTAIN INVESTMENT CONSIDERATIONS" herein.

Forward-Looking Statements

This Official Statement, including the appendices hereto, contains statements relating to future results that are forward-looking statements. When used in this Official Statement, words such as "plan," "expect," "estimate," "budget," "project," "maintain," "achieve," "forecast," "will likely result," "are expected to," "will continue," "is anticipated," "intend" or other similar expressions identify forward-looking statements. Statements contained in this Official Statement which involve estimates, forecasts or other matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact. Prospective investors should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Department, the Board and the Airport Consultant on the date hereof and are subject to change without notice. None of the Department, the Board or the Airport Consultant assume any obligation to update any such forward-looking statements with new forward-looking statements. All forward-looking statements are expressly qualified in their entirety by the cautionary statements in this section and elsewhere in the Official Statement. It is important to note that the Department's actual results likely will differ, and could differ materially, from those in such forward-looking statements.

The forward-looking statements herein are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including airlines, customers, suppliers and competitors, among others, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Department and the Board. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate, and actual results, performance or achievements may differ materially from the expectations and forecasts described in this Official Statement.

Additional Information

Brief descriptions of the Series 2025DEF Subordinate Bonds, the Senior Indenture, the Subordinate Indenture and certain other documents are included in this Official Statement and the appendices to this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to such documents and any other documents, statutes, laws, reports or other instruments described in this Official Statement are qualified in their entirety by reference to each such document, statute, law, report or other instrument. Information contained in this Official Statement has been obtained from officers, employees and records of the Department and from other sources believed to be reliable. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2025DEF Subordinate Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Department or LAX since the date of this Official Statement. This Official Statement is not to be construed as a contract or agreement between the Department and purchasers or owners of any of the Series 2025DEF Subordinate Bonds. The City, the Department and the Board maintain certain websites (including an investor relations website) and social media accounts, the information on which is not part of this Official Statement, is not incorporated by reference in this Official Statement and should not be relied upon in deciding whether to invest in the Series 2025DEF Subordinate Bonds.

PLAN OF FINANCE

The Series 2025DEF Subordinate Bonds are being issued to: (i) pay and/or reimburse the Department for the costs of certain capital projects at LAX; (ii) current refund all of the outstanding Series A Subordinate Commercial Paper Notes; (iii) current refund all of the outstanding Subordinate Revolving Obligations; (iv) current refund and defease all of the Series 2015 Senior Bonds; (v) fund a portion of the interest accruing on the Series 2025D Subordinate Bonds, certain Existing Senior Bonds and certain Existing Subordinate Bonds; (vi) make a deposit to the Subordinate Reserve Fund; and (vii) pay costs of issuance of the Series 2025DEF Subordinate Bonds.

Financing Capital Program Projects

A portion of the proceeds of the Series 2025D Subordinate Bonds and the Series 2025E Subordinate Bonds will be used to pay and/or reimburse the Department for the cost of certain capital projects at LAX. See also Appendix A – "REPORT OF THE AIRPORT CONSULTANT" for additional information regarding the capital projects expected to be financed with a portion of the proceeds of the Series 2025D Subordinate Bonds and the Series 2025E Subordinate Bonds.

Refunding of Series A Subordinate Commercial Paper Notes

A portion of the proceeds of the Series 2025D Subordinate Bonds will be used to current refund and pay all of the outstanding Series A Subordinate Commercial Paper Notes (the "**Refunded Series A Commercial Paper Notes**"), which as of April 3, 2025 were outstanding in the aggregate principal amount of $155,012,000. The proceeds of the Refunded Series A Commercial Paper Notes were used to pay the cost of various capital improvements at the Airport and to pay capitalized interest on previously issued bonds. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Subordinate Bonds, Subordinate Commercial Paper Notes and Subordinate Revolving Obligations."

Refunding of Subordinate Revolving Obligations

A portion of the proceeds of the Series 2025D Subordinate Bonds will be used to current refund and pay all of the outstanding Subordinate Revolving Obligations, which as of April 3, 2025 were outstanding in the aggregate principal amount of $500,000,000. The proceeds of the Subordinate Revolving Obligations were used to pay costs of the APM System (defined herein). See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Subordinate Bonds, Subordinate Commercial Paper Notes and Subordinate Revolving Obligations."

Refunding of Series 2015 Senior Bonds

A portion of the proceeds of the Series 2025F Subordinate Bonds, together with other available moneys, will be used to current refund and defease all of the outstanding Series 2015 Senior Bonds (the "**Refunded Series 2015 Senior Bonds**"). The Refunded Series 2015 Senior Bonds are described in the table below.

Refunded Series 2015 Senior Bonds

Series	***Maturity Date (May 15)***	***Principal to be Redeemed***	***Redemption Date***	***CUSIP* Number (544445)***	***Redemption Price***
2015A	2029	$2,160,000	May 15, 2025	4W6	100%
2015A	2030	2,275,000	May 15, 2025	4X4	100
2015A	2031	2,380,000	May 15, 2025	4Y2	100
2015A	2032	6,575,000	May 15, 2025	4Z9	100
2015A	2040	10,120,000	May 15, 2025	5A3	100
2015A	2040	4,585,000	May 15, 2025	5B1	100
TOTAL		**$28,095,000**			
2015D	2029	$3,680,000	May 15, 2025	5H8	100%
2015D	2030	3,860,000	May 15, 2025	5J4	100
2015D	2031	4,060,000	May 15, 2025	5K1	100
2015D	2032	8,835,000	May 15, 2025	5L9	100
2015D	2041	28,775,000	May 15, 2025	5M7	100
TOTAL		**$49,210,000**			

* CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems. Copyright© CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Department, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

A portion of the proceeds of the Series 2025F Subordinate Bonds, together with other available moneys, will be deposited into escrow funds for the Refunded Series 2015 Senior Bonds (the "**Series 2015 Senior Escrow Funds**"), to be established under the terms of an escrow agreement to be entered into by the Department, acting through the Board, and the Senior Trustee, as trustee and escrow agent. Certain amounts deposited into the Series 2015 Senior Escrow Funds will be invested in direct, noncallable obligations of the United States Treasury and all remaining amounts deposited in the Series 2015 Senior Escrow Funds will be held uninvested in cash. Amounts on deposit in the Series 2015 Senior Escrow Funds will be used on May 15, 2025 to pay the redemption price of and accrued interest on the Refunded Series 2015 Senior Bonds.

Samuel Klein and Company, Certified Public Accountants, will verify that the amounts to be deposited to the Series 2015 Senior Escrow Funds, together with the interest earnings thereon, will be sufficient to pay, on May 15, 2025 the redemption price of and accrued interest on the Refunded Series 2015 Senior Bonds. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Series 2025DEF Subordinate Bonds:

	Series 2025D Subordinate Bonds	*Series 2025E Subordinate Bonds*	*Series 2025F Subordinate Bonds*	*Total*
SOURCES:				
Principal Amount	$971,325,000.00	$285,085,000.00	$74,800,000.00	$1,331,210,000.00
Original Issue Premium	63,053,666.45	16,153,268.15	2,809,769.75	82,016,704.35
Release of Moneys from Senior Reserve Fund			5,300,153.18	5,300,153.18
Release of Moneys from Senior Interest Accounts			1,926,893.75	1,926,893.75
TOTAL:	$1,034,378,666.45	$301,238,268.15	$84,836,816.68	$1,420,453,751.28
USES:				
Deposit to Series 2025DE Construction Funds	$185,371,746.00	$279,344,311.00		$464,716,057.00
Refund Series A Subordinate Commercial Paper Notes	155,531,234.36			155,531,234.36
Refund Subordinate Revolving Obligations	501,141,277.78			501,141,277.78
Deposit to Series 2015 Senior Escrow Funds			$79,231,893.75	79,231,893.75
Deposit to Interest Accounts[(1)]	117,171,919.62			117,171,919.62
Deposit to Subordinate Reserve Fund	72,263,840.86	21,045,130.74	5,421,979.63	98,730,951.23
Costs of Issuance[(2)]	2,898,647.83	848,826.41	182,943.30	3,930,417.54
TOTAL:	$1,034,378,666.45	$301,238,268.15	$84,836,816.68	$1,420,453,751.28

(1) Represents a portion of the interest accruing on the Series 2025D Subordinate Bonds, certain Existing Senior Bonds and certain Existing Subordinate Bonds.

(2) Includes legal fees, Underwriters' discount, trustee fees, municipal advisory fees, legal fees, consultant fees, rating agency fees, verification agent fees, printing costs and other costs of issuance.

DESCRIPTION OF THE SERIES 2025DEF SUBORDINATE BONDS

General

The Series 2025DEF Subordinate Bonds will bear interest at the rates and mature, subject to redemption prior to maturity, on the dates and in the principal amounts set forth on the inside front cover pages of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Series 2025DEF Subordinate Bonds will be dated their date of delivery and bear interest from that date payable semi-annually on May 15 and November 15 of each year, commencing November 15, 2025 (each an "**Interest Payment Date**"). Interest due and payable on the Series 2025DEF Subordinate Bonds on any Interest Payment Date will be payable to the person who is the registered owner as of the Record Date (The Depository Trust Company ("**DTC**"), so long as the book-entry system with DTC is in effect). Each Series 2025DEF Subordinate Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2025DEF Subordinate Bond will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Series 2025DEF Subordinate Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before November 1, 2025, in which event such Series 2025DEF Subordinate Bond will bear interest from its date of delivery. If interest on the Series

2025DEF Subordinate Bonds is in default, Series 2025DEF Subordinate Bonds issued in exchange for Series 2025DEF Subordinate Bonds surrendered for transfer or exchange will bear interest from the last Interest Payment Date to which interest has been paid in full on the Series 2025DEF Subordinate Bonds surrendered.

The Series 2025DEF Subordinate Bonds are being issued in denominations of $5,000 and integral multiples thereof ("**Authorized Denominations**"), in fully registered form in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Series 2025DEF Subordinate Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Series 2025DEF Subordinate Bonds purchased. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2025DEF Subordinate Bonds, references herein to the Bondholders or registered owners means Cede & Co. and does not mean the Beneficial Owners of the Series 2025DEF Subordinate Bonds.

So long as Cede & Co. is the registered owner of the Series 2025DEF Subordinate Bonds, the principal and redemption price of and interest on the Series 2025DEF Subordinate Bonds are payable by wire transfer from the Subordinate Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the Direct and Indirect Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Series 2025DEF Subordinate Bonds. See APPENDIX F—"BOOK ENTRY ONLY SYSTEM."

Redemption Provisions

Optional Redemption. The Series 2025D Subordinate Bonds maturing on or before May 15, 2035 are not subject to optional redemption prior to maturity. The Series 2025D Subordinate Bonds maturing on and after May 15, 2036 are redeemable at the option of the Department on or after May 15, 2035, in whole or in part at any time, from any moneys that may be provided for such purpose and, at a redemption price equal to 100% of the principal amount of the Series 2025D Subordinate Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

The Series 2025E Subordinate Bonds maturing on or before May 15, 2035 are not subject to optional redemption prior to maturity. The Series 2025E Subordinate Bonds maturing on and after May 15, 2036 are redeemable at the option of the Department on or after May 15, 2035, in whole or in part at any time, from any moneys that may be provided for such purpose and, at a redemption price equal to 100% of the principal amount of the Series 2025E Subordinate Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

The Series 2025F Subordinate Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption. The Series 2025D Subordinate Bonds maturing on May 15, 2048 and bearing interest at a rate of 5.000% (the "**Series 2025D Subordinate Term Bonds (2048 – 5.000%)**") are subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on May 15 of the following years and in the following principal amounts:

Redemption Date (May 15)	***Principal Amount***
2046	$41,240,000
2047	43,320,000
2048†	45,510,000

† Final Maturity

The Series 2025D Subordinate Bonds maturing on May 15, 2048 and bearing interest at a rate of 5.250% (the "**Series 2025D Subordinate Term Bonds (2048 – 5.250%)**") are subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on May 15 of the following years and in the following principal amounts:

Redemption Date (May 15)	***Principal Amount***
2046	$10,145,000
2047	10,660,000
2048†	11,195,000

† Final Maturity

The Series 2025D Subordinate Bonds maturing on May 15, 2051 (the "**Series 2025D Subordinate Term Bonds (2051)**") are subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on May 15 of the following years and in the following principal amounts:

Redemption Date (May 15)	***Principal Amount***
2049	$59,570,000
2050	62,695,000
2051†	65,990,000

† Final Maturity

The Series 2025E Subordinate Bonds maturing on May 15, 2050 (the "**Series 2025E Subordinate Term Bonds (2050)**") are subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on May 15 of the following years and in the following principal amounts:

Redemption Date (May 15)	***Principal Amount***
2046	$11,405,000
2047	11,975,000
2048	12,575,000
2049	13,200,000
2050†	13,865,000

† Final Maturity

The Series 2025E Subordinate Bonds maturing on May 15, 2055 (the "**Series 2025E Subordinate Term Bonds (2055)**" and collectively with the Series 2025D Subordinate Term Bonds (2048 – 5.000%), the Series 2025D Subordinate Term Bonds (2048 – 5.250%), the Series 2025D Subordinate Term Bonds (2051) and the Series 2025E Subordinate Term Bonds (2050), the "**Series 2025DE Subordinate Term Bonds**")) are subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on May 15 of the following years and in the following principal amounts:

Redemption Date (May 15)	*Principal Amount*
2051	$14,555,000
2052	15,315,000
2053	16,125,000
2054	16,970,000
2055†	17,860,000

† Final Maturity

At the option of the Department, to be exercised by delivery of a written certificate to the Subordinate Trustee, on or before the 60th day next preceding any mandatory sinking fund redemption date for the Series 2025DE Subordinate Term Bonds, as applicable, the Department may: (a) deliver to the Subordinate Trustee for cancellation the Series 2025DE Subordinate Term Bonds, as applicable, or portions thereof (in Authorized Denominations) purchased in the open market or otherwise acquired by the Department; or (b) specify a principal amount of the applicable Series 2025DE Subordinate Term Bonds, or portions thereof (in Authorized Denominations) which prior to said date have been optionally redeemed and previously cancelled by the Subordinate Trustee, at the request of the Department and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series 2025DE Subordinate Term Bond or portion thereof so purchased, acquired or optionally redeemed and delivered to the Subordinate Trustee for cancellation will be credited by the Subordinate Trustee at 100% of the principal amount thereof against the obligation of the Department to pay the principal of the Series 2025DE Subordinate Term Bonds, as applicable, on such mandatory sinking fund redemption date.

Notices of Redemption. The Subordinate Trustee is required to give notice of redemption, in the name of the Department, to Holders affected by redemption (or to DTC, so long as the book-entry system with DTC is in effect) at least 20 days but not more than 60 days before each redemption date and to send such notice of redemption by first class mail (or with respect to the Series 2025DEF Subordinate Bonds, held by DTC, either via electronic means or by an express delivery service for delivery on the next following Business Day) to each Holder of a Series 2025DEF Subordinate Bond to be redeemed; each such notice will be sent to the Holder's registered address.

Each notice of redemption will specify the date of issue, the applicable Series, the maturity date, the interest rate and the CUSIP number of the applicable Series 2025DEF Subordinate Bonds to be redeemed, if less than all of the Series 2025DEF Subordinate Bonds of a Series, maturity date and interest rate are called for redemption, the numbers assigned to such Series 2025DEF Subordinate Bonds to be redeemed, the principal amount to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the applicable Series 2025DEF Subordinate Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid, will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

Failure to give any required notice of redemption as to any particular Series 2025DEF Subordinate Bond will not affect the validity of the call for redemption of any Series 2025DEF Subordinate Bond, in respect of which no failure occurs. Any notice sent as provided in the Subordinate Indenture will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Series 2025DEF Subordinate Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price except as otherwise provided in the Subordinate Indenture. In the event that funds are deposited with the Subordinate Trustee, sufficient for redemption, interest on the Series 2025DEF Subordinate Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

The Department may provide that if at the time of mailing of notice of an optional redemption there has not been deposited with the Subordinate Trustee, moneys sufficient to redeem all of the Series 2025DEF

Subordinate Bonds, as applicable, called for redemption, such notice may state that it is conditional and subject to the deposit of the redemption moneys with the Subordinate Trustee, not later than the opening of business one Business Day prior to the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event that sufficient moneys are not on deposit by the opening of business one Business Day prior to the scheduled redemption date, then the redemption will be cancelled and on such cancellation date notice of such cancellation will be mailed to the Holders of such Series 2025DEF Subordinate Bonds.

Effect of Redemption. On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Twenty-Seventh Supplemental Subordinate Indenture, and sufficient moneys for payment of the redemption price being held in trust by the Subordinate Trustee to pay the redemption price, interest on such Series 2025DEF Subordinate Bonds will cease to accrue from and after such redemption date, such Series 2025DEF Subordinate Bonds will cease to be entitled to any lien, benefit or security under the Subordinate Indenture and the owners of such Series 2025DEF Subordinate Bonds will have no rights in respect thereof except to receive payment of the redemption price. Series 2025DEF Subordinate Bonds which have been duly called for redemption and for the payment of the redemption price of which moneys will be held in trust for the holders of the respective Series 2025DEF Subordinate Bonds to be redeemed, all as provided in the Twenty-Seventh Supplemental Subordinate Indenture, will not be deemed to be Outstanding under the provisions of the Subordinate Indenture.

Selection of the Series 2025DEF Subordinate Bonds for Redemption; Series 2025DEF Subordinate Bonds Redeemed in Part. Redemption of the Series 2025DE Subordinate Bonds will only be in Authorized Denominations. The Series 2025DE Subordinate Bonds are subject to redemption in such order of maturity (except mandatory sinking fund payments on the Series 2025DE Subordinate Term Bonds) as the Department may direct and by lot, selected in such manner as the Subordinate Trustee (or DTC, as long as DTC is the securities depository for the Series 2025DE Subordinate Bonds), deems appropriate. Except as otherwise provided under the procedures of DTC, on or before the 45th day prior to any mandatory sinking fund redemption date, the Subordinate Trustee will proceed to select for redemption (by lot in such manner as the Subordinate Trustee may determine), from the applicable Series 2025DE Subordinate Term Bonds, an aggregate principal amount of the applicable Series 2025DE Subordinate Term Bonds equal to the amount for such year as set forth in the applicable table under "—Mandatory Sinking Fund Redemption" above and will call the applicable Series 2025DE Subordinate Term Bonds or portions thereof (in Authorized Denominations) for redemption and give notice of such call.

DESIGNATION OF SERIES 2025D SUBORDINATE BONDS AS GREEN BONDS

Green Bonds Designation

Per the International Capital Market Association ("**ICMA**"), Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles. The four core components are: (1) Use of Proceeds; (2) Process for Project Evaluation and Selection; (3) Management of Proceeds; and (4) Reporting.

A portion of the proceeds of the Series 2025D Subordinate Bonds are being applied to various costs associated with the APM System, including refunding of the Series A Subordinate Commercial Paper Notes and the Subordinate Revolving Obligations (the proceeds of which were used to pay costs of the APM System) and the payment of capitalized interest associated with the APM System (collectively, the "**Applicable Projects**"). See "PLAN OF FINANCE." Kestrel has provided an independent external review and opinion that the Series 2025D Subordinate Bonds conform with the four core components of the ICMA Green Bond Principles, as described in Kestrel's "Second Party Opinion," which is attached hereto as APPENDIX I—"SECOND PARTY OPINION REGARDING GREEN BONDS." The Series 2025E Subordinate Bonds and the Series 2025F Subordinate Bonds are not in conformance with such components and are not "Green Bonds."

See also "THE DEPARTMENT OF AIRPORTS—Sustainability Initiatives," AIRPORT CAPITAL PLANNING" and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT."

The Series 2025D Subordinate Bonds may not be a suitable investment for all investors seeking investments in green or sustainable assets. No assurance can be provided to investors that the Applicable Projects being financed and refinanced with proceeds of the Series 2025D Subordinate Bonds will meet investor expectations regarding sustainability performance. The term "Green Bonds" is neither defined in nor related to any provisions of the Subordinate Indenture. The term "Green Bond" is solely for identification purposes and is not intended to provide or imply that the owners of the Series 2025D Subordinate Bonds are entitled to any security other than that described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025DEF SUBORDINATE BONDS." No party, including the Department, the Board, the City and the Underwriters, has any legal obligation to ensure that the Series 2025D Subordinate Bonds comply with any legal or other standards or principles that may be related to "Green Bonds," whether now existing or as may be developed in the future.

Independent Second Party Opinion on Green Bonds Designation and Disclaimer

For over 20 years, Kestrel has been consulting in sustainable finance. Kestrel is an Approved Verifier accredited by the Climate Bonds Initiative. Kestrel reviews transactions in all asset classes worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and Criteria.

The Second Party Opinion issued by Kestrel does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the Series 2025D Subordinate Bonds. Second Party Opinions provided by Kestrel are not a recommendation to any person to purchase, hold, or sell the Series 2025D Subordinate Bonds and designations do not address the market price or suitability of the Series 2025D Subordinate Bonds for a particular investor and do not and are not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel has assumed and relied upon the accuracy and completeness of the information made publicly available by the Department or that was otherwise made available to Kestrel.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025DEF SUBORDINATE BONDS

Flow of Funds

Pursuant to Section 635 of the Charter of the City, all fees, charges, rentals and revenue from every source collected by the Department in connection with its possession, management and control of its assets are deposited in the City Treasury to the credit of the Airport Revenue Fund. Pursuant to the Charter and the Master Senior Indenture, the Department has established the LAX Revenue Account in the Airport Revenue Fund and has covenanted to deposit all LAX Revenues in such account. LAX Revenues will, immediately upon receipt thereof, become subject to the lien and pledge of the Senior Indenture and the Subordinate Indenture. The Department has notified the City Treasurer of the pledge of, lien on and interest in LAX Revenues granted by the Senior Indenture and the Subordinate Indenture and has instructed the City Treasurer that all such LAX Revenues are to be accounted for separately and apart from all other revenues, funds, accounts or other resources of the Department or the City.

The Master Senior Indenture generally defines "**LAX Revenues**" to mean, 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: (a) 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; and (b) 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 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 Airport Facilities or activities or undertakings related thereto) or from any other facilities wherever located with respect to which the Department receives payments which are attributable to LAX Airport Facilities or activities or undertakings related thereto. LAX Revenues further include all income, receipts and earnings from the investment of amounts held in the LAX Revenue Account, any Senior Construction Fund or Subordinate Construction Fund allowed to be pledged by the terms of a Supplemental Senior Indenture or Supplemental Subordinate Indenture, any Senior Debt Service Reserve Fund, the Subordinate Reserve Fund, any other Subordinate Debt Service Reserve Fund and allocated earnings on the Maintenance and Operations Reserve Fund.

The Subordinate Obligations (including the Series 2025DEF Subordinate Bonds) are limited obligations of the Department payable solely from and secured solely by: (i) a pledge of Subordinate Pledged Revenues; and (ii) certain funds and accounts held by the Subordinate Trustee.

The Master Subordinate Indenture generally defines "**Subordinate Pledged Revenues**" to mean, 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 principal and interest coming due and payable on the Outstanding Senior Bonds, less, for such period, deposits to any Senior Debt Service Reserve Fund required pursuant to the Senior Indenture.

The Master Senior Indenture generally defines "**Pledged Revenues**" to mean, except to the extent specifically excluded in the Senior Indenture or under the terms of any Supplemental Senior Indenture (only with respect to the series of bonds issued pursuant to such Supplemental Senior Indenture), LAX Revenues. Pledged Revenues also include any additional revenues designated as Pledged Revenues pursuant to a Supplemental 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: (a) any amounts received by the Department from the imposition of ad valorem taxes; (b) gifts, grants and other income (including any investment earnings thereon) otherwise included in LAX Revenues which are restricted by their terms to purposes inconsistent with the payment of debt service on the Senior Bonds or the Subordinate Obligations; (c) Net Proceeds or other insurance proceeds received as a result of damage to or destruction of LAX Airport Facilities or any condemnation award or amounts received by the Department from the sale of LAX Airport Facilities under the threat of condemnation, to the extent the use of such Net Proceeds or other proceeds is restricted by the terms of the policy under which they are paid, to a use inconsistent with the payment of debt service on the Senior Bonds or the Subordinate Obligations; (d) any Transfer (as defined herein); and (e) LAX Special Facilities Revenue (as defined herein). In addition, the following, including any investment earnings thereon, are excluded from Pledged Revenues, unless designated as Pledged Revenues under the terms of a Supplemental Senior Indenture: (i) Senior Swap Termination Payments or Subordinate Swap Termination Payments paid to the Department pursuant to a Senior Qualified Swap or a Subordinate Qualified Swap, as applicable; (ii) Facilities Construction Credits; (iii) Passenger Facility Charges ("**PFCs**") collected with respect to LAX, unless otherwise pledged under the terms of any Supplemental Senior Indenture; (iv) Customer Facility Charges ("**CFCs**"), unless otherwise pledged under the terms of a Supplemental Senior Indenture (provided that only CFCs in respect of LAX may be pledged); (v) unless otherwise pledged, all revenues of the Airport System not related to LAX; and (vi) Released LAX Revenues. Senior Swap Termination Payments, Subordinate Swap Termination Payments, Facilities Construction Credits, PFC revenues, CFCs, other revenues of the Airport System not related to LAX and Released LAX Revenues have not been designated as Pledged Revenues under the terms of any Supplemental Senior Indenture or Supplemental Subordinate Indenture.

The Master Senior Indenture requires that Pledged Revenues credited to the LAX Revenue Account be applied as follows and in the order set forth below:

FIRST, to the payment of LAX Maintenance and Operation Expenses for the Airport System that are payable from LAX Revenues, which include payments to the City for services provided by it to LAX;

SECOND, to the payment of amounts required to be deposited in any Senior Debt Service Funds for the Senior Bonds pursuant to the Master Senior Indenture and any Supplemental Senior Indenture;

THIRD, to the payment of amounts required to be deposited in the Senior Reserve Fund and any other Senior Debt Service Reserve Fund pursuant to the Master Senior Indenture and any Supplemental Senior Indenture;

FOURTH, to the payment of Subordinate Obligations (including the Series 2025DEF Subordinate Bonds), pursuant to the Master Subordinate Indenture and any Supplemental Subordinate Indenture;

FIFTH, to the payment of amounts required to be deposited in the Subordinate Reserve Fund and any other Subordinate Debt Service Reserve Fund established for the Subordinate Obligations pursuant to any Supplemental Subordinate Indenture;

SIXTH, to the payment of Third Lien Obligations, if any;

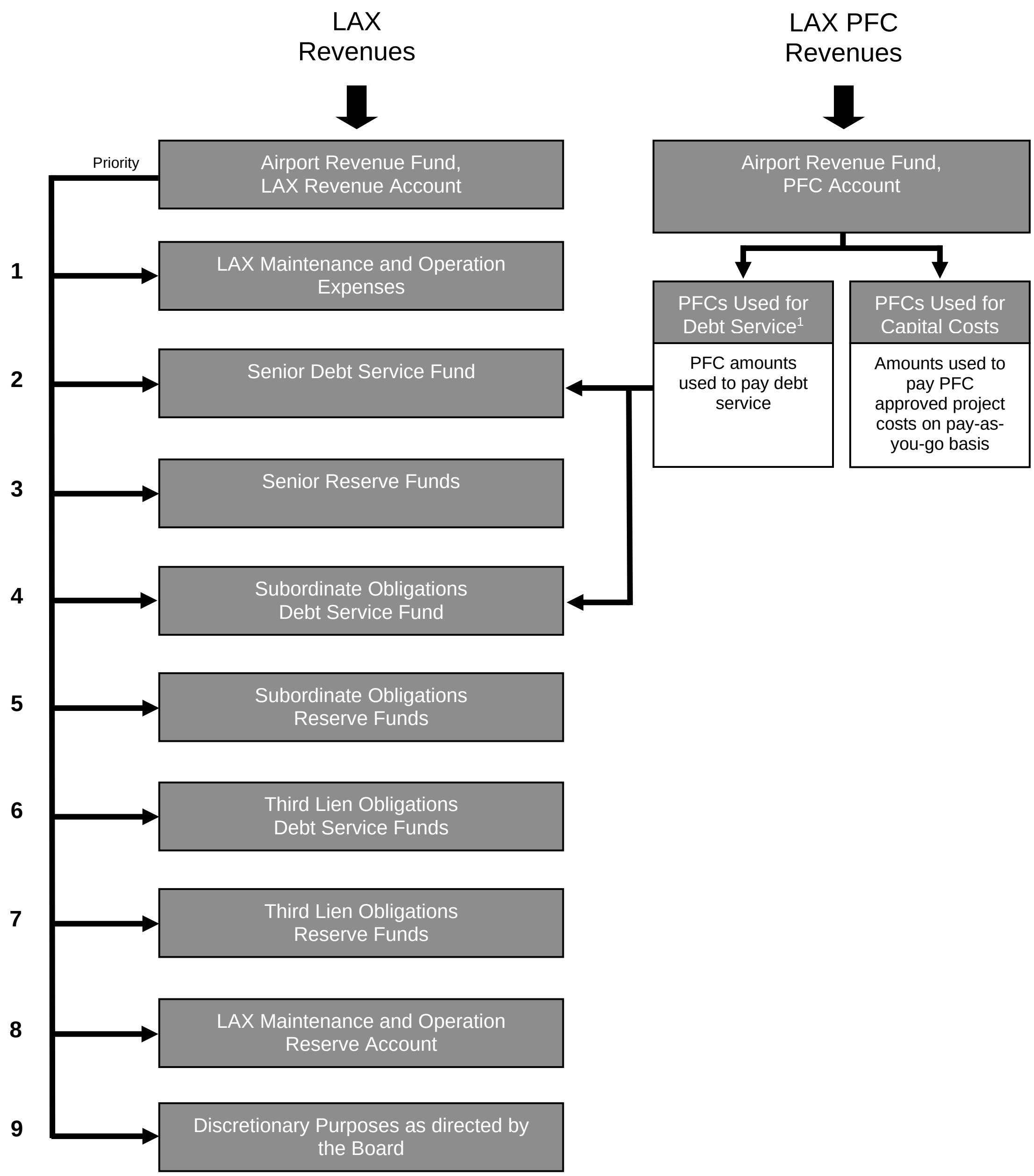
SEVENTH, to the payment of any reserve requirement for the Third Lien Obligations, if any;

EIGHTH, to the payment of the amounts required to be deposited in the LAX Maintenance and Operation Reserve Account which are payable from LAX Revenues as determined by the Department. The Department has covenanted to fund the Maintenance and Operation Reserve Account each Fiscal Year in an amount which, when added to any moneys in such account, will be equal to not less than 25% nor more than 50% of the budgeted LAX Maintenance and Operation Expenses for the current Fiscal Year; and

NINTH, to the payment of such amounts as are directed by the Department for discretionary purposes as authorized by the Charter which include capital projects, defraying the expenses of any pension or retirement system applicable to the employees of the Department, defraying the Maintenance and Operation Expenses of the Airport System, for reimbursement to another department or office of the City on account of services rendered, or materials, supplies or equipment furnished to support purposes of the Department and for any other lawful purpose of the Department, but only to the extent any such purposes relate to LAX.

The following is a graphic description of the flow of funds described above and the flow of PFC revenues. See "—Passenger Facility Charges."

FLOW OF LAX REVENUES AND
LAX PFC REVENUES



(1) Pledged Revenues do not include PFC revenues unless otherwise included in Pledged Revenues pursuant to a Supplemental Senior Indenture. To date, the Department has not elected, and the Department has no current plans to elect, to include PFC revenues in Pledged Revenues nor otherwise to pledge PFC revenues to the payment of the Senior Bonds or the Subordinate Obligations. However, the Department has used and expects to use PFC revenues to pay a portion of the debt service on certain Senior Bonds and/or certain Subordinate Obligations which are or become PFC Eligible Obligations (as defined herein). See "AIRPORT CAPITAL PLANNING—Financing the Capital Program—Passenger Facility Charges" and "CERTAIN FUNDING SOURCES" for additional information about the Department's expected use of PFC revenues.

With respect to the application of Pledged Revenues described in paragraphs FIRST, EIGHTH and NINTH above (i.e., to fund LAX Maintenance and Operation Expenses, the deposits to the LAX Maintenance and Operation Reserve Account, and for the discretionary purposes as directed by the Board), the Department need apply only such amount of Pledged Revenues pursuant to the provisions of such paragraphs as is necessary, after taking into account all other moneys and revenues available to the Department for application for such purposes, to pay the amounts required by such paragraphs.

The Senior Indenture provides that, notwithstanding the provisions therein, nothing precludes the Department from making the payments described in paragraphs FIRST through NINTH above from sources other than Pledged Revenues.

The Department, pursuant to the Senior Indenture, has covenanted to continue using moneys on deposit in the LAX Revenue Account as described in the flow of funds detailed above.

For more information about the Senior Indenture see APPENDIX C-2—"SUMMARY OF THE MASTER SENIOR INDENTURE."

Pledge of Subordinate Pledged Revenues

The Series 2025DEF Subordinate Bonds are limited obligations of the Department payable solely from and secured by a pledge of and first lien on Subordinate Pledged Revenues. The Series 2025DEF Subordinate Bonds are also secured by a pledge of and first lien on amounts held in certain funds and accounts pursuant to the Subordinate Indenture, as further described herein.

THE SERIES 2025DEF SUBORDINATE BONDS 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 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 SERIES 2025DEF SUBORDINATE BONDS. THE DEPARTMENT HAS NO POWER OF TAXATION. THE SERIES 2025DEF SUBORDINATE BONDS CONSTITUTE AND EVIDENCE AN OBLIGATION OF THE DEPARTMENT PAYABLE ONLY IN ACCORDANCE WITH SECTION 609(B) OF THE CHARTER AND OTHER APPLICABLE PROVISIONS 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 SERIES 2025DEF SUBORDINATE BONDS. THE DEPARTMENT IS UNDER NO OBLIGATION TO PAY THE SERIES 2025DEF SUBORDINATE BONDS, EXCEPT FROM FUNDS IN THE LAX REVENUE ACCOUNT OF THE AIRPORT REVENUE FUND AND AS FURTHER SPECIFICALLY PROVIDED IN THE SUBORDINATE INDENTURE.

The Series 2025DEF Subordinate Bonds are secured by a pledge of and lien on Subordinate Pledged Revenues on a parity with the Existing Subordinate Bonds, the Subordinate Commercial Paper Notes, the payment obligations of the Department under the CP Reimbursement Agreements, the Subordinate Revolving Obligations, the additional payment obligations of the Department under the Subordinate Credit Agreement, any Additional Subordinate Bonds and any Additional Subordinate Obligations. See "—Pledge of Subordinate Pledged Revenues" and "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Subordinate Bonds, Subordinate Commercial Paper Notes and Subordinate Revolving Obligations." The Series 2025DEF Subordinate Bonds are not secured by moneys held in any construction funds established under the Subordinate Indenture.

Subordinate Rate Covenant

The Department has covenanted in the Master Subordinate Indenture to fulfill the following requirements:

(a) The Department will, while any of the Subordinate Obligations remain Outstanding (but subject to all existing contracts and legal obligations of the Department as of the date of execution of the Master Subordinate Indenture setting forth restrictions relating thereto), establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with LAX and for services rendered in connection therewith, so that Subordinate Pledged Revenues in each Fiscal Year will be at least equal to the following amounts:

(i) the interest on and principal of the Outstanding Subordinate Obligations, as the same become due and payable by the Department in such year;

(ii) the required deposits to any Subordinate Debt Service Reserve Fund (including the Subordinate Reserve Fund) which may be established by a Supplemental Subordinate Indenture;

(iii) the reimbursement owed to any Credit Provider as required by a Supplemental Subordinate Indenture;

(iv) the interest on and principal of any indebtedness required to be funded during such Fiscal Year, other than Special Facility Obligations, Senior Bonds and Outstanding Subordinate Obligations, but including obligations issued with a lien on Subordinate Pledged Revenues, ranking junior and subordinate to the lien of the Subordinate Obligations; and

(v) payments of any reserve requirement for debt service for any indebtedness, other than Senior Bonds and Outstanding Subordinate Obligations, but including obligations issued with a lien on Subordinate Pledged Revenues, ranking junior and subordinate to the lien of the Subordinate Obligations.

(b) The Department has further agreed 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 the Subordinate Pledged Revenues, together with any Transfer, will be equal to at least 115% of Subordinate Annual Debt Service on the Outstanding Subordinate Obligations for such Fiscal Year. For purposes of this paragraph (b), the amount of any Transfer taken into account may not exceed 15% of Subordinate Annual Debt Service on the Outstanding Subordinate Obligations in such Fiscal Year. "**Transfer**" means for any Fiscal Year the amount of unencumbered funds on deposit or anticipated to be on deposit, as the case may be, on the first day of such Fiscal Year in the LAX Revenue Account (after all deposits and payments required by paragraphs FIRST through NINTH, as described under "—Flow of Funds" above, have been made as of the last day of the immediately preceding Fiscal Year),

(c) If the Department violates either covenant set forth in paragraph (a) or (b) above, such violation will not be a default under the Master Subordinate Indenture and will not give rise to a declaration of a Subordinate Event of Default if, within 180 days after the date such violation is discovered, the Department revises the schedule of rates, tolls, fees, rentals and charges insofar as practicable and revises any LAX Maintenance and Operation Expenses insofar as practicable and takes such other actions as are necessary so as to produce Subordinate Pledged Revenues to cure such violation for future compliance; provided, however, that if the Department does not cure such violation by the end of the second subsequent Fiscal Year succeeding the date such violation is discovered, a Subordinate Event of Default may be declared under the Master Subordinate Indenture. The Department may obtain such recommendations from a Consultant as it deems necessary or appropriate to bring the Department into compliance with said covenants. However, a non-payment of principal of and/or interest on Subordinate Obligations when due would be a Subordinate Event of Default under the Subordinate Indenture. See APPENDIX C-3—"SUMMARY OF THE MASTER

SUBORDINATE INDENTURE—Subordinate Events of Default and Remedies—Subordinate Events of Default."

In addition to the requirements of the Master Subordinate Indenture, the Charter requires the Department to set rates and charges at LAX in an amount sufficient to pay debt service and premiums, if any, due upon the redemption of revenue bonds, in addition to all maintenance and operation expenses at LAX for each Fiscal Year.

Pursuant to the Master Subordinate Indenture, the Department may exclude from its calculation of Subordinate Aggregate Annual Debt Service, for the purpose of determining compliance with the rate covenant described above, the payment of debt service or portions thereof on Subordinate Obligations whose debt service is payable from amounts not included in Subordinate Pledged Revenues (including, but not limited to PFC revenues) which have been irrevocably deposited with the Subordinate Trustee for the payment of debt service on such Subordinate Obligations. See "—Passenger Facility Charges," "AIRPORT CAPITAL PLANNING—Financing the Capital Program—Passenger Facility Charges," "CERTAIN INVESTMENT CONSIDERATIONS—Considerations Regarding Passenger Facility Charges" and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT—AIRPORT FACILITIES AND CAPITAL PROGRAM—FUNDING THE AIRPORT CAPITAL PROGRAM—PFC Revenues" for additional information about the Department's expected use of PFC revenues.

Subordinate Debt Service Deposits

The Master Subordinate Indenture provides that the Department will cause the City Treasurer, not later than five Business Days prior to each Payment Date, to transfer from the LAX Revenue Account to the Subordinate Trustee for deposit in the Subordinate Debt Service Funds established in respect of each Series of Outstanding Subordinate Obligations the full amount required to pay the principal of and/or the interest on the Subordinate Obligations of that Series due on such Payment Date.

Subordinate Reserve Fund

Pursuant to the Fourth Supplemental Subordinate Indenture, a Subordinate Debt Service Reserve Fund (the "**Subordinate Reserve Fund**") was established for the Existing Subordinate Bonds and any Additional Subordinate Bonds which the Department elects to have participate in the Subordinate Reserve Fund. Pursuant to the Twenty-Seventh Supplemental Subordinate Indenture, the Department intends to elect to have the Series 2025DEF Subordinate Bonds participate in the Subordinate Reserve Fund.

Moneys and investments held in the Subordinate Reserve Fund may be used only to pay the principal of and interest on the Subordinate Bonds participating in the Subordinate Reserve Fund (including the Series 2025DEF Subordinate Bonds). Moneys and investments held in the Subordinate Reserve Fund are not available to pay debt service on the Senior Bonds, the Subordinate Commercial Paper Notes, the Subordinate Revolving Obligations, any Subordinate Obligations for which the Department has decided will not participate in the Subordinate Reserve Fund or any Third Lien Obligations. The Subordinate Reserve Fund may be drawn upon if the amounts in the respective Subordinate Debt Service Funds for the Series 2025DEF Subordinate Bonds and the other Subordinate Bonds participating in the Subordinate Reserve Fund are insufficient to pay in full any principal or interest then due on such Subordinate Bonds. In the event that any amounts are required to be withdrawn from the Subordinate Reserve Fund, such amounts will be withdrawn and deposited pro rata to meet the funding requirements of the Subordinate Debt Service Funds for the Subordinate Bonds secured by the Subordinate Reserve Fund.

The Subordinate Reserve Fund is required to be funded in an amount equal to the Subordinate Reserve Requirement. The "**Subordinate Reserve Requirement**" equals the least of: (i) Subordinate Maximum Aggregate Annual Debt Service for Reserve Requirement with respect to all of the Subordinate Bonds participating in the Subordinate Reserve Fund; (ii) 10% of the principal amount of all of the Subordinate

Bonds participating in the Subordinate Reserve Fund, less the amount of original issue discount with respect to the Subordinate Bonds participating in the Subordinate Reserve Fund if such original issue discount exceeded 2% on such Subordinate Bonds at the time of its original sale; and (iii) 125% of the average Subordinate Aggregate Annual Debt Service for Reserve Requirement with respect to all of the Subordinate Bonds participating in the Subordinate Reserve Fund. In the event that the Department issues any Additional Subordinate Bonds pursuant to a Supplemental Subordinate Indenture under which the Department elects to have such Additional Subordinate Bonds participate in the Subordinate Reserve Fund, the Department will be required to deposit an amount in the Subordinate Reserve Fund sufficient to cause the amount on deposit in the Subordinate Reserve Fund to equal the Subordinate Reserve Requirement. Such deposit to the Subordinate Reserve Fund can be made at the time of issuance of the Additional Subordinate Bonds participating in the Subordinate Reserve Fund or over 12 months following the date of issuance of the Additional Subordinate Bonds that will be participating in the Subordinate Reserve Fund. At the time of issuance of the Series 2025DEF Subordinate Bonds, a portion of the proceeds of the Series 2025DEF Subordinate Bonds will be deposited to the Subordinate Reserve Fund, the Subordinate Reserve Requirement will equal $645,453,001.59, and the Subordinate Reserve Fund will be fully funded with cash and securities.

The Department may fund all or a portion of the Subordinate Reserve Requirement with a Subordinate Debt Service Reserve Fund Surety Policy. A Subordinate Debt Service Reserve Fund Surety Policy may be an insurance policy or surety bond, or a letter of credit, deposited in the Subordinate Reserve Fund in lieu of or in partial substitution for cash or securities. Any such Subordinate Debt Service Reserve Fund Surety Policy must either extend to the final maturity of the Series of Subordinate Bonds for which the Subordinate Debt Service Reserve Fund Surety Policy was issued or the Department must agree, by Supplemental Subordinate Indenture, that the Department will replace such Subordinate Debt Service Reserve Fund Surety Policy prior to its expiration with another Subordinate Debt Service Reserve Fund Surety Policy, or with cash, and the face amount of the Subordinate Reserve Fund Surety Policy, together with amounts on deposit in the Subordinate Reserve Fund, including the face amount of any other Subordinate Debt Service Reserve Fund Surety Policy, are at least equal to the Subordinate Reserve Requirement. Any such Subordinate Debt Service Reserve Fund Surety Policy deposited to the Subordinate Reserve Fund must secure all of the Subordinate Bonds participating in the Subordinate Reserve Fund. As of the date of this Official Statement and at the time of the issuance of the Series 2025DEF Subordinate Bonds, there are no, and there will be no, Subordinate Debt Service Reserve Fund Surety Policies on deposit in the Subordinate Reserve Fund. See APPENDIX D-2—"AMENDMENTS TO THE MASTER SUBORDINATE INDENTURE" for amendments being made to the definition of "Subordinate Debt Service Reserve Fund Surety Policy."

Except with respect to any guaranteed investment contract used in funding the Subordinate Reserve Fund, the Subordinate Trustee is required annually, on or about May 15 of each year, and at such other times as the Department deems appropriate, to value the Subordinate Reserve Fund on the basis of the lower of amortized cost or market value thereof, including accrued interest thereon and the basis of the cost thereof, adjusted for amortization of premium or discount on the investment thereof. For purposes of determining the amount on deposit in the Subordinate Reserve Fund, any Subordinate Debt Service Reserve Fund Surety Policy held by, or the benefit of which is available to, the Subordinate Trustee as security for the Subordinate Bonds participating in the Subordinate Reserve Fund is required to be deemed to be a deposit in the face amount of the policy or the stated amount of the credit facility provided, except that, if the amount available under a Subordinate Debt Service Reserve Fund Surety Policy has been reduced as a result of a payment having been made thereunder or as a result of the termination, cancellation or failure of such Subordinate Debt Service Reserve Fund Surety Policy and not reinstated or another Subordinate Debt Service Reserve Fund Surety Policy provided, then, in valuing the Subordinate Reserve Fund, the value of such Subordinate Debt Service Reserve Fund Surety Policy must be reduced accordingly. Upon each such valuation, the Subordinate Trustee is required to prepare a written certificate setting forth the Subordinate Reserve Requirement as of such valuation date and the value of the Subordinate Reserve Fund and deliver a copy thereof to the Chief Financial Officer. If, upon any valuation, the value of the Subordinate Reserve Fund exceeds the Subordinate Reserve Requirement, the excess amount, including investment earnings, is required to be withdrawn and deposited by the Subordinate Trustee into the respective Subordinate Debt Service Funds, pro rata based on the outstanding par amounts for each Series of Subordinate Bonds participating in the Subordinate Reserve Fund, unless otherwise directed by the Department. If the value is less than the Subordinate Reserve Requirement, the Department is required to replenish such amounts within twelve months.

Additional Subordinate Obligations

The Master Subordinate Indenture provides the Department with flexibility in establishing the nature and terms of any Additional Subordinate Obligations hereafter issued with a lien and charge on Subordinate Pledged Revenues on parity with the Series 2025DEF Subordinate Bonds and the other Subordinate Obligations.

Additional Subordinate Obligations may be issued under the Master Subordinate Indenture on a parity with the Subordinate Obligations provided that, among other things, there is delivered to the Subordinate Trustee either:

(a) a certificate, dated as of a date between the date of pricing of the Subordinate Obligations being issued and the date of delivery of such Subordinate Obligations (both dates inclusive), prepared by an Authorized Representative showing that the Subordinate Pledged Revenues, together with any Transfer, for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Subordinate Obligations or preceding the first issuance of the proposed Subordinate Program Obligations were at least equal to 115% of Subordinate Maximum Aggregate Annual Debt Service with respect to all Outstanding Subordinate Obligations, Unissued Subordinate Program Obligations and the proposed Subordinate Obligations, calculated as if the proposed Subordinate Obligations and the full Subordinate Authorized Amount of such proposed Subordinate Program Obligations (as applicable) were then Outstanding; or

(b) a certificate, dated as of a date between the date of pricing of the Subordinate Obligations being issued and the date of delivery of such Subordinate Obligations (both dates inclusive), prepared by a Consultant showing that:

(i) the Subordinate Pledged Revenues, together with any Transfer, for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Subordinate Obligations or the establishment of a Subordinate Program, were at least equal to 115% of the sum of the Subordinate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations (not including the proposed Subordinate Obligations or the proposed Subordinate Program Obligations) for such Fiscal Year or other applicable period; and

(ii) for the period from and including the first full Fiscal Year following the issuance of such proposed Subordinate Obligations during which no interest on such Subordinate Obligations is expected to be paid from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Subordinate Obligations; or (B) the third full Fiscal Year during which no interest on such Subordinate Obligations is expected to be paid from the proceeds thereof, the estimated Subordinate Pledged Revenues, together with any estimated Transfer, for each such Fiscal Year, will be at least equal to 115% of the Subordinate Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Subordinate Obligations, Unissued Subordinate Program Obligations and the proposed Subordinate Obligations calculated as if the proposed Subordinate Obligations and the full Subordinate Authorized Amount of such proposed Subordinate Program Obligations (as applicable) were then Outstanding.

The certificate described in subparagraph (a) above is expected to be delivered by the Department in connection with the issuance of the Series 2025DEF Subordinate Bonds.

For purposes of subparagraphs (a) and (b) above, the amount of any Transfer taken into account cannot exceed 15% of the Subordinate Annual Debt Service or Subordinate Aggregate Annual Debt Service, as applicable, on the Outstanding Subordinate Obligations, the Unissued Program Subordinate Obligations, the proposed Subordinate Obligations and the full Subordinate Authorized Amount of such proposed Subordinate Program Obligations, as applicable, for such applicable Fiscal Year or such other applicable period.

For purposes of subparagraph (b)(ii) above, in estimating Subordinate Pledged Revenues, the Consultant may take into account: (1) Pledged Revenues from Specified LAX Projects or LAX Airport Facilities reasonably expected to become available during the period for which the estimates are provided; (2) any increase in fees, rates, charges, rentals or other sources of Pledged Revenues which have been approved by the Board and will be in effect during the period for which the estimates are provided; and (3) any other increases in Pledged Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to LAX Maintenance and Operation Expenses, the Consultant may use such assumptions as the Consultant believes to be reasonable, taking into account: (i) historical LAX Maintenance and Operation Expenses; (ii) LAX Maintenance and Operation Expenses associated with the Specified LAX Projects and any other new LAX Airport Facilities; and (iii) such other factors, including inflation and changing operations or policies of the Board, as the Consultant believes to be appropriate. The Consultant will include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Subordinate Pledged Revenues and will also set forth the calculations of Subordinate Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

For purposes of preparing the certificate or certificates described above, the Consultant or Consultants or the Authorized Representative may rely upon financial statements prepared by the Department which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized Representative certifies as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year-end adjustments.

Neither of the certificates described above under subparagraphs (a) or (b) will be required:

(1) if the Subordinate Obligations being issued are for the purpose of refunding then-Outstanding Subordinate Obligations and there is delivered to the Subordinate Trustee, instead, a certificate of the Authorized Representative showing that the Subordinate Aggregate Annual Debt Service for each Fiscal Year after the issuance of such Refunding Subordinate Obligations will not exceed the Subordinate Aggregate Annual Debt Service for each Fiscal Year prior to the issuance of such Refunding Subordinate Obligations;

(2) if the Subordinate Obligations being issued constitute Subordinate Notes and there is delivered to the Subordinate Trustee, instead, a certificate prepared by an Authorized Representative showing that the principal amount of the proposed Subordinate Notes being issued, together with the principal amount of any Subordinate Notes then Outstanding, does not exceed 10% of the Subordinate Pledged Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Subordinate Notes and there is delivered to the Subordinate Trustee a certificate of an Authorized Representative setting forth calculations showing that for each of the Fiscal Years during which the Subordinate Notes will be Outstanding, and taking into account the debt service becoming due on such Subordinate Notes, the Department will be in compliance with the rate covenant under the Master Subordinate Indenture (as described above under "—Subordinate Rate Covenant"); or

(3) if the Subordinate Obligations being issued are to pay costs of completing a Specified LAX Project for which Subordinate Obligations have previously been issued and the principal amount of such Subordinate Obligations being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Subordinate Obligations originally issued for such Specified LAX Project and reasonably allocable to the Specified LAX Project to be completed as shown in a written certificate of an Authorized Representative and there is delivered to the Subordinate Trustee: (i) a Consultant's certificate stating that the nature and purpose of such Specified LAX Project has not materially changed; and (ii) a

certificate of an Authorized Representative to the effect that: (A) all of the proceeds (including investment earnings on amounts in the construction fund allocable to such Specified LAX Project) of the original Subordinate Obligations issued to finance such Specified LAX Project have been or will be used to pay costs of the Specified LAX Project; (B) the then-estimated costs of the Specified LAX Project exceed the sum of the costs of the Specified LAX Project already paid plus moneys available in the construction fund established for the Specified LAX Project (including unspent proceeds of the Subordinate Obligations previously issued for such purpose); and (C) the proceeds to be received from the issuance of such Subordinate Obligations plus moneys available in the construction fund established for the Specified LAX Project (including unspent proceeds of the Subordinate Obligations previously issued for such purpose) will be sufficient to pay the remaining estimated costs of the Specified LAX Project.

Passenger Facility Charges

Passenger Facility Charges – Pledged Revenues. Pledged Revenues do not include PFC revenues unless otherwise included in Pledged Revenues pursuant to a Supplemental Senior Indenture. The Department has not elected, and the Department has no current plans to elect, to include PFC revenues in Pledged Revenues. The Department has not pledged PFC revenues to the payment of the Senior Bonds or the Subordinate Obligations, and the Department has no current plans to pledge PFC revenues to the payment of the Senior Bonds or the Subordinate Obligations. Although PFC revenues are not included in Pledged Revenues and have not been pledged to the payment of debt service on the Senior Bonds and/or the Subordinate Obligations, the Department has used and expects to use (to the extent approved by the FAA) PFC revenues to pay a portion of the debt service on certain Senior Bonds and/or certain Subordinate Obligations which are or become PFC Eligible Obligations. For additional information regarding PFC revenues and the Department's expected use of PFC revenues, see "AIRPORT CAPITAL PLANNING—Financing the Capital Program—Passenger Facility Charges," "CERTAIN INVESTMENT CONSIDERATIONS—Considerations Regarding Passenger Facility Charges" and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT—AIRPORT FACILITIES AND CAPITAL PROGRAM—FUNDING THE AIRPORT CAPITAL PROGRAM—PFC Revenues."

Passenger Facility Charges – Exclusion from Rate Covenant and Additional Bonds Tests. Debt service paid with PFC revenues is not included in the calculation of the rate covenants set forth in the Master Senior Indenture and the Master Subordinate Indenture. Additionally, debt service on Additional Senior Bonds and Additional Subordinate Obligations expected to be paid from irrevocably committed PFC revenues is not included in the additional bonds tests set forth in the Master Senior Indenture and the Master Subordinate Indenture. As of the date of this Official Statement, the Department has not irrevocably committed any PFC revenues to the payment of debt service on PFC Eligible Obligations.

Permitted Investments

Moneys held by the Subordinate Trustee under the Subordinate Indenture, including moneys in the Subordinate Debt Service Funds (and the accounts therein) and in the Subordinate Reserve Fund, may be invested as directed by the Department in Subordinate Permitted Investments, subject to the restrictions set forth in the Subordinate Indenture and subject to restrictions imposed upon the Department by the Charter. Investments held in the Subordinate Reserve Fund cannot exceed a maturity of five years.

All moneys held in the Airport Revenue Fund are currently invested by the City Treasurer in investments authorized by State law. Pursuant to State law, the City Treasurer must present an annual investment policy to the City Council for confirmation. The City has provided to the Department its "City of Los Angeles Investment Policy" for the current fiscal year which authorizes the City Treasurer to invest the City's funds in a manner which maximizes safety, liquidity, yield and diversity. See "FINANCIAL AND OPERATING INFORMATION CONCERNING LAX—Investment Practices of the City Treasurer."

Events of Default and Remedies; No Acceleration

Subordinate Events of Default under the Subordinate Indenture and related remedies are described in APPENDIX C-3—"SUMMARY OF THE MASTER SUBORDINATE INDENTURE—Subordinate Events of Default and Remedies." The occurrence of a Subordinate Event of Default does not grant any right to accelerate payment of the Subordinate Obligations or the Senior Bonds to any of the Subordinate Trustee, the Senior Trustee, the Holders of the Subordinate Obligations or Senior Bonds, the CP Banks (as defined below) or the Subordinate Revolving Obligations Lender. The Subordinate Trustee is authorized to take certain actions upon the occurrence of a Subordinate Event of Default, including proceedings to enforce the obligations of the Department under the Subordinate Indenture. See APPENDIX C-3—"SUMMARY OF THE MASTER SUBORDINATE INDENTURE—Subordinate Events of Default and Remedies—Application of Moneys." See also "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Subordinate Bonds, Subordinate Commercial Paper Notes and Subordinate Revolving Obligations."

Amendments to the Master Subordinate Indenture

On June 1, 2016, pursuant to a Supplemental Subordinate Indenture, the Department amended certain provisions of the Master Subordinate Indenture, which are more particularly described in APPENDIX D-2—"AMENDMENTS TO THE MASTER SUBORDINATE INDENTURE" (the "**Master Subordinate Indenture Amendments**").

The Master Subordinate Indenture Amendments cannot become effective until the earlier of: (a) the date on which none of the Series 2009C Subordinate Bonds and the Series 2010C Subordinate Bonds (collectively, the "**Pre-2016 Subordinate Bonds**"), remain Outstanding; or (b) the date the Department receives the written consent of 51% or more of the Bondholders of the Outstanding Pre-2016 Subordinate Bonds.

The Master Subordinate Indenture Amendments do not require the consent of the purchasers of the Series 2025DEF Subordinate Bonds in order to become effective. Any purchaser of the Series 2025DEF Subordinate Bonds will be purchasing the Series 2025DEF Subordinate Bonds subject to the Master Subordinate Indenture Amendments. The Department will not be requesting a separate written consent from the purchasers of the Series 2025DEF Subordinate Bonds for the Master Subordinate Indenture Amendments.

As of the date of this Official Statement, the Department has no plans to solicit the written consent of Bondholders of the Pre-2016 Subordinate Bonds and therefore, in all likelihood, the Master Subordinate Indenture Amendments will not become effective until the date the Pre-2016 Subordinate Bonds are no longer outstanding.

Amendments to the Master Senior Indenture

On June 1, 2016, pursuant to a Supplemental Senior Indenture, the Department amended certain provisions of the Master Senior Indenture which are more particularly described in APPENDIX D-1—"AMENDMENTS TO THE MASTER SENIOR INDENTURE" (collectively, the "**Master Senior Indenture Amendments**"). The amendments to the Master Senior Indenture do not require the consent of the Bondholders of the Subordinate Obligations (including the Series 2025DEF Subordinate Bonds) and are provided in this Official Statement for informational purposes only.

The Master Senior Indenture Amendments will become effective on the date of issuance of the Series 2025DEF Subordinate Bonds and the defeasance of the Series 2015 Senior Bonds.

For more information about the Senior Indenture see APPENDIX C-2—"SUMMARY OF THE MASTER SENIOR INDENTURE."

OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE

Senior Bonds

The following table sets forth information about the outstanding Senior Bonds as of April 22, 2025 (the "**Existing Senior Bonds**") following the issuance of the Series 2025DEF Subordinate Bonds and the refunding of the Refunded Series 2015 Senior Bonds.

TABLE 1
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
EXISTING SENIOR BONDS
AS OF APRIL 22, 2025

Series	***Principal Amount Outstanding***	***Final Maturity***
Series 2016C Senior Bonds	$148,005,000	May 15, 2038
Series 2018B Senior Bonds	209,920,000	May 15, 2034
Series 2020A Senior Bonds	709,005,000	May 15, 2040
Series 2020B Senior Bonds	526,940,000	May 15, 2040
Series 2020C Senior Bonds	372,160,000	May 15, 2050
Series 2020D Senior Bonds	117,405,000	May 15, 2048
Series 2022G Senior Bonds	602,820,000	May 15, 2052
Series 2022H Senior Bonds	373,735,000	May 15, 2052
Series 2022I Senior Bonds	206,825,000	May 15, 2048
Total	$ 3,266,815,000	

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

Subordinate Bonds, Subordinate Commercial Paper Notes and Subordinate Revolving Obligations

Outstanding Subordinate Bonds, Subordinate Commercial Paper Notes and Subordinate Revolving Obligations. The following table sets forth information about the outstanding Subordinate Bonds (the "**Existing Subordinate Bonds**") as of April 22, 2025, following the issuance of the Series 2025DEF Subordinate Bonds. The table also reflects the payment of all of the outstanding Subordinate Commercial Paper Notes on or before April 30, 2025, and all of the Subordinate Revolving Obligations on or before May 1, 2025, with a portion of the proceeds of the Series 2025D Subordinate Bonds, the Series 2025A Subordinate Bonds and the Series 2025B Subordinate Bonds and certain other moneys on deposit with the Subordinate Trustee. See "PLAN OF FINANCE."

TABLE 2
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
EXISTING SUBORDINATE BONDS, SUBORDINATE COMMERCIAL PAPER NOTES AND SUBORDINATE REVOLVING OBLIGATIONS
AS OF APRIL 22, 2025[1]

Subordinate Obligations	***Principal Amount Outstanding***	***Final Maturity***
Existing Subordinate Bonds		
Series 2009C Subordinate Bonds	$220,885,000	May 15, 2039
Series 2010C Subordinate Bonds	59,360,000	May 15, 2040
Series 2016A Subordinate Bonds	16,110,000	May 15, 2026
Series 2016B Subordinate Bonds	409,620,000	May 15, 2046
Series 2017A Subordinate Bonds	241,900,000	May 15, 2047
Series 2017B Subordinate Bonds	75,160,000	May 15, 2042
Series 2018A Subordinate Bonds	406,025,000	May 15, 2048
Series 2018C Subordinate Bonds	376,745,000	May 15, 2044
Series 2018D Subordinate Bonds	356,440,000	May 15, 2048
Series 2018E Subordinate Bonds	156,630,000	May 15, 2048
Series 2019A Subordinate Bonds	180,635,000	May 15, 2049
Series 2019B Subordinate Bonds	45,360,000	May 15, 2049
Series 2019C Subordinate Bonds	69,770,000	May 15, 2039
Series 2019D Subordinate Bonds	161,450,000	May 15, 2049
Series 2019E Subordinate Bonds	257,270,000	May 15, 2049
Series 2019F Subordinate Bonds	390,280,000	May 15, 2049
Series 2021A Subordinate Bonds	405,405,000	May 15, 2051
Series 2021B Subordinate Bonds	395,005,000	May 15, 2048
Series 2021C Subordinate Bonds	92,945,000	May 15, 2036
Series 2021D Subordinate Bonds	735,015,000	May 15, 2051
Series 2021E Subordinate Bonds	116,665,000	May 15, 2051
Series 2022A Subordinate Bonds	347,415,000	May 15, 2049
Series 2022B Subordinate Bonds	157,625,000	May 15, 2048
Series 2022C Subordinate Bonds	305,015,000	May 15, 2049
Series 2022D Subordinate Bonds	96,085,000	May 15, 2036
Series 2022E Subordinate Bonds	20,225,000	May 15, 2039
Series 2022F Subordinate Bonds	40,985,000	May 15, 2042
Series 2023A Subordinate Bonds	239,855,000	May 15, 2048
Series 2023B Subordinate Bonds	44,700,000	May 15, 2038
Series 2025A Subordinate Bonds	1,308,460,000	May 15, 2055
Series 2025B Subordinate Bonds	123,215,000	May 15, 2055
Series 2025C Subordinate Bonds	167,650,000	May 15, 2045
Series 2025D Subordinate Bonds	971,325,000	May 15, 2051
Series 2025E Subordinate Bonds	285,085,000	May 15, 2055
Series 2025F Subordinate Bonds	74,800,000	May 15, 2035
Total Existing Subordinate Bonds	$9,351,115,000	
Subordinate Commercial Paper Notes		
Series A[2]	0	Various[5]
Series B[3]	0	Various[5]
Series C[4]	0	Various[5]
Total Subordinate Commercial Paper Notes[1]	0	
Total Subordinate Revolving Obligations[1]	0	December 3, 2027
Total Outstanding Existing Subordinate Bonds, Subordinate Commercial Paper Notes and Subordinate Revolving Obligations[1]	$9,351,115,000	

See footnotes on following page.

(1) Table 2 reflects the payment of all of the outstanding Subordinate Commercial Paper Notes on or before April 30, 2025, and all of the Subordinate Revolving Obligations on or before May 1, 2025, with a portion of the proceeds of the Series 2025D Subordinate Bonds, the Series 2025A Subordinate Bonds and the Series 2025B Subordinate Bonds and certain other moneys on deposit with the Subordinate Trustee. See "PLAN OF FINANCE."
(2) The Subordinate Commercial Paper Notes Series A (Governmental – Non AMT) may be issued in various Subseries designated Subseries A-1 through A-3.
(3) The Subordinate Commercial Paper Notes Series B (Private Activity – AMT) may be issued in various Subseries designated Subseries B-1 through B-3.
(4) The Subordinate Commercial Paper Notes Series C (Federally Taxable) may be issued in various Subseries designated Subseries C-1 through C-3.
(5) The Subordinate Commercial Paper Notes have rolling maturities of 270 days or less.
Source: Department of Airports of the City of Los Angeles.

CP Letters of Credit and CP Reimbursement Agreements. To provide credit support for the Subordinate Commercial Paper Notes, the Department has entered into three separate reimbursement agreements (collectively, the "**CP Reimbursement Agreements**") with PNC Bank, National Association, Barclays Bank PLC and Bank of America, N.A., respectively (collectively, the "**CP Banks**"), pursuant to which each CP Bank has issued a separate irrevocable transferable direct-pay letter of credit (collectively, the "**CP Letters of Credit**"). Each CP Letter of Credit provides credit support for the timely payment of the principal of and interest on certain specified Subseries of the Subordinate Commercial Paper Notes as described in more detail in the following table.

CP Banks	*Subseries of Subordinate Commercial Paper Notes Supported by CP Letter of Credit*	*Principal Amount of Subordinate Commercial Paper Notes Supported by CP Letter of Credit*	*Total Stated Amount of CP Letter of Credit*[1]	*CP Letter of Credit Termination Date*[2]
PNC Bank, National Association	A-1, B-1, C-1	$ 100,000,000	$ 109,000,000	August 24, 2027
Barclays Bank PLC	A-2, B-2, C-2	$ 300,000,000	$ 327,000,000	August 24, 2026
Bank of America, N.A.	A-3, B-3, C-3	$ 100,000,000	$ 109,000,000	August 24, 2026

(1) Equal to principal of Subordinate Commercial Paper Notes to be supported by the CP Letter of Credit plus interest on such Subordinate Commercial Paper Notes accruing at a rate of 12% for 270 days based on 360-day year.
(2) Unless extended or terminated sooner in accordance with the respective terms of the CP Letter of Credit.
Source: Department of Airports of the City of Los Angeles.

Each CP Letter of Credit only supports the payment of the principal of and interest on the applicable Subseries of Subordinate Commercial Paper Notes.

In the event that the Department does not immediately reimburse a CP Bank for a drawing under the applicable CP Letter of Credit, the Department will be required pursuant to the applicable CP Reimbursement Agreement to pay all principal of and interest due to the applicable CP Bank as a result of such drawing within five years of the applicable date of the original drawing. Events of default under the CP Reimbursement Agreements include, among other events: (i) failure to pay principal of or interest on any drawing, advance or other obligations under the applicable CP Reimbursement Agreement; (ii) failure to perform the terms of the applicable CP Reimbursement Agreement; (iii) defaults in any payment of any debt secured by a charge, lien or encumbrance on the Net Pledged Revenues or the Subordinate Pledged Revenues; and (iv) a downgrade of the Subordinate Obligations below "BBB-" or "Baa3." Any obligations of the Department incurred pursuant to the CP Reimbursement Agreements will be secured by Subordinate Pledged Revenues on parity with the Series 2025DEF Subordinate Bonds, the Existing Subordinate Bonds, the Subordinate Commercial Paper Notes, the Subordinate Revolving Obligations, the additional payment obligations of the Department under the Subordinate Credit Agreement and any Additional Subordinate Obligations. Redacted copies of the CP Reimbursement Agreements are available on the MSRB's Electronic Municipal Market Access ("**EMMA**") website.

Subordinate Revolving Obligations. Pursuant to the Master Subordinate Indenture, the Twenty-Fifth Supplemental Subordinate Trust Indenture, dated as of December 5, 2024 (the "**Twenty-Fifth Supplemental Subordinate Indenture**"), by and between the Department and the Subordinate Trustee, and the Subordinate Credit Agreement, the Department is authorized to issue and have outstanding, from time to time, up to $500,000,000 in aggregate principal amount of Subordinate Revolving Obligations. As of April 3, 2025, the Department had $500,000,000 aggregate principal amount of Subordinate Revolving Obligations outstanding. As described in "PLAN OF FINANCE," the Department will refund all of the outstanding Subordinate Revolving Obligations with a portion of the proceeds of the Series 2025D Subordinate Bonds.

All Subordinate Revolving Obligations issued by the Department are purchased by the Subordinate Revolving Obligations Lender in accordance with the terms of the Subordinate Credit Agreement. Except as otherwise provided in the Subordinate Credit Agreement, the principal of all Subordinate Revolving Obligations outstanding pursuant to the Master Subordinate Indenture, the Twenty-Fifth Supplemental Subordinate Indenture and the Subordinate Credit Agreement are due and payable on December 3, 2027. However, subject to the terms of the Subordinate Credit Agreement, on December 3, 2027, the Department can convert any outstanding Subordinate Revolving Obligations to a term loan that will be payable in twelve equal quarterly installments following December 3, 2027. Events of default under the Subordinate Credit Agreement include, among other events: (i) failure to pay the principal of or interest on the Subordinate Revolving Obligations or any other amounts due under the Subordinate Credit Agreement; (ii) failure to perform the terms of the Subordinate Credit Agreement; (iii) defaults in any payment of any debt secured by a charge, lien or encumbrance on the Net Pledged Revenues or the Subordinate Pledged Revenues; and (iv) a downgrade of the Subordinate Obligations below "BBB-" or "Baa3." Any obligations of the Department incurred pursuant to the Subordinate Credit Agreement will be secured by Subordinate Pledged Revenues on parity with the Series 2025DEF Subordinate Bonds, the Existing Subordinate Bonds, the Subordinate Commercial Paper Notes, the obligations of the Department incurred pursuant to the CP Reimbursement Agreements and any Additional Subordinate Obligations. A redacted copy of the Subordinate Credit Agreement is available on the EMMA website.

Debt Service Requirements

The following table sets forth debt service requirements on the Existing Senior Bonds, the Existing Subordinate Bonds and the Series 2025DEF Subordinate Bonds:

TABLE 3
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
SENIOR BONDS AND SUBORDINATE BONDS DEBT SERVICE REQUIREMENTS[1]

			Series 2025D Subordinate Bonds		*Series 2025E Subordinate Bonds*		*Series 2025F Subordinate Bonds*			
Fiscal Year	***Total Debt Service on Existing Senior Bonds***	***Total Debt Service on Existing Subordinate Bonds***[2]	***Principal of Series 2025D Subordinate Bonds***	***Interest on Series 2025D Subordinate Bonds***	***Principal of Series 2025E Subordinate Bonds***	***Interest on Series 2025E Subordinate Bonds***	***Principal of Series 2025F Subordinate Bonds***	***Interest on Series 2025F Subordinate Bonds***	***Total Debt Service on Subordinate Bonds***	***Total Debt Service***
2025	$286,418,835	$470,067,323	-	-	-	-	-	-	$470,067,323	$756,486,158
2026	249,745,830	604,329,903	-	$52,254,911	$3,425,000	$15,379,910	$7,630,000	$3,978,944	686,998,669	936,744,498
2027	254,812,830	603,578,890	$20,335,000	49,116,888	4,515,000	14,285,063	8,250,000	3,358,500	703,439,340	958,252,170
2028	242,792,080	622,097,053	21,350,000	48,100,138	4,740,000	14,059,313	8,660,000	2,946,000	721,952,503	964,744,583
2029	256,028,330	603,318,651	22,420,000	47,032,638	4,975,000	13,822,313	9,095,000	2,513,000	703,176,601	959,204,931
2030	260,700,580	598,589,100	23,540,000	45,911,638	5,225,000	13,573,563	9,550,000	2,058,250	698,447,550	959,148,130
2031	260,931,580	594,558,700	24,715,000	44,734,638	5,485,000	13,312,313		1,580,750	684,386,400	945,317,980
2032	261,267,080	575,129,459	25,955,000	43,498,888	5,760,000	13,038,063		1,580,750	664,962,159	926,229,239
2033	261,605,330	594,068,532	27,250,000	42,201,138	6,045,000	12,750,063	10,030,000	1,580,750	693,925,482	955,530,812
2034	261,783,580	594,625,364	28,615,000	40,838,638	6,350,000	12,447,813	10,530,000	1,079,250	694,486,064	956,269,644
2035	268,361,330	593,311,227	30,040,000	39,407,888	6,665,000	12,130,313	11,055,000	552,750	693,162,177	961,523,507
2036	259,544,603	590,710,198	31,545,000	37,905,888	7,000,000	11,797,063	-	-	678,958,148	938,502,751
2037	259,810,513	563,963,611	33,120,000	36,328,638	7,350,000	11,447,063	-	-	652,209,311	912,019,824
2038	260,091,192	544,470,027	34,780,000	34,672,638	7,720,000	11,079,563	-	-	632,722,227	892,813,419
2039	277,288,351	505,767,827	36,520,000	32,933,638	8,100,000	10,693,563	-	-	594,015,027	871,303,378
2040	312,251,476	513,299,382	38,345,000	31,107,638	8,510,000	10,288,563	-	-	601,550,582	913,802,058
2041	116,068,650	549,889,621	40,260,000	29,190,388	8,935,000	9,863,063	-	-	638,138,071	754,206,721
2042	112,215,050	513,431,114	42,275,000	27,177,388	9,385,000	9,416,313	-	-	601,684,814	713,899,864
2043	148,462,000	494,164,654	44,390,000	25,063,638	9,850,000	8,947,063	-	-	582,415,354	730,877,354
2044	148,452,500	467,787,303	46,605,000	22,844,138	10,340,000	8,454,563	-	-	556,031,003	704,483,503
2045	148,458,425	441,663,092	48,940,000	20,513,888	10,865,000	7,937,563	-	-	529,919,542	678,377,967
2046	148,458,550	422,152,764	51,385,000	18,066,888	11,405,000	7,394,313	-	-	510,403,964	658,862,514
2047	148,468,500	378,307,421	53,980,000	15,472,275	11,975,000	6,824,063	-	-	466,558,759	615,027,259
2048	51,851,400	353,162,724	56,705,000	12,746,625	12,575,000	6,225,313	-	-	441,414,662	493,266,062
2049	25,112,050	246,570,758	59,570,000	9,883,388	13,200,000	5,596,563	-	-	334,820,708	359,932,758
2050	25,116,700	128,009,091	62,695,000	6,755,963	13,865,000	4,936,563	-	-	216,261,616	241,378,316
2051	5,226,000	170,879,199	65,990,000	3,464,475	14,555,000	4,243,313	-	-	259,131,987	264,357,987
2052	5,229,000	118,207,325	-	-	15,315,000	3,479,175	-	-	137,001,500	142,230,500
2053	-	90,434,825	-	-	16,125,000	2,675,138	-	-	109,234,963	109,234,963
2054	-	90,107,550	-	-	16,970,000	1,828,575	-	-	108,906,125	108,906,125
2055	-	89,784,575	-	-	17,860,000	937,650	-	-	108,582,225	108,582,225
Total	**$5,316,552,338**	**$13,726,437,263**	**$971,325,000**	**$817,224,886**	**$285,085,000**	**$278,863,760**	**$74,800,000**	**$21,228,944**	**$16,174,964,854**	**$21,491,517,191**

(1) Totals may not add due to individual rounding. Reflects the refunding of the Refunded Series 2015 Senior Bonds.

(2) Debt service on the Subordinate Commercial Paper Notes (which may be outstanding from time to time up to $500 million aggregate principal amount), payment obligations under the CP Reimbursement Agreements, debt service on the Subordinate Revolving Obligations (which may be outstanding from time to time up to $500 million aggregate principal amount) and additional payment obligations under the Subordinate Credit Agreement are not reflected in this table. For additional information on these obligations, see "—Subordinate Bonds, Subordinate Commercial Paper Notes and Subordinate Revolving Obligations" above. Also see "PLAN OF FINANCE."

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

Future Financings

In addition to the Series 2025A-F Subordinate Bonds, the Airport Consultant has assumed that the Department will issue approximately $9.4 billion in aggregate principal amount of Additional Senior Bonds and approximately $1.2 billion in aggregate principal amount of Additional Subordinate Bonds through Fiscal Year 2034 in order to, among other things, complete the remaining proposed projects in the Next Airport Capital Program (as defined herein). See "AIRPORT CAPITAL PLANNING" and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT." See also "CERTAIN INVESTMENT CONSIDERATIONS—Delays and Cost Increases; Future Capital Projects; Additional Indebtedness."

In addition, the Department continuously evaluates refunding opportunities and, when economically beneficial, may, from time to time, refund one or more Series of Senior Bonds and/or Subordinate Bonds. The debt service projections in the Report of the Airport Consultant do not include any adjustments for debt service savings which may occur with respect to any refunding of any Senior Bonds or Subordinate Obligations during the Forecast Period.

Other Obligations

General Obligation Bonds. The City last issued general obligation bonds for Department purposes in 1956, and those bonds were retired in February 1990. The Board has covenanted in the Master Senior Indenture not to adopt a resolution determining that Pledged Revenues be used to pay general obligation bonds of the City on a senior lien basis. There are currently no outstanding general obligation bonds of the City for Department purposes issued or authorized but unissued.

Other Repayment Obligations. Under certain circumstances the obligation of the Department, pursuant to a written agreement, to reimburse the provider of a Credit Facility or a Liquidity Facility (a "**Repayment Obligation**") may be secured by a pledge of and lien on Net Pledged Revenues on parity with the Senior Bonds or by a pledge of and lien on Subordinate Pledged Revenues on a parity with the Subordinate Obligations. See "—Subordinate Bonds, Subordinate Commercial Paper Notes and Subordinate Revolving Obligations" above for additional information about the pledge of and lien on Subordinate Pledged Revenues granted to the CP Banks in connection with the CP Banks' issuance of the CP Letters of Credit.

If a Credit Provider or Liquidity Provider advances funds to pay principal of or interest on or to purchase Senior Bonds, all or a portion of the Department's Repayment Obligation may be afforded the status of a Senior Bond under the Master Senior Indenture. The Department currently does not have any Senior Repayment Obligations outstanding. Additionally, if a Credit Provider or Liquidity Provider advances funds to pay principal of or interest on or to purchase Subordinate Obligations as applicable, all or a portion of the Department's Repayment Obligations may be afforded the status of a Subordinate Obligation under the Master Subordinate Indenture. The Department currently does not have any Subordinate Repayment Obligations outstanding. See APPENDIX C-2—"SUMMARY OF THE MASTER SENIOR INDENTURE—Senior Repayment Obligations Afforded Status of Senior Bonds" and APPENDIX C-4—"SUMMARY OF THE MASTER SUBORDINATE INDENTURE—Subordinate Repayment Obligations Afforded Status of Subordinate Obligations."

Credits. The Department from time to time has provided credits to its Aeronautical Users (as defined herein) that may be applied as an offset against amounts otherwise due to the Department by such Aeronautical Users as charges for use of LAX facilities, including amounts owed pursuant to the Airport Terminal Tariff or landing fees. Because these credits are applied as an offset to amounts owed to the Department by such Aeronautical Users, the Department receives less money from these Aeronautical Users than such Aeronautical Users would otherwise provide absent the credit. Thus, although the credits are not secured by any pledge of or lien on the Department's revenues, the effect of using such credits is the creation of a higher payment priority for such credits than for the Senior Bonds and the Subordinate Obligations (including the Series 2025DEF Subordinate Bonds). See "USE OF AIRPORT FACILITIES—Department Acquisition of Certain Terminal Improvements; Credits."

Payments in Connection with the Automated People Mover System. As described under "AIRPORT CAPITAL PLANNING—Major Existing Capital Program Projects—Landside Access Modernization Program—The Automated People Mover System," the APM Agreement (as defined herein) provides that the APM Developer is entitled to receive APM Milestone Payments (as defined herein) from the Department during construction of, and upon completion of, an approximately 2.25 mile elevated, grade-separated automated people mover system (the "**APM System**") that will transport passengers and others between the consolidated rental car facility (the "**ConRAC**") and the Central Terminal Area. The APM Agreement initially provided that once passenger service is available on the APM System (the "**APM Passenger Service Availability Date**") (which, based on the APM Developer's current projections, the Department currently estimates will occur in the second quarter of 2026), the Department would make monthly APM Availability Payments (as defined herein) to the APM Developer throughout the term of the APM Agreement. As described in "AIRPORT CAPITAL PLANNING **-** Completion of the Automated People Mover System," pursuant to prior settlements of disputes with the APM Developer, the Department agreed to commence in March 2023 payment of the portion of the Availability Payments attributable to the APM Developer's financing costs.

For the purposes of financial planning, the Department assumed, that, among other things: (i) the APM Milestone Payments have been and will be funded with the proceeds of Senior Bonds, Subordinate Bonds and Subordinate Revolving Obligations; (ii) the portion of the APM Availability Payments attributable to the costs of operating and maintaining the APM System will be treated as LAX Maintenance and Operation Expenses under the Master Senior Indenture; and (iii) the portion of the APM Availability Payments attributable to the costs of designing, building and financing the APM System and not otherwise paid from the APM Milestone Payments will be treated as unsecured obligations of the Department payable from available funds of the Department remaining after the payment of LAX Maintenance and Operation Expenses, the payment of debt service and deposits to the debt service reserve funds with respect to the Senior Bonds, the Subordinate Obligations, and any Third Lien Obligations, and deposits to the LAX Maintenance and Operation Reserve Account (or funded NINTH under the Flow of Funds as described under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025DEF SUBORDINATE BONDS—Flow of Funds").

The APM Developer has asserted various relief event claims under the APM Agreement, including claims for schedule relief and additional costs. For a discussion of these claims, see "AIRPORT CAPITAL PLANNING— Completion of the Automated People Mover System."

Payments in Connection with the ConRAC. The ConRAC Agreement (as defined herein) provides that the ConRAC Developer (as defined herein) was entitled to receive certain specified payments as partial compensation for the ConRAC Developer's performance of the work required to design and build the ConRAC. The ConRAC Agreement further provides that, beginning on the date of beneficial occupancy of the ConRAC (the "**ConRAC Date of Beneficial Occupancy**") (which occurred on March 28, 2024), the ConRAC Developer was entitled to receive from the Department: (i) payments to compensate the ConRAC Developer for the costs of designing, building and financing a portion of the ConRAC (equity and debt) (the "**ConRAC Capital Availability Payments**"); (ii) payments for the cost of operating and maintaining certain portions of the ConRAC (the "**ConRAC Operations and Maintenance Availability Payments**"); and (iii) payments for the costs of renewing the ConRAC (the "**ConRAC Renewal Availability Payments**," and collectively with ConRAC Capital Availability Payments and ConRAC Operations and Maintenance Availability Payments, the "**ConRAC Availability Payments**").

Construction-related milestone payments were primarily funded from pay-as-you-go CFC revenues, proceeds of Subordinate Commercial Paper Notes and from proceeds of the Department's Los Angeles International Airport Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility Project) 2022 Series A (Federally Taxable) (the "**LAX CFC Bonds**"), which the Department issued on March 16, 2022 (which are secured solely by and payable from CFC revenues). The ConRAC Capital Availability Payments will be treated as unsecured obligations of the Department and are expected to be paid from CFC revenues remaining after the payment of the principal of and interest on the LAX CFC Bonds or other available funds of the Department remaining after the payment of LAX Maintenance and Operation Expenses, the payment of debt service and deposits to the debt service reserve funds with respect to the Senior Bonds, the Subordinate Obligations, and any Third Lien Obligations and deposits to the LAX Maintenance and Operation Reserve

Account (or funded NINTH under the Flow of Funds as described under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025DEF SUBORDINATE BONDS—Flow of Funds"). The ConRAC Operations and Maintenance Availability Payments and the ConRAC Renewal Availability Payments will be treated as LAX Maintenance and Operation Expenses under the Master Senior Indenture. See "USE OF AIRPORT FACILITIES—Concession and Parking Agreements—Rental Cars."

There can be no assurance that: (i) the CFC revenues collected by the rental car companies on behalf of the Department will be sufficient to pay any debt service on the LAX CFC Bonds, the ConRAC Capital Availability Payments or any other lawful use; or (ii) the annual amount of CFC revenues in excess of CFC revenues that are required to pay debt service on the LAX CFC Bonds and ConRAC Capital Availability Payments plus the CTS Contribution (as defined herein) will be sufficient to pay annual capital and operating costs associated with the CTS (as defined herein) portion of the APM System, as projected in the Report of the Airport Consultant. Other than with respect to the LAX CFC Bonds, if there are insufficient funds to make the foregoing described payments, additional Department funds may be required to fund such annual capital and operating costs and such Department funds would not be available for other uses. The LAX CFC Bonds are solely secured by the CFCs and certain funds and accounts held by the trustee for the LAX CFC Bonds; no other revenues of the Department are pledged to or made available to the payment of the LAX CFC Bonds.

SPECIAL FACILITY AND CONDUIT FINANCINGS

LAX Special Facility Obligations

Pursuant to the Master Senior Indenture, the Department may: (i) designate a separately identifiable existing facility or improvement or a planned facility or improvement as an "LAX Special Facility;" (ii) pursuant to an indenture other than the Master Senior Indenture and without a pledge of any Pledged Revenues (except as otherwise provided in clause (iv) below), incur debt primarily for the purpose of acquiring, constructing, renovating or improving, or providing financing or refinancing to a third party to acquire, construct, renovate or improve, such facility or improvement; (iii) provide that the contractual payments derived from or related to such LAX Special Facility, together with other income and revenues available to the Department from such LAX Special Facility to the extent necessary to make certain payments required under the Master Senior Indenture, will be "LAX Special Facilities Revenue" and will not be included as Pledged Revenues, unless otherwise provided in any supplemental indenture; and (iv) provide that: (1) the debt so incurred will be an "LAX Special Facilities Obligation;" (2) the principal of and interest thereon will be payable solely from the LAX Special Facilities Revenue; and (3) the proceeds of such LAX Special Facilities Obligation will be set aside exclusively to pay debt service on such LAX Special Facility Obligation (except that the Department may, in its sole discretion, determine to make Pledged Revenues or such other moneys not included in Pledged Revenues available (through a specific pledge or otherwise and subject to any covenant or other provisions of the Master Senior Indenture or such other indentures or agreements of the Department) to the payment of principal of and interest on such LAX Special Facility Obligation in such amounts and at such times as may be agreed to by the Department). The Department may from time to time refinance any such LAX Special Facility Obligation with other LAX Special Facility Obligations.

The Department does not currently have any outstanding LAX Special Facility Obligations but may incur such obligations in the future.

Conduit Financings

In addition to the improvements financed or planned to be financed at LAX through the issuance of revenue bonds, interest income, PFC revenues, CFC revenues and grants-in-aid, other improvements at LAX have been financed through the issuance of bonds by the Regional Airports Improvement Corporation ("**RAIC**"), the California Statewide Communities Development Authority ("**CSCDA**") and the California Municipal Finance Authority ("**CMFA**"). Bonds of RAIC, CSCDA and CMFA are not obligations of the Department or the City, are not payable from or secured by any pledge of, or lien upon, moneys in the Airport Revenue Fund and do not rely upon the taxing power of the City. RAIC, CSCDA and CMFA bonds are secured solely by the payment obligations of the airlines or other users of the facilities financed with such bonds and, in the case of RAIC bonds, by leasehold deeds of trust on the financed properties. See "AIRPORT CAPITAL PLANNING—Completion of the Automated People Mover System."

Certain of the outstanding RAIC bonds have "buy-back rights," whereby the Department may at any time purchase the financed facilities by retiring the bonds used to finance those facilities. The Department may from time to time identify leases related to improvements which can be terminated on terms favorable to the Department. Financing for any such lease terminations and any restructuring of third-party debt associated with such lease terminations could be provided by the Department through use of moneys in the Airport Revenue Fund or by issuing Additional Senior Bonds, Additional Subordinate Bonds, Subordinate Commercial Paper Notes or other obligations of the Department. See "USE OF AIRPORT FACILITIES."

THE DEPARTMENT OF AIRPORTS

General Description

The City, acting through the Department, currently operates and maintains two airports, LAX and VNY, in the region served by LAX (the "**Airport Service Region**"). In addition, the Department maintains LA/PMD, although LA/PMD is not currently certificated by the FAA. The Department voluntarily returned the operating certificate relating to LA/PMD to the FAA, but may, upon compliance with certain requirements, request to have the LA/PMD certificate reissued. The Airport System, which includes LAX, VNY and LA/PMD, is operated as a financially self-sufficient enterprise, without support from the City's General Fund, through the Department under the supervision of the Board. The Department is governed by the seven-member Board, which is in possession, management and control of the Airport System.

For a description of LAX, see "LOS ANGELES INTERNATIONAL AIRPORT."

VNY is a general aviation airport located approximately 20 miles northwest of downtown Los Angeles, in the San Fernando Valley, and occupies approximately 730 acres. VNY is one of the busiest general aviation airports in the United States with 331,538 operating movements in Fiscal Year 2024 as reported by the Department. A number of businesses are located at VNY, which cater to a variety of private, government and corporate aviation needs.

LA/PMD is located in the Antelope Valley approximately 60 miles north of LAX. Currently, there is no scheduled service at LA/PMD. The Department owns approximately 17,500 acres of land at and around LA/PMD. The Department has transferred operation, management, and control of the LA/PMD terminal facility to the City of Palmdale, but has retained certain rights for future development of the adjoining 17,500 acres.

Board of Airport Commissioners

The Department is governed by the Board, which is comprised of seven members and is in possession, management and control of the Airport System. Each Board member is appointed by the Mayor, subject to confirmation by the City Council, for a staggered five-year term. A Board member continues to hold office following the expiration of that person's term until a replacement has been appointed and confirmed by the City Council. One member is required to live near LAX and one is required to live near VNY. The President and Vice President of the Board are elected by the Board members for one-year terms. The current members of the Board are set forth below:

Member	*Occupation*	*Date of First Appointment*	*Current Term Expires*
Karim Webb, President	Entrepreneurial Activist	October 25, 2019	June 30, 2029
Matthew M. Johnson, Vice President	Attorney	December 19, 2022	June 30, 2025
Vanessa Aramayo	Non-Profit CEO	April 26, 2023	June 30, 2028
Courtney La Bau	Business Owner	June 28, 2023	June 30, 2029
Victor Narro	UCLA Labor Studies and Law Professor, Policy/Legal Advocacy and Research, Immigrant Rights and Labor Activist	June 27, 2023	June 30, 2026
Nicholas P. Roxborough	Attorney	March 26, 2019	June 30, 2025
Valeria C. Velasco	Attorney	September 6, 2005	June 30, 2027

The Charter provides that, in the event a Board member has reason to believe that such Board member might have a conflict of interest disqualifying such Board member from acting on a matter and the City Attorney decides that it is probable that a court would hold that a disqualification exists, the matter will be referred to the Board of Referred Powers. The Board of Referred Powers is a City Council committee consisting of five individuals designated by the City Council from time to time.

Oversight

The Charter allows the City Council to review all Board actions. The Charter states that actions of the Board become final at the expiration of five meeting days of the City Council unless the City Council acts within that time, by a two-thirds vote, to bring an action of the Board before the City Council for review or to waive review of the action. If the City Council chooses to assert jurisdiction over the action, the City Council may, by a two-thirds vote, veto the action of the Board within 21 calendar days of voting to bring the matter before it, or the action of the Board is final. An action vetoed by the City Council will be remanded to the Board, which will have the authority it originally held to take action on the matter. In addition, the Charter provides that certain actions of the Board, including the issuance of debt, must also be approved by the City Council.

In addition, the Department is subject to periodic audits, reviews, inspections and other inquiries by, among others, the City Controller, the FAA, the United States Department of Transportation (the "**U.S. DOT**"), the Office of the Inspector General, the U.S. and California Environmental Protection Agencies, the Internal Revenue Service, various water control boards and air quality management districts, the California Coastal Commission and the Department's own auditors. See "AIRPORT SYSTEM ENVIRONMENTAL MATTERS—Hazardous Substances."

Department Management

Responsibility for the implementation of the policies formulated by the Board and for the day-to-day operations of the Airport System rests with the senior management of the Department. The Chief Executive Officer is appointed by the Board, subject to confirmation by the Mayor and the City Council. Subject to civil service rules and regulations, the Chief Executive Officer is empowered to appoint and remove the senior managers. Within each of the various divisions in the Department, there are various sections that are assigned certain responsibilities for the efficient operation and development of the Airport System. The following report directly to the Chief Executive Officer: (i) Chief of Staff; (ii) Chief Airport Administrative Officer; (iii) Chief Airport Development Officer; (iv) Chief Operations and Maintenance Officer; and (v) Chief Innovation & Experience Officer. Certain officers of the Department and their positions are set forth below:

John Ackerman, Chief Executive Officer. John Ackerman was appointed in December 2023 as the Chief Executive Officer ("**CEO**") and has oversight of LAX and VNY. Mr. Ackerman has over 30 years of experience in the aviation industry. Previously, he most recently served as Executive Vice President of Global Strategy and Development for Dallas/Fort Worth International Airport ("**DFW**"), where he was part of the team that expanded the organization's global footprint by driving the first-ever cargo strategy — a multi-year program focused on Asia-Latin America trade flows. His team also designed and launched the first online parking system with dynamic pricing offered at a U.S. airport and grew the business to be DFW's largest source of earnings. Additionally, he helped develop a data and analytics strategy that led to the creation of the airport's first data science team, deploying Data360 across the enterprise and consolidating all data in a single data lake. Prior to his time at DFW, Ackerman served as Chief Commercial Officer for Denver International Airport ("**DEN**"), where he led teams that transformed the customer experience at every touchpoint. During his tenure, he launched new retail and restaurant concepts that transformed DEN's customer offerings, while augmenting same-location sales; led the airport's first major expansion since its establishment — a multi-modal infrastructure project critical to connecting DEN to the central business district; and secured the largest capacity and network growth in over 15 years, inaugurating the airport as a mega hub for United Airlines and Southwest Airlines. Ackerman holds a Bachelor of Arts degree in Economics from Duke University. He is also a trained pilot and veteran of the U.S. Armed Forces.

Becca Doten, Chief of Staff. Becca Doten serves as the Chief of Staff, which includes serving as a strategic counsel to the CEO, overseeing executive and Board administration and leadership over the Department's external affairs functions, including government relations, marketing and communications, and community relations. She also oversees the Strategic Initiatives Division and the Major Events Division which is tasked with the coordination and preparation for the 2026 World Cup and the 2028 Olympic and Paralympic Games. Ms. Doten joined the Department in July of 2017 as the Director of Public Relations. She has also served as the Chief Airport Affairs Officer, Deputy Executive Director for Public & Government Affairs and was the interim Chief Corporate Strategy and Affairs Officer. Ms. Doten brings with her more than a decade of experience in communications, community relations and public policy at the city, county and state level. Originally from Cottage Grove, Minnesota, Ms. Doten earned a Bachelor of Arts degree in film production from the University of Southern California.

Marla Bleavins, Chief Airport Administrative Officer. Marla Bleavins was appointed in May 2024 as Chief Airport Administrative Officer. In that role, Ms. Bleavins oversees the Finance, Human Resources, Commercial Development, Strategic Sourcing, and Internal Audit and Ethics divisions. In this role, she is focused on how the Department supports its people and the communities it serves, and is leading the modernization of legacy systems and processes. Ms. Bleavins returned to the Department after serving in executive leadership positions across the City of Los Angeles. In her over 20 years of public service, Ms. Bleavins has served as Assistant General Manager at the Department of Convention and Tourism Development, Debt and Treasury Manager for the Department, and Finance Specialist in the Office of the City Administrative Officer. She most recently served as Deputy Executive Director and Chief Financial Officer for the Port of Los Angeles. Ms. Bleavins has an undergraduate degree from Stanford University in Public Policy and Political Science and a Master of Business Administration from the Wharton School at the University of Pennsylvania.

Michael R. Christensen, Chief Airport Development Officer. Michael Christensen was appointed Deputy Executive Director, Facilities Maintenance and Utilities Group in 2017. He was subsequently promoted to Chief Operations and Maintenance Officer in 2021, and in August 2024 was appointed Chief Airport Development Officer. Mr. Christensen's responsibilities currently include overseeing the planning, design, and construction of airside, terminal, and landside infrastructure which are part of the Department's $30 billion capital improvement program. He has over 48 years of experience as an engineering and transportation professional. Prior to joining the Department, he spent 9 years as Chief Development Officer at the Port of Los Angeles. Before joining the Port of Los Angeles in 2006, Mr. Christensen served as Vice President at Parsons Transportation Group, responsible for a broad range of airport, port, planning, roadway, and rail projects, and as a senior executive with several other transportation consulting firms in the San Francisco Bay Area. His career also included 16 years of service with a Class One railroad where he held posts at eight different locations throughout the railroad's 13-state system engaged in construction, maintenance, operations, and environmental remediation. Mr. Christensen earned a bachelor's degree in civil engineering from Arizona State University and certificates in Executive Education from the Harvard Kennedy School of Government and California State University Northridge. He is a registered professional civil engineer in California and nine other western states. He is a life member of the American Society of Civil

Engineers and the American Railway Engineering and Maintenance-of-Way Association, and an n Accredited Airport Executive with the American Association of Airport Executives.

Douglas G. Webster, Chief Operations and Maintenance Officer. Douglas G. Webster serves as Chief Operations and Maintenance Officer. Mr. Webster is responsible for Airside Operations, Facility Maintenance and Security. Before coming to the Department in 2022, Mr. Webster served as the Chief Operating Officer and Executive Vice President for Delhi International Airport. An accomplished aviation professional, Mr. Webster has four decades of rich experience in airports and aviation. His broad background encompasses airport operations, airlines expertise, strategic planning, terminal transition planning, staffing, transformation, customer service automation and stakeholder management. Mr. Webster has previously served as a Deputy Director with Fort Lauderdale-Hollywood Airport in Florida and as a General Manager with Northwest Airlines. Mr. Webster has a Bachelor of Science degree in business administration from the University of North Dakota.

Ian Law, Chief Innovation & Experience Officer. Ian Law was appointed Chief Innovation & Experience Officer in May 2022. Mr. Law's responsibilities include the development and delivery of the Department's digital transformation strategy, oversight of the Department's Information Management and Technology, Guest Experience and Mobility divisions. Prior to his appointment, Mr. Law was Chief Information Officer at San Francisco International Airport, where he led the Information Technology team to innovate solutions in ground-transportation, passenger processing, tenant services, information analytics and cloud-hosted digital services. During the pandemic, Mr. Law led industry initiatives to enable public access to important airport-related COVID-19 information at over 300 airports worldwide and spearheaded an effort with international airports and airlines to make airport COVID-19 testing and vaccination services information more accessible to passengers. Mr. Law has held several advisory and consultancy roles at the UK government, focused on technology procurement and public service reform and transformation. Mr. Law led international outsourcing and supply chain advisory businesses at KPMG UK, working with clients in Europe, USA, South America, Asia, Africa, and the Middle East. He led and participated in corporate transactions as well as developed KPMG's international advisory practices. Mr. Law is the current chair of ACI World's Airport Information Technology Standing Committee and former chair of both ACI North America's Business & Information Technology committee and ACI's Aviation Community Recommended Information Services committee. Mr. Law served on the International Air Transport Association's working group on autonomous vehicles and airport automation. He is an industry contributor on the American Association of Airport Executives' Airport Consortium programs and initiatives. He holds a BSc in Computer Science from University College Cork, Ireland and an MBA from Cranfield School of Management, England.

Tatiana Starostina, Chief Financial Officer. Tatiana Starostina was appointed Chief Financial Officer in January 2020 and an Assistant General Manager in January 2022. Ms. Starostina has more than 20 years of experience in the aviation industry. Most recently, she served as the Assistant Director of Aviation – Business and Strategy at the Port of Oakland, having previously served as Manager of Financial Planning. Prior to serving at the Port of Oakland, Ms. Starostina worked at the Port of Portland as the Senior Manager for Financial Analysis and Projects and at United Airlines as Regional Manager for Airport Affairs, Corporate Real Estate, where her work included negotiation of airport-airline agreements at airports which were undergoing substantial terminal development programs that required significant changes in airline operations and business arrangements. She helped develop new rate-making methodologies and served on Airline-Airport Affairs Committees, overseeing capital improvement programs. Ms. Starostina was named the Medium Airport Finance Professional of the Year by Airports Council International-North America in 2019. Ms. Starostina holds a Master of Business Administration degree from the Kellogg School of Management at Northwestern University in analytical finance, strategy, accounting and decision science.

Employees and Labor Relations

The Department is a civil service organization, which, as of June 30, 2024, had 2,997 employees, as compared to 2,923 employees as of June 30, 2023. The Fiscal Year 2024-25 budget assumes a headcount of approximately 3,772 full-time and part-time positions, including additional headcount in operations and safety and security.

As a municipal organization, the Department's employee and labor relations are governed by applicable State and City civil service rules and regulations as well as 25 separate labor agreements between management and unions (the "**Memoranda of Understanding**"). Most of the Department's employees are covered by the Memoranda of Understanding. The following table lists all Memoranda of Understanding between the Department and labor and management unions and their respective expiration dates.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
MEMORANDA OF UNDERSTANDING
BETWEEN THE CITY AND
EMPLOYEE LABOR ORGANIZATIONS REPRESENTING EMPLOYEES OF
THE LOS ANGELES INTERNATIONAL AIRPORT

Bargaining Unit	***Expires***
Service Employees International Union, Local 721	
Equipment Operation and Labor Employees Representation Unit No. 4	December 23, 2028
Professional Engineering and Scientific Unit No. 8	December 23, 2028
Service and Craft Representation Unit No. 14	December 23, 2028
Service Employees Representation Unit No. 15	December 23, 2028
Supervisory Professional Engineering and Scientific Unit No. 17	December 23, 2028
Safety/Security Representation Unit No. 18	December 23, 2028
Municipal Construction Inspectors Association, Inc.	
Inspectors Unit No. 5(1)	January 6, 2029
Los Angeles Professional Managers Association	
Management Employees Unit No. 36	December 23, 2028
Personnel Director Unit No. 63	December 23, 2028
Confidential Senior Personnel Analysts Unit No. 64	December 23, 2028
American Federation of State, County and Municipal Employees	
Clerical and Support Services Unit No. 3	December 23, 2028
Executive Administrative Assistants Unit No. 37	December 23, 2028
Engineers and Architects Association	
Administrative Unit No. 1	December 25, 2027
Supervisory Technical Unit No. 19	December 25, 2027
Supervisory Administrative Unit No. 20	December 25, 2027
Technical Rank and File Unit No. 21	December 25, 2027
Local No. 501, International Union of Operating Engineers	
Plant Equipment Operation and Repair Representation Unit No. 9	December 23, 2028
Los Angeles City Supervisors and Superintendents Association, Laborer's International Union of North America, Local 777	
Supervisory Blue Collar Unit No. 12	December 23, 2028
Los Angeles/Orange Counties Building and Construction Trades Council	
Building Trades Rank and File Representation Unit No. 2	December 23, 2028
Supervisory Building Trades and Related Employees Representation Unit No. 13	December 23, 2028
Use of Union Hiring Halls for Temporary Use of Craft Workers No. 35	On-going
All City Employees Association, Local 2006, AFSCME, Council 36, AFL-CIO	
Professional Medical Services Unit No. 10	December 23, 2028
Los Angeles Airport Peace Officers Association	
Peace Officers Representation Unit No. 30	September 4, 2026
Airport Supervisory Police Officers' Association of Los Angeles	
Supervisory Peace Officers' Unit No. 39	September 4, 2026
Airport Police Command Officers Association of Los Angeles	
Management Peace Officers' Unit No. 40	June 27, 2026

(1) The Department is currently negotiating a new memorandum of understanding. Prior to finalization and approval of the new memorandum, the employees covered by such memorandum continue to work pursuant to the terms of the expired memorandum.

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

Retirement Plan

Department employees participate in either the Los Angeles City Employees' Retirement System ("**LACERS**") or the City of Los Angeles Fire and Police Pension Plan ("**LAFPP**"), the two retirement systems of the City.

LACERS is a contributory plan established in 1937 under the Charter, covering most City employees except certain uniformed fire and police personnel and employees of the Department of Water and Power. LAFPP, established in 1899 and incorporated into the Charter in 1923, represents contributory plans covering uniformed fire, police, Harbor police and Airport police. The LACERS and LAFPP plans are the obligation of the City. Under requirements of the Charter, the Department makes contributions to LACERS and LAFPP with respect to its employees in amounts determined by LACERS or LAFPP, as the case may be, and its actuaries. The Department does not participate in the governance or management of LACERS or LAFPP.

The Department's pension cost varies from year to year depending on, among other things, the annual contribution rates determined by LACERS and LAFPP and their actuaries, the total salaries paid to the Department's covered employees, the retirement benefits accruing to those employees, and the portion of LACERS and LAFPP unfunded accrued liability allocated to the Department. The following table shows Department contributions to LACERS and LAFPP during the last five Fiscal Years. For each of these Fiscal Years, the contribution made by the Department equaled 100% of the annual required contribution as calculated by LACERS, LAFPP and their respective actuaries.

TABLE 4
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
CONTRIBUTIONS TO LACERS AND LAFPP
(in millions)

Fiscal Year	*LACERS*	*LAFPP*
2020	$87.4	$1.7
2021	80.4	2.2
2022	83.6	2.8
2023	97.0	3.7
2024	97.0	3.6
2025 (budgeted)	100.0	4.6

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

For Fiscal Year 2025, the Department budgeted a LACERS contribution of approximately $113.0 million and a LAFPP contribution of approximately $4.6 million. The actual payment to LACERS for Fiscal Year 2025 has already been made in the amount of $100 million, net of a $16.5 million credit for the prior Fiscal Year true-up. The payment to LAFPP in the amount of $4.6 million has also been made.

The Department plans to move to LAFPP active and inactive vested Airport Police Department employees currently within LACERS. Based on preliminary actuarial studies, the transfer will result in an initial cost to the Department for the unfunded liability related to the transfer of approximately $60 million. Annual costs to the Department will increase as well, with a preliminarily estimated initial increase of approximately $5 million.

In 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions ("**GASB 68**"), which applies to governmental entities such as the Department. GASB 68 requires governments providing defined benefit pensions to recognize the difference between pension plans' fiduciary net position (the amount held in a trust for paying retirement benefits, generally the market value of assets) and their long-term obligation for pension benefits as a liability (the "**Net Pension Liability**"). Also, pursuant to GASB 68, a proportionate share of the City's Net Pension Liability is allocated for accounting purposes to the Department. For Fiscal Year 2024, a proportional allocation of the City's Net Pension Liability in the aggregate amount of approximately $848.6 million was allocated to the Department with respect to LAX. GASB 68 addresses the disclosure of pension liability only and does not impose any funding requirements. See “CERTAIN INVESTMENT CONSIDERATIONS—Retirement Plan Funding.”

In 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (“**GASB 75**”), which applies to governmental entities such as the Department. GASB 75 requires the liability of employers to employees for defined benefit postemployment benefits other than pensions (“**OPEB**”) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service, less the amount of the OPEB plan’s fiduciary net position (the “**Net OPEB Liability**”). Also, pursuant to GASB 75, a proportionate share of the City’s Net OPEB Liability is allocated for accounting purposes to the Department. For Fiscal Year 2025, a proportional allocation of the City’s Net OPEB Asset in the aggregate amount of approximately $14.6 million was allocated to the Department with respect to LAX. GASB 75 addresses the disclosure of OPEB liability only and does not impose any funding requirements. See “CERTAIN INVESTMENT CONSIDERATIONS—Retirement Plan Funding.”

Due to LACERS’ and LAFPP’s smoothing methodology, certain investment losses have not been recognized in the determination of LACERS’ and LAFPP’s unfunded actuarial accrued liabilities (the “**UAALs**”). Aggregate contributions by the Department to LACERS and LAFPP may increase significantly in the coming Fiscal Years, as contribution rates are subject to change due to changes in market conditions, assumptions and funding methodologies.

Investors are cautioned that information about the City’s Net Pension Liability, the City’s Net OPEB Liability, LACERS and LAFPP, including UAALs, funded ratios and calculations of required contributions, included or referenced in this Official Statement, are “forward looking” information. Such “forward looking” information reflects the judgment of LACERS and LAFPP and their actuaries as to the amount of assets that LACERS and LAFPP will be required to accumulate to fund future benefits over the lives of the currently active employees, vested terminated employees and existing retired employees and beneficiaries. These judgments are based upon a variety of assumptions, one or more of which may prove to be inaccurate and/or be changed in the future.

For information regarding the City’s Net Pension Liability, the City’s Net OPEB Liability, LACERS-related and LAFPP-related unfunded actuarial accrued liabilities, LACERS and LAFPP system assets, LACERS and LAFPP funded ratios and certain of the City’s projected contributions to LACERS and LAFPP, related assumptions and other LACERS-related and LAFPP-related information, see APPENDIX B—“ANNUAL FINANCIAL REPORT OF LOS ANGELES WORLD AIRPORTS (DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES, CALIFORNIA) LOS ANGELES INTERNATIONAL AIRPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023” and APPENDIX H—“CERTAIN INFORMATION REGARDING THE RETIREMENT PLAN AND PENSION SYSTEMS OF THE CITY OF LOS ANGELES.” The information in APPENDIX H has been provided by the City. The LACERS Reports and LAFPP Reports are available on LACERS’ and LAFPP’s websites and contain additional information regarding LACERS and LAFPP assumptions, plan details and investment of plan assets. The Department is relying upon, and has not independently confirmed or verified, the accuracy or completeness of this section, APPENDIX H or the LACERS Reports, LAFPP Reports or other information incorporated by reference therein. See also “CERTAIN INVESTMENT CONSIDERATIONS—Retirement Plan Funding.”

Sustainability Initiatives

The Department has a longstanding commitment to advancing sustainability in its built environment and operations at LAX and VNY, and it is engaged in ongoing efforts to collaborate, deliver results and drive innovation. The Department categorizes and measures its sustainability performance at LAX and VNY on the basis of: (i) economic viability; (ii) social responsibility; (iii) energy stewardship; (iv) water conservation; (v) air quality; (vi) material resources management; (vii) sustainable construction practices; and (viii) natural resources management. Building upon its 2007 Sustainability Vision and Principles, the Department progressed in these focus areas, and has a Chief Sustainability Officer who is responsible for overseeing all environmental and sustainability programs for the Department.

In recognition of the Department's commitment to mitigating climate change impacts through a comprehensive inventory of greenhouse gas emissions, it has achieved Airport Carbon Accreditation, "Level 3 – Optimization" for the past three years, a program in which the Department voluntarily participates. The Board also approved a Sustainability Action Plan in November 2019 (the "**2019 Sustainability Plan**"), which sets specific goals for the Department to reduce water and energy use, as well as greenhouse gas emissions and waste.

Department achievements with respect to sustainability (some of which are described in more detail below) include the following:

- Reclaimed water accounted for 4.8% of total water use in 2023 (approximately 21.9 million gallons).
- Total potable water consumption per passenger at LAX decreased 12% from 6.5 gallons per passenger in 2022 to 5.7 gallons per passenger in 2023.
- Since 2011, LAX has decreased gas consumption by 28.3% to 634,271 MMBTU in 2023, contributing to the per passenger energy use reduction.
- In 2023, energy consumption per passenger decreased 9.0% from 2022 decreased 26.1 from 2011.
- Effective mid-2023, LAX and VNY phased out the sale and provision of single-use plastic water bottles, eliminating nearly 4.7 million bottles in 2023.
- The Department had 1,182 installed electric vehicle chargers by the end of 2023.
- 53% of the Department's sedan fleet was powered by electricity in 2023.
- 50% of Department buses at LAX are electric-powered.
- Sustainable Aviation Jet Fuel usage at LAX in 2023 increased by 22% compared to 2022,
- Energy consumption at LAX has been reduced per passenger by 26% since 2019.
- In 2023, passenger levels at LAX increased 14% over 2022, while per passenger water and energy consumption declined.

The Department annually issues a Sustainability Report which contains additional information regarding sustainability, as well as the Department's Corporate Social Responsibility and Environmental practices. In July 2024, the Department issued its 2023 Sustainability Report (the "**2023 Sustainability Report**"), which highlighted the Department's sustainability achievements and provided an update on certain targets set forth in the Sustainability Plan.

Key targets prioritized in the 2019 Sustainability Plan, as well as progress towards such targets, are described below.

Energy Management. The 2019 Sustainability Plan identifies as a goal implementation of effective energy management via conservation, efficiency and the use of renewable energy. The Department's energy goals in the 2019 Sustainability Plan included, among others: (i) reducing energy use per passenger 15% by 2025 and 30% by 2035; and (ii) supplying 100% of the Department's energy from renewable sources by 2045.

In 2023, energy consumption per passenger decreased by 26.1% from 2011 levels, exceeding the Sustainability Plan 2025 goal of a 15% reduction. The Department advanced solar generation at VNY, with nearly 13,000 operational panels and an additional 30,000 in construction/planned.

Water Management. The 2019 Sustainability Plan reflects a shift in the Department's water conservation programs away from temporary drought measures toward permanent changes to conserve and use water efficiently, including through the use of reclaimed water where feasible. The Department's water goals include, among others: (i) increasing reclaimed water use 35% by 2035; and (ii) reducing potable water use 30% by 2035.

In 2023, 56% of LAX landscape was irrigated with reclaimed water.

Air emissions management. The 2019 Sustainability Plan includes goals to improve the air quality of the Los Angeles region by strengthening current emissions reduction initiatives and identifying innovative approaches to further improve air quality in the future. The Department's air emission goals include, among others, reducing pollutants and greenhouse gas emissions by reducing the use of fossil fuels (including the use of clean fuel vehicles and equipment at LAX) so that by 2045 the Department's operations and facilities will be carbon neutral.

The Department is taking steps toward establishing a more sustainable approach to its vehicle fleet, with alternative fuel technology first introduced in 1993 and an Electric Vehicle Purchasing Policy adopted in 2017 to progressively increase the percentage of light duty electric vehicles owned by the Department from 2017 to 2035, ultimately reaching a 100% all-electric sedan fleet and a commitment to an all-electric bus fleet at LAX by 2030. In 2022, the Board adopted an updated Electric Vehicle Purchasing Policy with a target that 100% of the Department's light duty sedan fleet will be zero emissions by 2031 and adopted a zero emissions first policy for all new light duty vehicle purchases when these vehicles are commercially available and technically feasible.

Over the last several years, the Department also has increased the number of publicly accessible electric vehicle ("**EV**") chargers. The implementation of "smart" parking has resulted in the installation of 1,264 EV chargers in the public parking lots at LAX. In addition, all passenger gates allow for all electric gate operations, including the provision of electric power and pre-conditioned air at all passenger contact gates to allow aircraft to turn off their auxiliary power units that run on jet fuel to support aircraft operations while parked at the gate.

The FlyAway bus service is part of the Department's initiative to reduce traffic and emissions and offers non-stop transportation between LAX and Union Station in Downtown LA and Van Nuys. In 2024, FlyAway ridership increased by about 17% over the previous year. 350 EV chargers were installed for a total of 1,182 by the end of 2023. The Department achieved its EV Purchasing Policy target for EV sedans with 53% of the sedan fleet powered by electricity. The Department implemented an incentive program to accelerate deployment of electric ground service equipment. In addition, in 2024 sustainable aviation fuel usage increased at LAX by 22% over the previous year.

Material Resources Management. The 2019 Sustainability Plan includes a goal to coordinate waste collection, handling, education and preventive practices in order to improve diversion rates. The Department's material resources goals in the 2019 Sustainability Report included, among others, achieving a 25% non-construction waste diversion rate by 2025 and 50% by 2035, expanding food donation and diverting all food waste previously sent to landfills by 2028, and increasing education and outreach.

The Department adopted a food donation policy in 2021, which requires concessionaires and other businesses that provide food to participate in a food donation program to reduce food waste. A single-use plastic water bottle ban, which eliminates plastic water bottles at LAX and VNY, went into effect on June 30, 2023.

The LAX diversion rate of 30.9% in 2023 continues to exceed the 2019 Sustainability Plan goal for 2025 of over 25% of materials diverted. The Department's single-use plastic water bottle ban went into effect June 30, 2023 and approximately 4.7 million plastic water bottles were avoided in the first six months. The Department also has a food donation policy to reduce food waste so that prepackaged food is donated to organizations rather than being sent to landfills. In 2023, 18,842 pounds of edible food were donated. The Department works with terminal kitchens to collect and recycle food scraps and through the program, 469.6 tons of organic waste were collected in 2023.

Noise Management. The 2019 Sustainability Plan identified as a target minimizing noise impacts on surrounding communities.

Over the last several years, the Department has received $143 million in FAA funding to soundproof an additional 2,400 homes in the City of Los Angeles and El Segundo around LAX (as of October 2024, 55 homes completed and 400 in construction); completed sound insulation at Lennox School District (six schools); continued funding of residential sound insulation in the City of Inglewood and nearby unincorporated County areas when requested; implemented noise portals where the public can find out more information about flights in their communities and about the policies and programs that the Department has implemented to address noise concerns; and adopted a Fly Quieter program, a recognition program at LAX, which acknowledges airlines that abide by noise abatement measures and take steps to engage with the community or initiate other noise reduction efforts.

Natural Resources Management. The 2019 Sustainability Plan identified as a target integrating sustainable practices into all aspects of the Department's operations.

In 2023, the Department held 15 community dunes restoration events removing 10,900 pounds of invasive and non-native vegetation across the Northern and Southern LAX Dunes. In addition 6,000 pounds of non-native Acacia were removed from the LAX Dunes and sent to the LA Zoo as animal feed and bedding, and 4,147 native plants were planted at the LAX Dunes. The Department also developed a partnership with Delta Airlines to help restore 1.1 acres of land in the El Segundo Blue Butterfly Habitat Restoration Area.

Corporate Responsibility/Workforce Development. The 2019 Sustainability Plan identified as a target maximizing access to business and job opportunities for small businesses and local residents, ensuring that local and diverse communities benefit from the Department's investments and ensuring that the Department meets the gold standard for public corporate social responsibility.

The Department hosted ten community relations events at LAX and six community relations events at VNY. The Department held a hiring fair where over 300 applications were handed out and partnered with Unibail-Rodamco-Westfield Airports to host another job fair where the Department offered over 350 positions for in-person hiring. Since its inception and through 2023, HireLAX graduated 375 students. The HireLAX program provides local residents access to enroll in a comprehensive, construction apprenticeship preparation program offered by select public agencies or community partners. Upon completion, program graduates are competitively positioned for placement consideration on a Department construction project through its contractors and local craft unions. Veterans and women are strongly encouraged to participate in the program.

Additional Efforts. The LAMP is a cornerstone of the Department's sustainability efforts, and its transformation of ground transportation at LAX is projected to serve 30 million travelers annually and reduce vehicle miles traveled by 117,000 per day when both the APM System and the ConRAC open. The Department was selected as the "Public Agency of the Year" by the Los Angeles Sustainability Coalition in 2018, in recognition of the improvements in Los Angeles regional transportation system sustainability that are expected from the APM System.

Following adoption of the Department's Sustainable Design and Construction Policies in 2017, all eligible new buildings or major renovations must achieve The United States Green Building Council's ("**USGBC**") LEED Silver certification. Exceeding the Department's requirements, the West Gates at the Tom Bradley International Terminal ("**TBIT**") (formerly referred to as the Midfield Satellite Concourse or MSC), the Airport Police Facility, and Terminal 4.5 Vertical Core, and ConRAC received LEED Gold Certification from USGBC. Terminal 1.5, received LEED Silver Certification. Additionally, the Department expects that portions of the APM (the APM Maintenance and Storage Facility) will receive LEED Gold Certification from USGBC, and that the North Terminal Improvement Project, the Terminal 4 Improvement Project, the TBIT Core and APM System Interface and the Terminal 5 Core and APM Mover System Interface will receive at least LEED Silver certification from USGBC.

The Sustainability Plan and the 2023 Sustainability Report can be found on the Department's website. The foregoing reference to the Department's website is for informational purposes only, and neither the website nor the information contained on the website shall be deemed incorporated herein by reference. The Department is not obligated to continue to provide information found on its website.

Business Inclusivity Program

The Department operates eight business inclusivity programs: (1) Airport Concessions Disadvantaged Business Enterprise; (2) Disabled Veteran Business Enterprise; (3) Disadvantaged Business Enterprise; (4) Local Business Enterprise /Local Small Business Enterprise; (5) Local Business Preference Program; (6) Minority, Women and Other Business Enterprises; (7) Small and Local Business; and (8) Small Business Enterprise. Each program has its own eligibility criteria, incentives and standards. The Department's overarching policy is to provide equal opportunities for historically disadvantaged, small, veteran-owned, locally-owned, minority-owned and women-owned businesses to win contracts with the Department for the provision goods and services.

Subsidization within the Airport System

Although the Charter, as currently in effect, does not require LAX revenues to be used to make up any deficiencies of any of the other airports in the Airport System, the Department anticipates that LAX revenues will continue to be used for subsidizing deficiencies incurred in the Airport System. No assurance can be given that major catastrophic liabilities or other unanticipated events will not occur within the Airport System which would require substantial unanticipated transfers of LAX revenues or that subsidies, if provided to the other airports in the Airport System, will not be substantially higher than they have been in the past.

VNY serves as a reliever airport for LAX. Any VNY subsidy, when provided, is recovered by the Department through an increase in landing fees at LAX. Landing fees at LAX are calculated based on LAX's operating costs and amortization of debt as well as certain costs associated with VNY.

Any subsidy for LA/PMD is not incorporated in LAX landing fees but rather would be paid from discretionary funds and may increase or decrease in the future. See "AIRPORT SYSTEM ENVIRONMENTAL MATTERS—Hazardous Substances."

Los Angeles 2025 Wildfire Event

Beginning on January 7, 2025, a severe fire fueled by windstorms occurred within and around Los Angeles County including the Pacific Palisades neighborhood (the "**Palisades Fire**"), which is part of the City of Los Angeles. On January 7, 2025, the Mayor declared a local emergency throughout the City and the Governor of California proclaimed a State of Emergency with respect to the Palisades Fire. Almost 24,000 acres were burned in the Palisades Fire, with an estimate of more than 7,800 structures damaged or destroyed in the affected areas of Pacific Palisades, as well as the loss of several lives.

As a result of such declarations and subsequent federal action, funding from the Federal Emergency Management Agency ("**FEMA**") is generally available to the City with respect to its recovery efforts and those affected by the Palisades Fire. The City's process for recovering from the Palisades Fire is at its earliest stages. The City continues to focus on debris removal and assessing the immediate financial impact of the Palisades Fire.

Multiple lawsuits were filed and additional lawsuits continue to be filed against the City and the Department of Water and Power of the City by property owners whose properties were damaged in the Palisades Fire under the doctrine of inverse condemnation. The doctrine of inverse condemnation is a "takings clause" cause of action under the State constitution that entitles property owners to just compensation if their private property is damaged by a public use.

The City intends to vigorously defend against these lawsuits, and any others that may be filed. The City is unable to assess at this time whether additional claims will be asserted by the plaintiffs, the likelihood of success of the plaintiffs' cases or any possible outcome.

The Department has not been named in any of the lawsuits described above. Additionally, the Department is not aware of any of its facilities or operations that were impacted by the Palisades Fire and does not believe that either the Palisades Fire (or the other wildfires that occurred in Southern California during the same time period as the Palisades Fire) or the litigation related thereto will directly impact its financial condition in any material respect.

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 3,800 acres in an area generally bounded on the north by Manchester Avenue, on the east by La Cienega Boulevard, on the south by Imperial Highway and on the west by Vista Del Mar. The LAX site, originally known as Mines Field, has been in use as an aviation field since 1928. During World War II it was used for military flights. Commercial airline service started in December 1946. In the early 1980s, LAX added domestic and international terminals, parking structures and a second level roadway. 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.

Following are certain statistics concerning LAX for calendar year 2023:

- the second busiest passenger origin and destination ("**O&D**") airport in the world;

- the fourth busiest airport in the United States in terms of total O&D and connecting passengers (enplaned plus deplaned);

- the second busiest international gateway in the United States as measured by the number of international arriving passengers; and

- In September 2024, the airlines operating at LAX provided scheduled service to 96 domestic destinations and 75 international destinations.

Historically, the level of connecting passengers at LAX is due primarily to: (i) LAX's role as a major gateway to numerous international markets; (ii) the geographical location of LAX in relation to numerous markets along the west coast of the United States; (iii) the significant number of nonstop flights to and from domestic markets; and (iv) the alliances among airlines serving LAX. See APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT."

Facilities

The Department maintains a variety of facilities at LAX. 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**" or "**CTA**"). The total terminal area is approximately 9.7 million square feet. The terminals are physically connected, however they function largely as independent terminals with separate ticketing, baggage, security screening 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 has 148 contact gates of which 6 are currently closed for remodeling. Eight additional contact gates are under construction for delivery in late 2025.

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 (10,885 feet). The south airfield complex includes Runway 7R-25L (11,095 feet) and Runway 7L-25R (12,923 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 13,500 public parking spaces are available at LAX in parking lots owned by the Department, including approximately: (i) 6,900 public parking spaces in eight parking garages in the Central Terminal Area; (ii) approximately 4,300 public parking spaces in Economy Parking Garage; (iii) 2,300 in the budget parking surface lot; and (iv) 131 public parking spaces in a cell phone waiting lot.

Cargo facilities at LAX provide approximately 2.0 million square feet of building space. These buildings and accompanying aircraft ramp areas occupy approximately 261 acres of land. 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 and Transportation Security Administration ("**TSA**") facilities are also located at LAX.

ConRAC

The Consolidated Rent-A-Car ("**ConRAC**") facility was completed on March 28, 2024. While construction has been completed, the ConRAC will not be fully operational until the APM is operational, which is expected to occur in the second quarter of 2026. When fully operational, the ConRAC facility will centralize rental car operations of companies serving LAX into a single convenient location. Located adjacent to Interstate 405, the facility will be served by the APM, offering airport guests travel between car rental options and LAX's terminals. The ConRAC was certified LEED Gold in 2023. Sustainable building elements of the ConRAC include native drought-tolerant landscaping, reclaimed water usage and a solar farm capable of generating approximately 8,400 megawatt hours annually.

As the easternmost stop on the APM, the ConRAC is where many guests will start or end their travel to and from LAX. The approximately 6.4-million-square-foot facility houses more than 18,000 parking stalls consisting of 6,600 ready/return spaces, 10,000 idle vehicle storage spaces and 1,100 rental car employee spaces. Together, the ConRAC and APM (when operational) will eliminate an estimated 3,200 daily rental car shuttle trips from LAX's Central Terminal Area. The ConRAC also features a Quick Turn Around ("**QTA**") area, which allows for vehicle maintenance and car washing. This QTA area will help alleviate traffic congestion by keeping these operations within the footprint of the facility.

As of October 9, 2024, Avis Budget Group has been in full operation at the ConRAC, utilizing its own company busing operations. The move-in date of other car rental companies has not yet been determined.

The ConRAC was designed and built, and is currently being operated and maintained by LA Gateway Partners, LLC (the "**ConRAC Developer**") pursuant to an agreement with the Department entered into on November 6, 2018 (the "**ConRAC Agreement**"). The ConRAC Developer is comprised of Fengate Capital Management Ltd., PCL Investments USA, LLC and MVI Finance LLC.

Total payments to the ConRAC Developer through November 2024 for design and construction and related activities were approximately $858.5 million; with an additional $9.0 million expected to be paid. This reflects an increase of approximately $76.8 million over the original budgeted cost. Amounts paid by the Department were funded from pay-as-you go CFCs and a portion of the proceeds of the LAX CFC Bonds.

See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE - Other Obligations - Payments in Connection with the ConRAC" for a description of payments to be made to the ConRAC Developer during the term of the ConRAC Agreement.

Air Carriers Serving LAX

The following table sets forth the air carriers serving LAX as of December 1, 2024.

TABLE 5
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
AIR CARRIERS SERVING LAX
AS OF DECEMBER 1, 2024

U.S. Flag Airlines (16)	Foreign Flag airlines (52)		Non-Scheduled Carriers (15)	All-Cargo Carriers (47)
Network Airlines	***Asia***	***Europe***	AirNet II	21 Air
Alaska Airlines[1]	Air China	Aer Lingus	Antonov Airlines	ABX Air Inc.
American Airlines	Air Premia	Air France	CAL Cargo Airlines	AeroLogic GmbH
Delta Air Lines	All Nippon Airways	Austrian Airlines	Canada Jetlines Operations	Aero Micronesia
Hawaiian Airlines[1]	Asiana Airlines	British Airways	Clay Lacy Aviation	Aerotransporte De Carga Union
United Airlines	Cathay Pacific Airways	Condor	DHL Air Ltd	Aerotransportes Mas De Carga
	China Airlines	Finnair	Elan Express	Air Atlanta Icelandic
Regional Airlines	China Eastern Airlines	French Bee	Ethiopian Airlines	Air China Cargo
Horizon Air[2]	China Southern Airlines	Iberia[7]	Global Crossing	Air Transport International
SkyWest[3]	EVA Airways	ITA Airways	Gridiron Air	All Nippon Airways
Southern Airways Express	Japan Airlines Co.[4]	KLM	Jet Aviation Flight Services	Ameriflight
	Korean Air Lines	LOT	Kalitta Charters	Amerijet
Low-Cost Airlines	Philippine Airlines	Lufthansa	Omni Air	Asiana Cargo
Allegiant Air	Sichuan Airlines	Norse Atlantic[8]	Sunwing Airlines	Atlas Air Cargo
Breeze	Singapore Airlines	SAS	Titan Airways	CargoJet Airways
Frontier	Starlux Airlines	SWISS		Cargolux
JetBlue Airways	Xiamen Airlines	Virgin Atlantic Airways		Cathay Pacific Cargo
JSX				China Airlines Cargo
Southwest Airlines	***South Pacific***	***Middle East/Africa***		China Cargo Airlines
Spirit Airlines	Air New Zealand	El Al Israel		China Eastern Airlines
Sun Country	Air Tahiti Nui	Emirates		China Southern Cargo
	Fiji Airways	Qatar Airways		European Air Transport Leipzig
	Qantas Airways	Saudi Arabia Airlines		Eva Airways Cargo
		Turkish Airlines		FedEx
	Latin America			Hi Fly Ltd.
	Avianca Airlines[5]	***Mexico***		Kalitta Air LLC
	Cayman Airways	Aeroméxico		Korean Cargo
	Copa	VivaAerobus		LATAM Cargo Chile
	LATAM Airlines[6]	Volaris[9]		LATAM Cargo Colombia
				LATAM Cargo Ecuador
		Canada		Longtail Aviation
		Air Canada		Maleth Aero
		Flair Airlines		National Air Cargo Group
		Porter Airlines		Nippon Cargo
		WestJet		Northern Air Cargo
				Polar Air Cargo
				Qantas Airways Cargo
				Qatar Airways Cargo
				SF Airlines Co. Ltd.
				Silk Way West
				Singapore Airlines Cargo
				Sky Lease
				Tampa Cargo
				TM Aerolineas
				United Parcel Service
				USA Jet Airlines
				Western Global Airlines

Note: Airlines providing scheduled service are shown.

(1) Alaska Airlines acquired Hawaiian Airlines in September 2024, however, each airline is shown separately above, as they plan to continue to operate under their respective brands.

(2) Horizon Airlines flies for Alaska Airlines.

(3) SkyWest Airlines flies for Alaska Airlines, American Airlines, Delta Air Lines, and United Airlines.

(4) Footnotes continued on the following page.

Footnotes continued on the following page.

(5) Japan Airlines Co. includes ZIPAIR Tokyo.
(6) Avianca Airlines includes Avianca Costa Rica, Avianca El Salvador, Wamos Air, Vuela El Salvador, and TACA International Airlines.
(7) Includes LATAM Peru and LATAM Brazil.
(8) Iberia includes LEVEL.
(9) Norse Atlantic includes Norse Atlantic U.K.
(10) Includes Volaris Costa Rica, Volaris El Salvador, and Vuela El Salvador.

Aviation Activity

LAX is classified by the FAA as a large hub airport. In Fiscal Year 2024, LAX had the largest number of domestic O&D passengers in the U.S. O&D passengers begin and end their journeys at LAX, while connecting passengers transfer to other flights at LAX.

The following table shows preliminary air passenger activity, total movements and cargo volume at LAX relative to the world's other busiest airports for calendar year 2023. See "LOS ANGELES INTERNATIONAL AIRPORT" and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT."

TABLE 6
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
TOP 20 WORLDWIDE RANKINGS – CALENDAR YEAR 2023

Rank	Airport	Total Passengers	Airport	Total Movements	Airport	Total Cargo (metric tons)[1]
1	Atlanta (ATL)	104,653,451	Atlanta (ATL)	775,818	Hong Kong (HKG)	4,329,934
2	Dubai (DXB)	86,994,365	Chicago (ORD)	720,582	Memphis (MEM)	3,881,211
3	Dallas/Fort Worth (DFW)	81,755,538	Dallas/Fort Worth (DFW)	689,569	Shanghai (PVG)	3,440,084
4	London (LHR)	79,183,364	Denver (DEN)	657,218	Anchorage (ANC)	3,380,374
5	Tokyo (HND)	78,719,302	Las Vegas (LAS)	611,806	Incheon (ICN)	2,744,136
6	Denver (DEN)	77,837,917	**Los Angeles (LAX)**	**575,097**	Louisville (SDF)	2,727,820
7	Istanbul (IST)	76,027,321	Charlotte (CLT)	539,066	Miami (MIA)	2,525,591
8	**Los Angeles (LAX)**	**75,050,875**	Istanbul, Turkey (IST)	505,968	Doha (DOH)	2,355,503
9	Chicago (ORD)	73,894,226	New York (JFK)	481,075	**Los Angeles (LAX)**	**2,130,835**
10	New Delhi (DEL)	72,214,841	Tokyo (HND)	464,910	Taipei (TPE)	2,112,988
11	Paris (CDG)	67,421,316	Amsterdam (AMS)	464,727	Guangzhou (CAN)	2,030,523
12	Guangzhou (CAN)	63,169,169	Miami (MIA)	461,792	Tokyo (NRT)	1,906,623
13	New York (JFK)	62,464,331	London (LHR)	456,104	Chicago (ORD)	1,906,463
14	Amsterdam (AMS)	61,889,586	Guangzhou (CAN)	456,104	Cincinnati (CVG)	1,900,270
15	Madrid (MAD)	60,181,604	Paris (CDG)	454,893	Paris (CDG)	1,870,919
16	Frankfurt (FRA)	59,355,389	Phoenix (PHX)	454,665	Frankfurt (FRA)	1,869,090
17	Singapore (SIN)	58,946,000	New Delhi (DEL)	453,498	Dubai (DXB)	1,805,898
18	Orlando (MCO)	57,735,726	Shanghai (PVG)	433,867	Singapore (SIN)	1,759,800
19	Las Vegas (LAS)	57,666,456	Frankfurt (FRA)	430,436	Istanbul (IST)	1,603,262
20	Incheon (ICN)	56,235,412	Newark (EWR)	426,268	Shenzen (SZX)	1,600,348

(1) ACI cargo statistics do not match those presented elsewhere in this Official Statement because ACI uses a different methodology for this calculation.
Source: ACI Preliminary World Airport Traffic and Results for 2023, as of July 2024.

The following table presents historical total revenue operations (landings and takeoffs) and total domestic and international enplanements and deplanements at LAX for the full Fiscal Years 2015 through 2024 and for the first six months (July through December) of Fiscal Years 2022 through 2025. The decrease in revenue operations and total enplaned and deplaned passengers at LAX in Fiscal Years 2020 and 2021 were due to the COVID-19 pandemic.

TABLE 7[1]
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
AIR TRAFFIC DATA

	Revenue Operations		*Enplanements and Deplanements*					
Fiscal Year	***Total Operations***	***Operations Growth***	***Domestic***[2]	***Domestic Growth***	***International***[2]	***International Growth***	***Total***[2]	***Total Passenger Growth***
2015	608,687	1.8%	52,465,475	4.6%	19,612,144	5.3%	72,077,619	4.8%
2016	627,529	3.1	56,133,548	7.0	21,675,592	10.5	77,809,140	8.0
2017	662,621	5.6	58,857,648	4.9	24,067,027	11.0	82,924,675	6.6
2018	668,911	0.9	60,902,492	3.5	25,729,359	6.9	86,631,851	4.5
2019	663,266	(0.8)	61,983,392	1.8	25,922,076	0.7	87,905,468	1.5
2020	526,921	(20.6)	44,801,765	(27.7)	17,913,305	(30.9)	62,715,070	(28.7)
2021	366,879	(30.4)	24,688,871	(44.9)	4,361,760	(75.7)	29,050,631	(53.7)
2022	529,477	44.3	48,485,050	96.4	12,203,194	179.8	60,688,244	108.9
2023	525,237	(0.8)	51,079,280	5.4	19,841,170	62.6	70,920,450	16.9
2024	548,668	4.5	52,895,885	3.6	23,663,051	19.3	76,558,936	8.0
First Six Months[3]								
2022	271,243	66.1%	24,771,329	163.1%	5,270,453	216.2%	30,041,782	171.1%
2023	264,260	(2.6)	25,690,521	3.7	9,587,315	81.9	35,277,836	17.4
2024	281,804	6.6	27,438,202	6.8	11,975,394	24.9	39,413,596	11.7
2025	280,533	(0.5)	27,142,561	(1.1)	12,297,855	2.7	39,440,416	0.1

(1) Due to its date of publication, certain of the information contained in this table is more current than certain of the information contained in the Annual Financial Report of Los Angeles World Airports (Department of Airports of the City of Los Angeles, California) Los Angeles International Airport for the Fiscal Years ended June 30, 2024 and June 30, 2023 included as Appendix B to this Official Statement.
(2) Enplaned and deplaned passengers.
(3) Reflects results from July 1 through December 31 of noted Fiscal Years. Results for the first six months of Fiscal Year 2025 may not be indicative of results for the full Fiscal Year 2025.
Source: Department of Airports of the City of Los Angeles

Enplanements at LAX for the air carriers with the largest share of enplanements at LAX for Fiscal Years 2020 through 2024 are shown in the table below.

TABLE 8
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
HISTORICAL TOTAL ENPLANEMENTS BY AIRLINE(1)
(RANKED BY FISCAL YEAR 2024 RESULTS)

		Fiscal Year 2020		Fiscal Year 2021		Fiscal Year 2022		Fiscal Year 2023		Fiscal Year 2024	
	Airline	**Enplanements**	**Share(%)**	**Enplanements**	**Share(%)**	**Enplanements**	**Share(%)**	**Enplanements**	**Share(%)**	**Enplanements**	**Share(%)**
1	Delta Air Lines(2)**	5,593,994	17.8	3,220,176	22.1	6,180,455	20.4	6,818,564	19.2	7,574,865	19.7
2	American Airlines(3)‡	6,236,116	19.8	2,947,274	20.2	5,809,233	19.2	5,563,124	15.7	5,798,281	15.1
3	United Airlines(4)†	4,405,911	14.0	2,170,164	14.9	4,930,724	16.3	5,484,481	15.4	5,782,680	15.1
4	Southwest Airlines	3,341,752	10.6	1,523,531	10.4	3,036,261	10.0	3,381,599	9.5	3,500,144	9.1
5	Alaska Airlines‡	2,386,562	7.6	1,254,373	8.6	2,329,911	7.7	2,350,115	6.6	2,419,481	6.3
6	Spirit Airlines	926,856	2.9	935,538	6.4	1,410,893	4.7	1,758,879	5.0	1,842,525	4.8
7	JetBlue	725,885	2.3	675,008	4.6	1,467,999	4.9	1,668,362	4.7	1,647,835	4.3
8	Air Canada†	551,681	1.8	30,694	0.2	356,730	1.2	663,967	1.9	691,092	1.8
9	Hawaiian Airlines	358,822	1.1	173,243	1.2	489,805	1.6	494,956	1.4	572,603	1.5
10	Volaris	331,529	1.1	224,740	1.5	413,784	1.4	481,135	1.4	505,532	1.3
11	Air France**	230,996	0.7	45,401	0.3	236,214	0.8	365,300	1.0	368,806	1.0
12	WestJet	250,504	0.8	6,894	0.0	136,891	0.5	325,714	0.9	362,589	0.9
13	Aerovias De Mexico**	206,470	0.7	110,998	0.8	290,299	1.0	287,967	0.8	314,139	0.8
14	Qantas Airways‡	374,732	1.2	394	0.0	88,782	0.3	264,553	0.7	306,551	0.8
15	Lufthansa Airlines†	221,161	0.7	51,415	0.4	183,249	0.6	246,708	0.7	285,103	0.7
16	Philippine Airlines	166,131	0.5	38,636	0.3	135,067	0.4	246,661	0.7	279,937	0.7
17	British Airways‡	219,316	0.7	22,074	0.2	150,691	0.5	246,431	0.7	278,855	0.7
18	Asiana Airlines†	186,223	0.6	37,858	0.3	86,277	0.3	241,001	0.7	271,694	0.7
19	Korean Airlines**	200,356	0.6	44,591	0.3	100,337	0.3	221,752	0.6	257,725	0.7
20	Eva Airways†	197,775	0.6	18,953	0.1	21,454	0.1	209,459	0.6	240,937	0.6
21	Virgin Atlantic**	129,025	0.4	15,786	0.1	121,255	0.4	206,691	0.6	204,152	0.5
	Other	4,187,513	13.3	1,046,050	7.2	2,291,501	7.6	3,997,931	11.3	4,855,105	12.7
	Airport Total(5)	31,429,310	100.0	14,593,791	100.0	30,267,812	100.0	35,525,350	100.0	38,360,631	100.0

* Data in the table represents most recent data available to the Department, and may differ from amounts reported in the Department's audited financial reports due to updates provided by the airlines since the preparation of the audited financial reports.

** Member of SkyTeam Alliance.

† Member of Star Alliance.

‡ Member of oneworld Alliance.

(1) For those airlines that (i) were party to a completed merger or acquisition, (ii) have received a single FAA certificate and (iii) have completed operational integration, only the surviving entity is presented and the activity for the airlines that are now a part of the surviving airline are included in the information presented (including in years prior to the such merger or acquisition).

(2) Includes SkyWest and Compass Airlines as Delta.

(3) Includes SkyWest, Envoy, American Eagle and Compass Airlines as American Airlines.

(4) Includes SkyWest Airlines as United.

(5) Totals may not add due to rounding.

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

The following table presents the total revenue landed weight for the air carriers with the largest share of revenue landed weight at LAX for Fiscal Years 2020 through 2024 are shown in the table below.

TABLE 9
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
TOTAL REVENUE LANDED WEIGHT(1)
(RANKED BY FISCAL YEAR 2024 RESULTS)
(000 LBS.)

		Fiscal Year 2020		Fiscal Year 2021		Fiscal Year 2022		Fiscal Year 2023		Fiscal Year 2024	
	Airline	Revenue Landed Weight	Share(%)	Revenue Landed Weight	Share(%)	Revenue Landed Weight	Share(%)	Revenue Landed Weight	Share(%)	Revenue Landed Weight	Share(%)
1	Delta Airlines(3)**	6,859,308	12.9	5,806,830	14.5	7,385,362	13.6	8,054,208	14.6	8,953,965	15.3
2	American Airlines(2)‡	8,352,102	15.7	4,934,991	12.3	7,474,554	13.8	6,886,272	12.5	7,275,133	12.5
3	United Airlines(4)†	5,953,695	11.2	3,919,964	9.8	6,266,391	11.5	6,694,077	12.1	7,269,352	12.5
4	Southwest Airlines	4,280,304	8	2,334,760	5.8	3,446,636	6.3	3,777,663	6.8	3,910,851	6.7
5	Alaska Airlines‡	2,983,128	5.6	2,088,492	5.2	2,682,983	4.9	2,554,758	4.6	2,608,506	4.5
6	JetBlue Airways	946,540	1.8	1,068,766	2.7	1,855,096	3.4	1,991,764	3.6	1,979,522	3.4
7	Spirit Airlines	970,870	1.8	1,061,726	2.7	1,498,518	2.8	1,794,988	3.3	1,835,675	3.1
8	Federal Express	1,893,430	3.6	1,934,455	4.8	1,807,874	3.3	1,538,487	2.8	1,342,969	2.3
9	Kalitta Air	938,188	1.8	1,812,510	4.5	1,674,556	3.1	1,075,198	1.9	1,178,234	2.0
10	Korean Airlines**	1,038,837	1.9	1,042,454	2.6	1,299,861	2.4	1,072,854	1.9	829,878	1.4
11	Air Canada†	763,435	1.4	130,721	0.3	477,588	0.9	794,874	1.4	811,872	1.4
12	China Airlines**	669,946	1.3	1,205,088	3.0	1,142,684	2.1	750,172	1.4	777,810	1.3
13	Hawaiian Airlines	571,989	1.1	439,602	1.1	747,194	1.4	734,463	1.3	770,421	1.3
14	Asiana Airlines†	679,696	1.3	656,404	1.6	769,104	1.4	711,094	1.3	770,220	1.3
15	Air France**	457,419	0.9	246,287	0.6	507,968	0.9	694,260	1.3	732,240	1.3
16	Qantas Airways‡	858,346	1.6	132,851	0.3	430,994	0.8	650,906	1.2	730,652	1.3
17	Singapore Airlines Ltd	406,848	0.8	200,010	0.5	433,022	0.8	636,130	1.2	722,265	1.2
18	Eva Airways†	624,331	1.2	692,457	1.7	652,516	1.2	628,765	1.1	685,816	1.2
19	Atlas Air	355,758	0.7	514,660	1.3	787,451	1.5	581,662	1.1	667,669	1.1
20	British Airways‡	537,349	1.0	167,805	0.4	424,792	0.8	554,995	1.0	622,095	1.1
	Other	13,136,985	24.7	9,664,160	24.1	12,539,793	23.1	12,996,633	23.6	13,860,222	23.8
	Airport Total(6)	53,278,504	100.0	40,054,993	100.0	54,304,937	100.0	55,174,223	100.0	58,335,367	100.0

* Data in the table represents most recent data available to the Department, and may differ from amounts reported in the Department's audited financial reports due to updates provided by the airlines since the preparation of the audited financial reports.

** Member of SkyTeam Alliance.

† Member of Star Alliance.

‡ Member of oneworld Alliance.

(1) For those airlines that (i) were party to a completed merger or acquisition, (ii) have received a single FAA certificate and (iii) have completed operational integration, only the surviving entity is presented and the activity for the airlines that are now a part of the surviving airline are included in the information presented (including in years prior to the such merger or acquisition).

(2) Includes SkyWest, Envoy, American Eagle and Compass Airlines as American Airlines.

(3) Includes SkyWest and Compass Airlines as Delta.

(4) Includes SkyWest Airlines as United.

(5) Totals may not add due to rounding.

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

The following table presents enplaned and deplaned cargo at LAX for the full Fiscal Years 2015 through 2023 and for the first six months (July through December) of Fiscal Years 2022 through 2025.

TABLE 10
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
ENPLANED AND DEPLANED CARGO[(1)]
(US TONS = 2,000 lbs.)

Fiscal Year	*Domestic Cargo*	*Annual Growth (%)*	*International Cargo*	*Annual Growth (%)*	*Total Cargo*	*Annual Growth (%)*
2015	838,095	4.1	1,274,616	13.1	2,112,711	9.3
2016	853,422	1.8	1,267,466	(0.6)	2,120,888	0.4
2017	894,193	4.8	1,423,921	12.3	2,318,114	9.3
2018	896,577	0.3	1,521,789	6.9	2,418,366	4.3
2019	904,498	0.9	1,496,933	(1.6)	2,401,431	(0.7)
2020	855,645	(5.4)	1,429,799	(4.5)	2,285,445	(4.8)
2021	1,054,890	23.3	1,762,420	23.3	2,817,310	23.3
2022	1,086,110	3.0	1,859,321	5.5	2,945,431	4.5
2023	888,728	(18.2)	1,593,954	(14.7)	2,482,681	(16.0)
2024	840,477	(5.4)	1,546,496	(3.0)	2,386,973	(3.9)
First Six Months[(2)]						
2022	570,059	10.5	950,328	12.4	1,520,387	11.7
2023	469,657	(17.6)	863,791	(9.1)	1,333,448	(12.3)
2024	427,224	(9.0)	781,007	(9.6)	1,208,232	(9.4)
2025	400,512	(6.3)	825,027	5.6	1,225,539	1.4

(1) Due to its date of publication, certain of the information contained in this table is more current than certain of the information contained in the Annual Financial Report of Los Angeles World Airports (Department of Airports of the City of Los Angeles, California) Los Angeles International Airport for the Fiscal Years ended June 30, 2024 and June 30, 2023 included as Appendix B to this Official Statement.

(2) Reflects results for July 1 through December 31 of noted Fiscal Year. Results for the first six months of Fiscal Year 2025 may not be indicative of results for the full Fiscal Year 2025.

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

See "CERTAIN INVESTMENT CONSIDERATIONS" for discussion of some factors that may impact future aviation activity at LAX. See "USE OF AIRPORT FACILITIES" and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT," for a discussion of the impact of aviation activity on revenues generated at LAX.

Competition

The Airport Service Region includes primary and secondary areas. The primary geographical area served by LAX consists of the Los Angeles-Long Beach-Riverside Combined Statistical Area ("**Los Angeles CSA**"), as designated by the United States Bureau of the Census and includes the five-county area of Los Angeles, Orange, Riverside, San Bernardino and Ventura counties. There are six air carrier airports within the primary area. Historically, LAX is the dominant airport in the primary area, with approximately 71.9% of the total enplaned passengers in calendar year 2023. Ontario International Airport (ONT), Hollywood Burbank Airport (BUR), John Wayne Airport (SNA), Long Beach Airport (LGB) and Palm Springs Airport (PSP) provide more limited air service to destinations outside of the Airport Service Region and accounted the remainder of enplaned passengers in LAX's primary area in calendar year 2023.

The secondary area served by LAX, which includes many of the counties surrounding the Los Angeles CSA, is defined by the location of (and the airline service offered at) other "nearby" air carrier airports. The secondary area comprises seven airports with scheduled air carrier service including Bakersfield's Meadows Field (BFL), Imperial County Airport (IPL), Carlsbad's McClellan-Palomar Airport (CRQ), San Diego International Airport (SAN), San Luis Obispo Regional Airport (SBP), Santa Barbara Municipal Airport (SBA), and Santa Maria Municipal Airport (SMX).

DesertXpress Enterprises, LLC is developing a privately-owned and operated high-speed rail service, Brightline West, that will connect Southern California and Las Vegas, Nevada, through multiple, intercity projects totaling 260 miles. The project, if and when completed, may provide the public with an attractive alternative to air travel between the Airport Service Region and the Las Vegas metropolitan area.

Emergency Management

The Department has four core groups that are responsible for emergency management: Fire, Law Enforcement, Airport Operations and Emergency Management Division. These core groups are responsible for the emergency planning for all phases of emergency management: mitigation, preparedness, response and recovery, which are coordinated and overseen by the Department's Emergency Management Division. The roles and responsibilities of each entity within these four groups are defined by Emergency Support Functions in the federal National Incident Management System (the "**NIMS**"), the National Response Framework, the California Standardized Emergency Management System (the "**SEMS**"), FAA Regulation Part 139 ("**FAR 139**"), the Charter, the Airport Rules and Regulations, and other statutes. The "Airport Rules and Regulations" are established pursuant to the Charter in order to, among other things, comply with FAA and TSA regulations which require the Department to establish operational and safety procedures and institute certain secondary measures for airport certification. Emergency management responsibilities for the core groups include: (1) hazard vulnerability analysis; (2) development and maintenance of emergency operations plans; (3) integration with the City's Emergency Management Department and the emergency processes of other City departments and agencies; (4) developing, conducting and coordinating training and exercises; (5) planning for continuity of operations/continuity of government for the Airport System; (6) oversight of implementation for new emergency guidelines, mandates, technology, emergency response and preparedness at local, state, federal and international levels concerning airport emergency operations; and (7) responding to the activation of the Department Operations Center, and sending Department representation to the City Emergency Operations Center for emergency activations.

The Department is required by certain federal, State, City and other directives to develop and maintain a number of airport emergency response plans to ensure protection of lives and property and mitigation measures to lessen the impact on the disruption of business. The Department is also subject to Homeland Security Presidential Directive 5, which requires compliance with the NIMS and the National Response Framework. The State requires compliance with the SEMS. Under FAR 139, the Department is required to create, maintain and exercise specific emergency plan components that must be specific to LAX and contained in FAA-approved Airport Certification Manuals. These plans set forth emergency procedures to ensure a prompt response to emergencies in order to save lives, minimize the possibility and extent of personal and property damage and ensure recovery of the critical transportation infrastructure. The Department has included these emergency procedures in the Airport Rules and Regulations for LAX. The Department holds exercises to test the content in its airport emergency plan as required by the FAA, TSA regulations, security directives, FAR 139 mandates and City exercise programs. A yearly security exercise is held under the direction of Airport Police and through the collaborative efforts and participation of airport stakeholders. The Department conducts and participates in a number of additional scheduled exercises with federal, airline and City agencies to exercise and test mitigation, preparedness, response and recovery.

The Department also conducts cybersecurity training and exercises to encourage a prompt response to cyber incidents and recovery of critical information and systems needed to operate LAX.

See also "CERTAIN INVESTMENT CONSIDERATIONS—Aviation Safety; Security Concerns; Cyber Security" and "—Seismic Risks; Other Force Majeure Events."

USE OF AIRPORT FACILITIES

General

The Department permits airlines and other parties to use Airport facilities, and receives payment for the use of Airport facilities, pursuant to a variety of arrangements, all of which are intended to fulfill the Department's goal of recovering all costs allocable to areas used from the users of such facilities (including, but not limited to, capital, debt service, maintenance and operations, certain airline equipment and infrastructure costs). Generally, these arrangements consist of:

- Air Carrier Operating Permits;
- The Airport Terminal Tariff and the Rate Agreement (as defined herein);
- Terminal leases;
- Facilities Use Terms and Conditions;
- Concession and parking agreements;
- Non-exclusive licensing agreements; and
- Various other building and miscellaneous leases including for cargo and hangar facilities.

Operating and contractual arrangements and other aspects relating to the use of the Airport facilities are described below in this section. Information concerning the revenues generated from the use of particular Airport facilities is set forth in "FINANCIAL AND OPERATING INFORMATION CONCERNING LAX."

Operating Permits – Landing and Apron Facilities and Landing Fees

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 a ten-year term, and are commonly referred to as the "Air Carrier Operating Permits" or the "**ACOPs**." For new ACOPs, the Department is currently authorized to issue ACOPs that expire June 30, 2032. The Department expects that the ACOPs will be renewed upon their expiration, although no assurance can be given that they will be renewed or that the terms of the new ACOPs will be the same as the existing terms. The ACOPs are terminable by either party on 30 days' notice. The ACOPs 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, generally equal to the product of; (i) the units of maximum gross landed weight of the aircraft, with each unit being 1,000 pounds; multiplied by (ii) the applicable landing or apron fee rate currently in effect. Air carriers that are not a party to an ACOP must still comply with the Airport Rules and Regulations, which require the uninterrupted payment of landing and apron fees. Landing and apron fees are substantially higher for such air carriers than for air carriers that are party to an ACOP. 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.

See "APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT."

Airport Terminal Tariff

The airlines and businesses involved in aeronautical activities at LAX other than governmental activities or concessions (each, an "**Aeronautical User**") use terminal space under the terms of the LAX Passenger Terminal Tariff (the "**Airport Terminal Tariff**"). The Airport Terminal Tariff has no term or expiration date but is subject to change from time to time by the Board. After consultation with airline representatives regarding the Department's rates and charges, on June 3, 2021, the Board approved certain changes to the Airport Terminal Tariff, which became effective on July 1, 2021.

Terminal rates under the Airport Terminal Tariff are designed to recover all costs, including administrative and access costs, allocable to terminal space used by Aeronautical Users. Under the Airport Terminal Tariff, Aeronautical Users are required to pay to the Department the following:

- Terminal Buildings Charge – A charge based on an equalized rate calculated by the Department by dividing the total of all capital and maintenance and operation costs allocated by the Department to the passenger facilities at LAX by the total rentable areas in the terminals. For Fiscal Year 2025, the Terminal Building Charge increased from $275.53 to $303.77 per square foot per year. The increase is primarily due to increased debt service.

- FIS Fee – A fee based on an equalized rate calculated by the Department by dividing the total of all capital and maintenance and operation costs allocated by the Department to Federal Inspection Services ("**FIS**") areas at LAX by the number of international passengers passing through the FIS facilities. For Fiscal Year 2025, the FIS Fee increased from $14.20 to $15.49 per deplaned international passenger. The increase is primarily due to increased debt service.

- Common Use Area Fees and Charges – Fees and charges based on rates calculated by the Department based on airlines' use of common areas in the terminals, such as hold rooms, baggage claim systems and ticket counters.

- Terminal Special Charges – Fees based on rates calculated by the Department for use by the Aeronautical Users of certain equipment and services at LAX that are not otherwise billed to Aeronautical Users through the rates and charges described above, such as, in certain terminals, custodial services, outbound baggage system maintenance, terminal airline support systems and loading bridge capital and maintenance.

Aeronautical Users subject to the Airport Terminal Tariff are required to provide a performance guaranty which is at least three times the sum of the estimated monthly installments of the Terminal Buildings Charge and other amounts.

See "FINANCIAL AND OPERATING INFORMATION CONCERNING LAX—Top Revenue Providers and Sources." See also APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT."

Rate Agreement

In connection with the negotiation of the terms of the Airport Terminal Tariff, to resolve certain litigation that was then pending and potential future litigation regarding the Department's rate setting methodology, and to provide a phase-in period for the new rates and charges for airlines, the Department offered the airlines (including certain consortiums that have been formed to manage specified terminal facilities at LAX) a Rate Agreement (as amended from time to time, the "**Rate Agreement**").

Pursuant to the Rate Agreements, each applicable airline (each, a "**Signatory Airline**") consented to and waived its right to challenge the application of the Airport Terminal Tariff rate methodology approved by the Board (originally in September 2012). The Terminal Building Rate and the FIS Rate are charged pursuant to the Airport Terminal Tariff.

The Rate Agreement generally permits the Department to charge the Signatory Airlines for, among other things, the recovery of certain types of capital costs or operations and maintenance expenses, including those costs related to ground access for vehicles and pedestrians, such as airside and landside access, and Airport access generally. Through annual updates to the rates and charges under the Rate Agreement, the

Department is entitled to collect from the Signatory Airlines a significant portion of the capital costs and maintenance and operation expenses related to the Capital Program.

Beginning in calendar year 2014, the Department provided Signatory Airlines a credit for a portion of the concession revenue generated in the terminals at LAX. The amount of these credits was approximately $40.3 million in Fiscal Year 2020, approximately $30.4 million in Fiscal Year 2021, $6.3 in Fiscal Year 2022, $10.4 million in Fiscal Year 2023 and $20.6 million in Fiscal Year 2024. The Department budgeted $17.0 million in Fiscal Year 2025. These credits result in a reduced Terminal Building Rate (and a corresponding reduction in revenues derived from the Terminal Building Rate) and a reduced FIS Rate paid by the Signatory Airlines.

Under the Rate Agreement, the Department is required to establish a Terminal Renewal and Improvement Fund (the "**TRIF**"). The TRIF is required to be funded from annual net revenues from the application of the Airport Terminal Tariff. Amounts deposited in the TRIF are required to be used by the Department to fund, together with debt and grant funding, terminal-related capital improvements, or pay down bond or interim financing principal allocable to the terminals. Deposits into the TRIF may not exceed $139.2 million annually with a maximum unused fund balance amount of $655.9 million. This limit is subject to annual consumer price index increases. The Department is permitted to collect and amortize charges associated with capital projects funded from TRIF deposits; however, such collection and amortization are required to be deferred for five years after the projects are placed in service. In Fiscal Year 2024, the Department transferred approximately $180.0 million of the TRIF to the Airport Revenue Fund to finance terminal-related capital improvements, subject to reconciliation.

Under the Rate Agreement, beginning in calendar year 2014, 50% of the funds in the TRIF that are not otherwise committed to projects in excess of the TRIF limit described above are required to be deposited in a Revenue Sharing Fund. On July 2, 2020, $23.7 million of the TRIF was deposited to the Revenue Sharing Fund. No further deposits were made into the Revenue Sharing Fund for the subsequent Fiscal Years. The remaining excess funds may be used by the Department for any lawful purpose. Amounts deposited in the Revenue Sharing Fund are required to be distributed to the Signatory Airlines that have passed certain eligibility criteria as a credit against any amount due to the Department in the following priority: first, against terminal rentals and second, against landing fees.

In December 2019, the Board authorized the Department to enter into an Amended and Restated Rate Agreement ("**2019 Rate Agreement Amendment**") with willing airlines. The 2019 Rate Agreement Amendment, among other things: (i) extended the term of the Rate Agreement through December 2032; (ii) required airlines executing a 2019 Rate Agreement Amendment to pay an "extraordinary debt service coverage charge" to the Department designed to maintain a debt service coverage ratio (inclusive of all of the Department's Senior Bonds, Subordinate Obligations, APM Availability Payments attributable to the costs of designing, building and financing the APM System not otherwise paid from the APM Milestone Payments and ConRAC Capital Availability Payments) equal to not less than 1.40x; and (iii) under certain circumstances, eliminated the requirement that a participating airline provide the performance guarantee otherwise required under the Airport Terminal Tariff or lease agreement, as the case may be, and instead pay to the Department a "bad debt surcharge," a pooled surcharge designed to compensate the Department for bad debt costs. All of the airlines serving LAX have executed the 2019 Rate Agreement Amendment.

As aeronautical activity recovered from the COVID, the Department again revised and amended the rate methodology to complete the rate stabilization and harmonization efforts. The revisions to the rate methodology further streamline the common use rates and charges, permit the Department to defer common use cost requirements due to exogenous causes, and allow the Department to expense capital outlays into the current year rate base. The Amended and Restated Agreement ("**2023 Amended and Restated Rate Agreement"**) implements the amended rate methodology and offer signatory carriers certain concessions, including a gradual phase-in of newly-developed access facilities acreage and costs allocable to airline cost centers and cost reductions to certain activity based requirements, collectively, the Fiscal Year 2024

Adjustments. The 2023 Amended and Restated Rate Agreement became effective July 1, 2023 and expires on June 30, 2035.

As of March 1, 2025, about 70 carriers comprising more than 97% of terminal revenues have signed the 2023 Amended and Restated Rate Agreement. Carriers that are signatories to prior Rate Agreements, but do not sign 2023 Amended and Restated Rate Agreement, will be charged according to their Rate Agreement in effect.

The Report of the Airport Consultant considers the rate-setting principles of the 2023 Amended and Restated Rate Agreement in forecasting airline revenues. See APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT."

Land and Other Non-Terminal Building Rentals

In addition to terminal leases, under a variety of leases, permits and other use agreements, the Department rents certain cargo, maintenance and other building facilities ("**Other Building Rentals**") and ancillary land facilities at LAX ("**Land Rentals**"). The rental rates and other terms for Other Building Rentals and Land Rentals vary. See "—Facilities Use Terms and Conditions."

Department Acquisition of Certain Terminal Improvements; Credits

In connection with certain terminal leases, certain Aeronautical Users have agreed to undertake renovations to their leased Terminals. These renovations may include: (i) proprietary renovations, which generally include branded improvements to the terminal and other improvements unique to the Aeronautical User's operational needs; (ii) Aeronautical User renovations, which generally include non-proprietary improvements to the terminal usable by any Aeronautical User operating in the terminal ("**Aeronautical User Improvements**"); and (iii) terminal renovations, which generally include improvements to the terminal that are allocated to the public areas ("**Terminal Improvements**"). Terminal renovations may also include provisions for certain relocations of terminal users to enable the terminal renovations.

Under the Department's terminal leases, subject to certain conditions, the Department has agreed to purchase from Aeronautical Users certain Aeronautical User Improvements in the aggregate amount of approximately $2.92 billion (of which as of September 30, 2024, approximately $574 million have not been purchased) and the Department has the option to purchase from Aeronautical Users certain Terminal Improvements in the aggregate principal amount of approximately $1.25 billion (of which as of September 30, 2024, approximately $239 million have not been purchased). If the Department does not exercise the option to purchase the Terminal Improvements, it is required under the applicable terminal lease to issue to the applicable Aeronautical User a credit in an amount to reimburse the applicable Aeronautical User for costs related to such Terminal Improvements and imputed interest. If such credits are issued, the credits will be issued and amortized on a straight-line basis over the period from the date on which the Department could exercise the option to purchase the Terminal Improvements through the end of the terminal lease or such date as the Department extinguishes the credit through cash payment. The Department has exercised all options to purchase Terminal Improvements with funds that have been appropriated as of the date of this Official Statement.

The Department, pursuant to the Department's terminal leases, also may be required to issue credits to certain Aeronautical Users responsible for the cost of relocating other terminal users to facilitate the terminal renovations, for the cost of such relocations. Credits are applied as an offset against amounts otherwise due to the Department by such Aeronautical Users as charges for use of LAX facilities, including amounts owed pursuant to the Airport Terminal Tariff and landing fees. Because these credits are applied as an offset to amounts owed to the Department by such Aeronautical Users, the Department receives less money from these Aeronautical Users than such Aeronautical Users would otherwise provide absent the credit, thereby reducing the amount of revenues collected by the Department in a Fiscal Year. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Other Obligations—Credits."

From time to time the Department may negotiate with Aeronautical Users regarding new terminal leases that may contain terms similar to those described above. If the Department enters into any such new leases, the Department may agree to be obligated or have the right to purchase from such Aeronautical Users the applicable Aeronautical User Improvements, the cost of which purchase may be material and financed with the issuance of Additional Senior Bonds and/or Additional Subordinate Bonds when such acquisition is made.

The acquisition of certain Aeronautical User Improvements and Terminal Improvements under terminal leases are part of the Capital Program, and those terminal acquisition projects identified in the Report of the Airport Consultant, including their capital and operating costs, financing and estimated revenue impacts, have been included in the financial analysis included in the Report of the Airport Consultant. See "AIRPORT CAPITAL PLANNING" and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT."

Facilities Use Terms and Conditions

Facilities Use Terms and Conditions apply to users of certain Department-owned space at LAX that are not subject to a lease or the Airport Terminal Tariff, principally certain buildings in the airfield and off-Airport facilities. Facilities Use Terms and Conditions have no term or expiration date but are subject to change from time to time by the Board and include a basic per square foot charge, subject to periodic adjustment to fair market rental value. If the Department determines that any portion of the facilities to which the Facilities Use Terms and Conditions apply are being underutilized, the Department may, upon the satisfaction of certain requirements, accommodate other users in such space. Facilities Use Terms and Conditions require users to provide a performance guaranty which is at least three times the sum of the amount of the initial estimated monthly installments of base charges and other additional amounts.

Concession and Parking Agreements

The Department has entered into numerous agreements with office management companies, parking operators, terminal commercial managers, duty free concessionaires, food and beverage concessionaries, retail concessionaires and others. Certain of these agreements are described below. Also see APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT."

Facility Management. The Department has entered into various operation and management agreements with ABM Aviation, Inc., and Colliers International Real Estate Management Services (CA) (together, the "**Facility Management Companies**") whereby the Facility Management Companies provide facility management and operational services with respect to Department-owned office buildings, parking structures and parking lots. Under these agreements, the Facility Management Companies are compensated for the provision of services through various monthly management and service fees and, where applicable, are required to remit the gross revenues from the parking facilities, on a daily basis, to the Department. These agreements may be terminated by the Department upon 90 days' notice. Parking facility revenues for LAX were approximately $162.0 million in Fiscal Year 2024.

Terminal Commercial Manager Concessions. The Department has entered into terminal commercial manager concession agreements with URW Airports, LLC, successor by merger to Westfield Airports, LLC ("**URW**"), for concession development in Terminal 2 and the TBIT (including the West Gates at the TBIT, formerly referred to as the Midfield Satellite Concourse) ("**URW Agreement No. 1**"), and Terminals 1, 3 and 6 ("**URW Agreement No. 2**" and together with the URW Agreement No. 1, the "**URW Concession Agreements**").

Pursuant to the URW Concession Agreements, URW serves as a developer and manager of retail, specialty retail, food and beverage and other passenger services in the applicable terminals and space, including selecting concessionaires, subject to Department approval. Under the URW Concession Agreements, URW is required to develop concession and related spaces, market and promote the concessionaires, negotiate and administer contracts with each concessionaire and monitor and manage concessionaire performance. The term of each URW Concession Agreement is comprised of a development period and an operational period. The URW Agreements are currently scheduled to expire on June 30, 2034, subject to the Department's ability to terminate the agreements earlier as described below. The Department is currently negotiating for an extension to provide for required capital improvements to upgrade the TBIT facility for the 2028 LA Olympics.

Under the URW Concession Agreements, URW and its concessionaires were required to make initial capital investments in initial premises improvements in an aggregate amount of approximately $160.5 million, initial capital investments in initial non-premises improvements in an aggregate amount of approximately $74.5 million and capital investments in mid-term premises improvements in an aggregate amount of approximately $32.1 million. Beginning in January 2014, each minimum annual guaranty was subject to increase based on the consumer price index and a percentage of the prior year's percentage rent and to decrease based on certain reductions in passenger enplanements. The Department may terminate: (a) URW Agreement No. 1 in the thirteenth year of operation; and (b) URW Agreement No. 2 in the tenth year of operation, in each case if URW does not meet certain performance targets, subject to certain buy-out payments for URW's investment in improvements. On October 21, 2021, the Department amended the minimum annual guaranty payment commencing in Fiscal Year 2023 by multiplying the Consumer Price Index ("**CPI**")-adjusted per-square foot rate by an amount equal to the ratio of the current passenger levels to pre-pandemic levels in each terminal. The minimum annual guaranty under the URW Concession Agreements will be reinstated once passenger traffic reaches pre-pandemic levels.

Food and Beverage Concessions. The Department has entered into concession agreements with several food and beverage concessionaires for concessions at Terminals 4, 5, 7, 8 and the commuter facilities at LAX (the "**Food and Beverage Concession Agreements**"). The Food and Beverage Concession Agreements provide that the Department will receive from each concessionaire a concession fee equal to the greater of a minimum annual guaranty or a percentage of gross receipts. The aggregate minimum annual guaranty under the Food and Beverage Concession Agreements is approximately $17.6 million. Under the Food and Beverage Concession Agreements, each concessionaire was required to make initial capital investments and additional capital improvements at specified levels. Each food and beverage concessionaire is required to provide a performance guaranty in an amount equal to 25% of the applicable minimum annual guaranty. On October 21, 2021, the Department amended the minimum annual guaranty payment commencing in Fiscal Year 2023 by multiplying the pre-pandemic minimum annual guaranty by a ratio of the current passenger levels to pre-pandemic levels in each terminal. The minimum annual guaranty under the Food and Beverage Concession Agreements will be reinstated once passenger traffic reaches pre-pandemic levels. On March 21, 2024, the Department extended the Food and Beverage Concession Agreements until June 30, 2029, to provide continuity of concession services to guests and airline partners through the 2026 World Cup and the 2028 Olympics.

Retail Concessions. The Department has entered into concession agreements with a number of retail concessionaires for concessions at Terminals 4, 5, 7 and 8 (the "**Retail Concession Agreements**"). The Retail Concession Agreements provide that the Department will receive from each concessionaire a concession fee equal to the greater of a minimum annual guaranty or a percentage of gross receipts. The aggregate minimum annual guaranty under the Retail Concession Agreements is approximately $9.0 million. Under the Retail Concession Agreements, each concessionaire is required to make initial capital investments for initial improvements to such concessionaire's premises, aggregating approximately $10.8 million, and additional mid-term capital investments for refurbishment of the applicable premises, aggregating approximately $2.1 million. Each concessionaire is required to provide a performance guaranty in an amount equal to 25% of the applicable minimum annual guaranty. On October 21, 2021, the Department amended the minimum annual guaranty payment commencing in Fiscal Year 2023 by multiplying the pre-pandemic minimum annual guaranty by a ratio of the current passenger levels to pre-pandemic levels in each terminal. The minimum annual guaranty under the Retail Concession Agreements will be reinstated once passenger traffic reaches pre-pandemic levels. On March 21, 2024, the Department extended the Retail Concession Agreements until June 30, 2029, to provide continuity of concession services to guests and airline partners through the 2026 World Cup and the 2028 Olympics.

Duty Free Concessions. The Department entered into a duty-free merchandise concession agreement with DFS Group L.P. ("**DFS**") for the design, construction, development and operation of duty free and duty paid merchandise concession at all terminals at LAX (the "**DFS Concession Agreement**"). The DFS Concession Agreement currently expires in June 2034. Under certain circumstances, the Department has the right to extend the DFS Concession Agreement for three consecutive one year extension terms. Under the DFS Concession Agreement, DFS is required to make initial capital investments for initial improvements to its premises of approximately $25 million and mid-term capital investments for refurbishment of its premises of approximately $17 million. Effective October 21, 2021, the minimum annual guaranty is equal to the greater of: (i) an annual amount equal to $35,888,942 subject to CPI adjustments based on a recovery ratio; or (ii) the total number of international enplaned passenger in the TBIT (including the West Gates at the TBIT, formerly referred to as the Midfield Satellite Concourse) multiplied by $6.80. DFS is required to provide a performance guaranty in an amount equal to 25% of its minimum annual guaranty.

Advertising and Sponsorship. The Department entered into a terminal media operator concession agreement (the "**TMO Agreement**") with JCDecaux Airport, Inc. ("**JCDecaux**"), effective February 2014. Pursuant to the TMO Agreement, JCDecaux serves as terminal media operator for the development and operation of certain advertising, sponsorship and other media concession locations within LAX. Under the TMO Agreement JCDecaux was granted the right to, among other things, market certain advertising and digital activation opportunities, develop and manage advertising displays, sponsorship activations and other media elements display locations at LAX. Under the TMO Agreement, JCDecaux was required to undertake certain development activities relating to advertising displays and other media elements at LAX. The TMO Agreement is scheduled to expire in December 2026, with provisions for a one year extension. The annual concession fees payable from JCDecaux to the Department under the TMO Agreement are based on a series of formulas set forth in the TMO Agreement and consist of, among other things, certain fees derived from certain minimum guaranties and/or certain fees derived from a percentage of gross revenues from advertising, media and sponsorship activities. Each of these minimum annual guaranties is subject to increases on an annual basis.

Effective October 21, 2021, the minimum annual guaranty is the greater of: (A) the sum of: (x) the greater of: (i) the temporary advertising minimum annual guaranty ($25 million); or (ii) the advertising percentage fees for such year; plus: (y) the greater of: (i) the temporary sponsorship minimum annual guaranty ($9.5 million); or (ii) the sponsorship percentage fees for such year; or (B) 85% of the actual base fees payable for the prior year.

Rental Cars. Approximately 19 rental car brands currently operate a rental car concession at LAX from facilities located off-airport. Five rental car companies, operating 12 rental car brands (the "**Existing Concessionaire Rental Car Companies**"), operate pursuant to a non-exclusive concession agreement (the "**Existing Rental Car Concession Agreement**") with the Department to operate their rental car concessions at LAX. The rental car brands that are subject to an Existing Rental Car Concession Agreement currently include Avis, Budget, Payless, Zip Car, Enterprise, Alamo, National, Hertz, Dollar, Thrifty, Sixt and Fox. The Concessionaire Rental Car Companies provide courtesy shuttle services between LAX and their respective locations and are permitted to pick up and drop off their customers directly from the airline terminals. Pursuant to the Existing Rental Car Concession Agreement, the Existing Concessionaire Rental Car Companies are each required to pay annually to the Department either a minimum annual guaranty or a concession fee, as set forth in the Existing Rental Car Concession Agreement, and also are required to collect a CFC from their customers and remit the CFC to the Department. The Existing Rental Car Concession Agreements (which have been extended since initially executed) expire on the earlier of (i) the date of beneficial occupancy of the ConRAC or (ii) December 31, 2026.

In Fiscal Year 2019, in anticipation of the construction of the ConRAC, the Department entered into a series of substantially similar concession and lease agreements (the "New Rental Car CLAs") with various rental car companies (the "**New Concessionaire Rental Car Companies**") serving LAX which provide for, among other things, use and occupancy of the ConRAC, collection and remittance of CFCs, certain rents and fees, and the payment of a minimum annual guaranty or concession fee, whichever is greater. The New Rental Car CLAs will become effective upon the date of beneficial occupancy of the ConRAC (the "ConRAC DBO"), as determined by the Department, at which time the Existing Rental Car Concession Agreements will be terminated. As of the date of this Official Statement, the New Concessionaire Rental Car Companies include the following rental car brands: Avis, Budget, Payless, Zip Car, Enterprise, Alamo, National, Hertz, Dollar, Thrifty, Fox, Europcar and Sixt. The New Rental Car CLAs have terms of 20 years commencing from the ConRAC DBO, but can be extended for an additional five years either at the option of the Department or automatically if certain conditions are met under the New Rental Car CLAs.

Under the New Rental Car CLAs, commencing on ConRAC DBO, the New Concessionaire Rental Car Companies will be required to pay to the Department: (i) a concession fee equal to the greater of a minimum annual guaranty or 10% of annual gross revenue; (ii) land and other facility-related rental and operation and maintenance charges; (iii) a common-use transportation system ("CTS") contribution for, among other things, the privilege of ConRAC customers' use of the APM System (the "CTS Contribution"); and (iv) certain other charges. Each New Concessionaire Rental Car Company also will be required to collect CFCs from their customers and remit such CFCs to the Department. Pursuant to the New Rental Car CLAs, each New Concessionaire Rental Car Company is entitled to receive reductions to their annual CTS Contributions through (i) CTS Contribution Scheduled Abatements, which have been funded by the Department through annual CFC revenues and will be effective from ConRAC operational date through the 9th anniversary of ConRAC operational date and (b) additional CTS Contribution abatements (the "CTS Contribution Additional Abatement") from ConRAC DBO through the remaining term of the New Rental Car CLA if remaining CFC revenues (after application to debt service on the LAX CFC Bonds and ConRAC Capital Availability Payments, each as described below) and CTS Contributions are greater than the 41% of APM System operating and capital costs, with a portion of the excess amount required to be considered CTS Contribution Additional Abatements and the remaining portion required to be distributed to the Department to pay other CFC-eligible costs. See APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT" for additional information.

As of October 9, 2024, the Avis Budget Group (which includes the Avis, Budget, Payless, and Zipcar brands) has been in full operation at the ConRAC, utilizing its own company busing operations, pursuant to a Lease and Reimbursement Agreement (the "LRA"), which generally mirrors the New Rental Car CLA with respect to ground rent and certain other ConRAC-related provisions. The ConRAC move-in date of other car rental companies has not yet been determined, but when the other New Concessionaire Rental Car Companies fully relocate to the new ConRAC, the LRA between LAWA and Avis Budget Group will terminate and the New Rental Car CLAs will become effective. The Department is evaluating different potential options to allow New Concessionaire Rental Car Companies to occupy and use non-customer facing portions of the ConRAC (e.g., vehicle storage areas) prior to the operational date of the ConRAC.

The Department requires non-Concessionaire Rental Car Companies that serve LAX to enter into a non-exclusive license agreement. Seven rental car companies currently operate at LAX pursuant to a non-exclusive license agreement. Subject to the terms of the non-exclusive license agreement, effective February 2025 non-Concessionaire Rental Car Companies are required to have their customers transported on Department-operated buses to a waiting area for off airport rental car customers at the Department Economy Parking garage. Customers will take the Department-operated Economy Parking shuttle to and from the garage. Off-airport rental car shuttles will pick up and drop off customers at the Economy Parking garage. The non-exclusive license agreements were most recently amended in February 2025 and are currently scheduled to expire January 1, 2030. As part of this amendment, the non-Concessionaire Rental Car Companies will pay 10% of gross sales to LAWA as rent effective no later than the full opening of the ConRAC. Currently, the Non-Concessionaire Rental Car Companies are not required to collect a CFC from their customers.

Transportation Network Companies. In August 2015, the Department approved non-exclusive license agreements ("**TNC Agreements**") with various TNCs which connect passengers with approved drivers who provide transportation using their own vehicles and pay for the service through a mobile application. TNCs include Uber, Lyft and other similar companies. The TNC Agreements allow each company's approved drivers' access to designated Airport property in connection with the provision of transportation services for airport customers, employees, and passengers with their personal baggage. Subject to the terms of the TNC Agreements, TNCs are required (except in limited circumstances) to drop off passengers only on the Central Terminal Area upper departure level, pick up passengers only in the designated "LAX-it" zone, and are otherwise only allowed to use Airport property within the designated TNC airport assignment area and designated TNC staging areas at LAX. The TNC Agreements are subject to termination by the Department upon 7 days' notice by the Department or upon 30 days' written notice by the TNC. Under the TNC Agreements, TNCs are required to pay the Department a monthly license fee equal to the greater of $25,000 or the product of: (i) the number of trips conducted by the TNC's vehicles in one calendar month; and (ii) the trip fee then in effect. The current trip fee approved by the Board is $4.00 for each drop-off or pick-up at LAX.

The Department cannot predict the impact of TNCs on revenues from parking, other ground transportation services or rental cars concessionaires. See APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT" and for additional information about TNC revenues. In 2019, the Department added the LAX-it lot to provide a pickup location for taxis and TNCs.

AIRPORT CAPITAL PLANNING

Overview

The Department is continuing to undertake a multi-billion dollar capital development program at LAX. Projects include various terminal, airfield and apron, access and other projects designed to, among other things, modernize terminals, make long-term improvements to passenger access and accommodate existing and future aircraft designs, all to address growth in passenger activity levels that is projected to occur with or without these projects. The Department employs various strategies to design, build and finance multiple facilities concurrently, including, among others, design-build-finance-operate-maintain arrangements (which was utilized for ConRAC and the APM System described below); design-bid-build arrangements; design-build arrangements; and terminal improvement acquisitions described under the caption "USE OF AIRPORT FACILITIES—Department Acquisition of Certain Terminal Improvements; Credits."

Department management periodically develops and updates its Airport Capital Program for the redevelopment, improvement, and expansion of Airport facilities. The Airport Capital Program is developed based on strategic priorities, anticipated facility needs (if any), current and forecast airline traffic, available funding sources, project priorities, and other relevant information that is available to the Department when the Airport Capital Program is developed.

Capital Program

The Department manages its capital development planning with a variety of tools, including a multi-year comprehensive planning tool (the "**Capital Program**"). The Capital Program is updated periodically as projects are programmed for implementation. Where the Capital Program projects are not expected to commence during the Forecast Period, such projects are not included in their entirety in the projections of the Airport Consultant. In each case, only projects that are sufficiently developed in terms of their scope, cost, certain approval and reviews, funding sources and/or other commercial arrangements, are included in the projections of the Airport Consultant.

For purposes of this Official Statement and the Report of the Airport Consultant, the Capital Program is currently comprised of (1) the "Existing Airport Capital Program" which was initiated in 2018 and is expected to be completed in Fiscal Year 2026 and (2) the "Next Airport Capital Program" which is expected to be completed by Fiscal Year 2034. A general description of the elements of the Capital Program is set forth below. The Report of the Airport Consultant contains more detailed information concerning the elements of the Capital Program, as well as cost and funding sources.

Existing Capital Program. The Department currently estimates that the Existing Airport Capital Program will cost approximately $12.1 billion (excluding approximately $3.0 billion of project costs associated with APM System and ConRAC Developer milestone payments, VNY projects, Facility Maintenance Program projects, and certain projects already completed by 2023). The total published cost of the Existing Airport Capital Program is approximately $15.1 billion. The Department currently does not expect to issue any additional bonds in the future to fund the Existing Airport Capital Program. The Department estimates that approximately $13.4 billion of the Existing Airport Capital Program costs have been incurred through Fiscal Year 2024. The remaining $1.7 billion of costs of the Existing Airport Capital Program are expected to be funded with Department cash, the proceeds of previously issued Senior and Subordinate Bonds and certain grant funds.

Projects already completed or substantially completed include:

- Airport Police Station
- Intermodal Transportation Facility (ITF-West Phase 1)
- Midfield Satellite Concourse North (also referred to as MSC North or TBIT West)
- MSC/Bradley West Baggage Project
- North Terminal Improvement Program – Delta Airlines (Terminals 2 & 3)
- Taxiway P Construction
- Terminal 1.5 Project
- Terminal 6 Project – Alaska Airlines
- TBIT Core and APM Interface Project
- Terminal 5 Core and APM Interface Project

Estimated to be completed by the end of Fiscal Year 2026:

- APM System
- ConRAC
- Power Distribution Facility

The Department currently estimates that the APM System will be tested and completed by the APM System Developer in February 2026 and will be operational in the second quarter of 2026. Costs associated with the APM System have increased as a result of project change orders, prior payments to the APM System Developer for delay-related relief events, and a settlement with the APM System Developer in August 2024. These additional costs associated with the APM System are included in the Next Airport Capital Program.

Next Airport Capital Program. As described in the Report of the Airport Consultant, in 2024 the Department started and completed an Airport Capital Program optimization effort, which resulted in a revised 10-year Next Airport Capital Program, as more particularly described in the Report of the Airport Consultant.

The Next Airport Capital Program is currently estimated to cost approximately $15.0 billion and estimated to be completed in or around Fiscal Year 2033, which is approximately four years later than initially expected. Significant elements of the Next Airport Capital Program are described below. See the Report of the Airport Consultant for more detailed information concerning the Next Airport Capital Program, including estimated costs and funding sources. Significant elements of the Next Airport Capital Program include the following:

<u>Terminals</u>. Terminal projects in the Next Airport Capital Program are currently expected to cost $8.4 billion. Significant terminal improvements include:

- *Terminal 5 Renovation and Reconstruction Project*. This project includes: (1) reconstruction of Terminal 5 to meet seismic and sustainability objectives, (2) new airside connectors to Terminal 4 and Terminal 6, (3) replacement of outdated systems and facilities with newer and efficient systems and facilities, and (4) improvement of passenger experience. Terminal 5 currently has 15 gates, and no new gates will be added as part of this project. The Terminal 5 Renovation and Reconstruction Project is estimated to cost approximately $1.7 billion, which costs are expected to be funded with a portion of the proceeds of the Series 2025A Subordinate Bonds, proceeds of additional bonds to be issued in the future and Department funds. This project is expected to be completed by the end of Fiscal Year 2028.

- *Midfield Satellite Concourse – South*. This project is an extension of MSC North, including approximately 150,000 square feet of terminal space and 8 aircraft gates that will serve domestic airline operations. The MSC South project (as further described in the Report of the Airport Consultant) and is estimated to cost approximately $428.7 million, which costs are expected to be funded with a portion of the proceeds of the Series 2025A Subordinate Bonds and Department funds. This project is expected to be completed by the end of Fiscal Year 2026.

- *Baggage Optimization Project Phase 2*. This project includes improvements to checked baggage inspection, sortation, and conveyor systems in TBIT. The Baggage Optimization Project Phase 2 is estimated to cost approximately $263.9 million, which costs are expected to be funded with a portion of the proceeds of the Series 2025A Subordinate Bonds and Department funds. This project is expected to be completed by the end of Fiscal Year 2027.

As described in "USE OF AIRPORT FACILITIES – Department Acquisition of Certain Terminal Improvements", a number of terminal improvement projects are undertaken by the particular airline which leases the terminal. Under the Department's terminal leases, subject to certain conditions, the Department has agreed to purchase these improvements.

<u>Airfield and Apron</u>. Airfield and apron projects in the Next Airport Capital Program are currently expected to cost $1.8 billion and include improvements to taxiways and other miscellaneous projects. Significant airfield and apron projects include:

- *North Airfield Exit Taxiways Project*. This project includes four new angled taxiways from Runway 6L-24R that will connect to Taxiway E, removal of certain existing taxiways, and rehabilitation and reconstruction of certain portions of Runway 6L-24R. This project is estimated to cost $245.4 million, approximately $211.4 million, which costs are expected to be funded with a portion of the proceeds of the Series 2025E Subordinate Bonds, federal grants and Department funds. This project is expected to be completed by the end of FY 2025.

- *Taxiway D Project*. This project includes the extension of Taxiway D. This project is estimated to cost $136.5 million, which costs are expected to be funded with a portion of the proceeds of the Series 2025E Subordinate Bonds, federal grants and Department funds. This project is expected to be completed by the end of Fiscal Year 2025.

- *LAXFuel Facility Relocation*. This project includes the relocation of the LAXFuel facility to accommodate the Taxiway D Project. This project is estimated to cost $39.9 million, which costs are expected to be funded with a portion of the proceeds of the Series 2025B Subordinate Bonds and Department funds. This project is expected to be completed by the end of Fiscal Year 2025.

Access Projects. Access and nonairline cost center projects in the Next Airport Capital Program are currently expected to cost $3.7 billion. Significant access projects include:

- *ATMP Roadway Improvements Project*. This project includes demolition of existing roadways and facilities, construction of new roadways, ramps, bridges, intersections, traffic signals and controls, traffic monitoring and management equipment, street lighting, signage and striping, landscaping and sidewalks, utilities, and infrastructure. This project will provide a roadway system configuration that will better centralize vehicular entrance to the Central Terminal Area and will help keep airport-related traffic congestion and vehicular back-ups off public streets. It will also integrate and build upon prior roadway system improvements in the Existing Airport Capital Program. The Roadway Improvements Project is estimated to cost approximately $2.2 billion, which costs are expected to be funded with proceeds of bonds to be issued in the future, federal grants and Department funds. This project is expected to be completed by the end of Fiscal Year 2030.

- *Additional APM System Costs*. As described in the Report of the Airport Consultant, additional APM System costs related to prior change orders, prior payments to the APM System Developer for delay-related relief events, and a settlement with the APM System Developer in August 2024 are included in the Next Airport Capital Program. The Department currently expects that additional costs associated with the construction of the APM System project will be $801.2 million, and that the APM System will be completed by the APM System Developer in February 2026 and will be operational in the second quarter of 2026. See "Completion of the Automated People Mover System" below. To fund the additional costs associated with the APM System project, the Department plans to use approximately $685.4 million of the proceeds of the Series 2025D Subordinate Bonds ($500 million of which will be used to refund and repay the Subordinate Revolving Obligations), approximately $115.5 million of proceeds of bonds to be issued in the future and $300,000 of Department funds.

- *ITF Auxiliary Curbs Project*. This project includes construction of (1) curbs and staging areas at the east and west intermodal transportation facilities ("**ITF East**" and "**ITF West**") and (2) adjacent roadway improvements. Once the APM System is operational, the curbs and staging areas at ITF West and ITF East will collectively serve as the main connection points for passengers arriving at or departing LAX using public transportation, taxi, ride service, or shuttle buses. This project is estimated to cost approximately $295.2 million, which costs are expected to be funded with federal grants and Department funds. This project is expected to be completed in the second half of Fiscal Year 2026.

LAX Cargo Modernization Program. In May 2023, the Board approved execution of a Pre-Development Agreement between the Department and LAX Community Partners, LLC, for term of up to three years, to advance the LAX Cargo Modernization Program's environmental process for a full campus-wide development and modernization of the Airport cargo areas and ramp area, prepare a Phase 1 project definition and financial plan, and provide the basis to negotiate potential subsequent development agreements. In connection with the approval, approximately $8.2 million was appropriated for Department costs. The Cargo Modernization Program is not contained within the Existing Capital Program or the Next Airport Capital Program, as the Department anticipates that the developer(s) will be responsible for the financing of the program, and will make payments to the Department in substantially the same amounts as the cargo facilities rental payments that the Department currently receives.

Completion of the Automated People Mover System

Additional APM System costs related to prior change orders, prior payments to the APM System Developer for delay-related relief events, and a settlement with the APM System Developer in August 2024 are included in the Next Airport Capital Program. The Department currently expects that its additional costs associated with the APM System project will be $801.2 million, and that the APM System will be completed in February 2026 and will be operational in the second quarter of 2026. To fund the additional costs associated with the APM System project, the Department expects to use approximately $685.4 million from the net proceeds of the Series 2025A-F Bonds, and approximately $115.5 million from the issuance of Future Bonds.

General. On April 11, 2018, the Department and LAX Integrated Express Solutions, LLC (the "**APM Developer**") entered into a design-build-finance-operate-maintain agreement, as amended (the "**APM Agreement**"), for the purposes of developing, financing, operating and maintaining the approximately 2.25-mile elevated, grade-separated APM System that will generally run from the ConRAC to the Central Terminal Area. The APM System will include six stations: (i) one in the ConRAC; (ii) one to be located at the multi-modal/transit facility located at 96th Street and Aviation Boulevard, which facility will also contain a connection to the Los Angeles County Metropolitan Transportation Authority's light rail system; (iii) one to be located at the multi-modal/transit facility located north of 96th Avenue between Jetway Boulevard and Airport Boulevard; and (iv) three stations to be located in the Central Terminal Area. The APM Developer is comprised of Fluor Enterprises, Inc., Balfour Beatty Investments, Inc., ACS Infrastructure Development, Inc., HOCHTIEF PPP Solutions GmbH and Alstom (successor to Bombardier Transportation (Holdings) USA Inc.), among others. Under the APM Agreement, the Department has granted the APM Developer the exclusive right, during a 30-year term, to design, build, finance, operate and maintain the APM System. The APM Agreement provides for various circumstances, including force majeure events, the occurrence of which entitles the APM Developer to adjustment in the construction price and/or schedule. The APM Agreement also provides for a dispute resolution process to address claims brought by either party under the APM Agreement. The dispute resolution process provides for submission of disputes to a project neutral for non-binding recommendations addressing the merits of the claims.

APM Developer Share of Project Funding. The APM Agreement required the APM Developer to provide funding for a share of the costs of the costs of planning, development, design, construction and financing of the APM System (above the design and construction-related payments made by the Department). At the time of execution of the APM Agreement, the APM Developer indicated that it expected to incur costs of approximately $2.72 billion (which included the $1.01 billion originally payable by the Department as described below). Under the terms of the APM Agreement, the APM Developer is solely responsible for obtaining and repaying, at its own cost and risk and without recourse to the City or the Department, all financing necessary for its share of the costs of the design and construction of the APM System. In June 2018, the APM Developer secured several sources of financing for its share of the design and construction of the APM System, including, among other sources, approximately $1.30 billion of proceeds from senior lien revenue bonds issued by CMFA.

APM Milestone Payments; Cost and Schedule Adjustments. In addition to the financing required to be obtained by the APM Developer, the APM Agreement provided that the APM Developer would be entitled to receive a series of payments from the Department upon its completion of certain design and construction milestones in the aggregate principal amount of approximately $1.01 billion, subject to deductions provided in the APM Agreement, as partial compensation for the APM Developer's performance of the work required to design and construct the APM System (each such payment, an "**APM Milestone Payment**"). Payment of the APM Milestone Payments was and continues to be subject to certain conditions being met by the APM Developer.

Over the course of construction of the APM System, the APM Developer has from time to time asserted that it has been entitled to adjustment in the amount payable by the Department for construction of the APM System. A significant portion of these claims for adjustments were denied by the Department, and the dispute resolution procedures set forth in the APM Agreement were utilized. The APM Developer and the Department ultimately arrived at a number of settlements of these claims. In addition to the disputed and settled claims, there were agreed-upon change orders.

The APM Agreement also initially provided that the APM Passenger Service Availability Date would occur in March 2023. However, construction of the APM System has encountered a number of delays which were also the subject of the change orders and settlements described above.

The most recent settlement occurred in August 2024, pursuant to which the Department and the APM Developer settled claims occurring prior to and including May 31, 2024 (the "**August 2024 Settlement**"). The August 2024 Settlement included a change order to the compensation under the APM Agreement in the amount of $550 million. The total amount of increased costs payable by the Department (including the $550 million from the August 2024 Settlement) is approximately $801.2 million. This amount does not include the portion of the Availability Payments paid by the Department since March 2023 described below.

In addition to the increased construction costs described above, pursuant to prior settlements, the Department agreed to commence in March 2023 payment of the portion of the Availability Payments (described below) attributable to the APM Developer's financing costs. The APM Agreement initially had provided that no portion of the Availability Payments would be payable until the APM Passenger Service Availability Date. The portion of the Availability Payments attributable to operation and maintenance costs will not commence until the APM Passenger Service Availability Date.

Construction of the APM System is continuing and, based on the APM Developer's current projections, the Department currently estimates that the APM System will be completed and customer service will commence in the second quarter of 2026.

Recent Delay in APM Projected Completion. In March 2025, the APM Developer provided the Department with a revised schedule for the APM Project with a projected availability date occurring in February 2026, which is later than the December 2025 availability date specified in the August 2024 Settlement. Pursuant to the APM Agreement, if the APM Developer expects to not meet the schedule set forth in the August 2024 Settlement, it is required to provide the Department with a plan and schedule (the "Recovery Schedule") which describes the actions the APM Developer will take in order to meet the December 2025 availability date specified in the August 2024 Settlement. The APM Agreement provides for specific timelines for the Recovery Schedule to be provided. As of the date hereof, the APM Developer has not provided a Recovery Schedule that meets the requirements of the APM Agreement. The APM Agreement specifies remedies available to the Department for failure of the APM Developer to provide the Recovery Schedule or otherwise fail to meet the requirements of the APM Agreement and August 2024 Settlement (in addition to the remedies provided in the APM Agreement for other failures of the APM Developer to meet contractual requirements), including the assessment of "Noncompliance Points" against the APM Developer. As of April 4, 2025, the Department has commenced assessment of Noncompliance Points against the APM Developer which may result in the Department's increased oversight of the APM Project work at the APM Developer's expense and, absent appropriate corrective action, default under the APM Agreement. Upon a default, the lenders to the APM Developer have step-in rights to complete the APM Project work, which if not exercised, would allow the Department the right to step-in to complete the APM Project work, suspend the work, and, potentially, terminate the APM Agreement.

Additional Claims Asserted by the APM Developer. The APM Agreement provides for a dispute resolution process to address claims brought by either party under the APM Agreement. The dispute resolution process provides for submission of disputes to a project neutral for non-binding recommendations addressing the merits of the claims. From time to time over the course of construction, the APM Developer has submitted claims for schedule relief and additional compensation, as described above.

In addition to the claims which have been settled as described above, the APM Developer has asserted various additional claims seeking additional compensation which remain unresolved. The Department disputes both the validity and the financial impact of significant portions of these claims. These additional claims could result in payments potentially exceeding $100 million.

There can be no assurances that the APM Developer will not assert further claims for schedule and/or financial relief under the APM Agreement in the future. The Department intends to vigorously defend against all claims based on its assessment of their merits. No assurance can be provided that the Department will settle any pending or future claims by the APM Developer. However, the settlement of the claims described above, and any claims that may be potentially asserted in the future, may result in additional costs to the Department (over and above the costs which are described above), which costs could be material and could exceed project contingencies and other project funding. Some or all of such additional costs may need to be funded from other available Department sources, including, potentially, the proceeds of Additional Senior Bonds or Additional Subordinate Bonds. The Department is also unable to predict whether any future relief event claims, or other actions by the APM Developer, will ultimately result in additional material project completion delays. See "CERTAIN INVESTMENT CONSIDERATIONS—Delays and Cost Increases; Future Capital Projects; Additional Indebtedness."

APM Availability Payments. As described above, the APM Agreement initially provided that, beginning on the APM Passenger Service Availability Date, the Department would be required to make monthly payments to the APM Developer (the "**APM Availability Payments**"). The APM Availability Payments are intended to compensate the APM Developer for the costs of designing, building and financing the APM System not otherwise paid from the APM Milestone Payments, as well as the costs of operating and maintaining the APM System over the term of the APM Agreement. Under the APM Agreement, the Department's obligation to make the APM Availability Payments is subject to certain deductions for performance deficiencies and inflation-based increases tied to agreed-upon indices. As described above, pursuant to prior settlements, the Department agreed to commence in March 2023 payment of the portion of the Availability Payments (described below) attributable to the APM Developer's financing costs. The portion of the Availability Payments attributable to operation and maintenance costs will not commence until the APM Passenger Service Availability Date.

The projections in the Report of the Airport Consultant include estimates of, and the expected sources of payment of, the APM Availability Payments. In connection with prior settlement of disputes concerning claims asserted by the APM Developer, the Department agreed to commence payments of the portion of the Availability Payments representing the APM Developer's costs of designing, building and financing the APM System not otherwise paid from Department payments.

The Report of the Airport Consultant does not take into account any additional delays to the APM's Passenger Service Availability Date in connection with any pending claims, or future claims that may be made by the APM Developer.

Assumptions Regarding the APM System in the Report of the Airport Consultant. The Report of the Airport Consultant contains a variety of assumptions and qualifications regarding the APM System which investors should consider. There can be no assurance that any of the Department's estimates and expectations or the Airport Consultant's assumptions, estimates or projections will be attained. See APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT" for additional information regarding the assumptions made by the Airport Consultant with respect to the funding and financing of the APM System; and "CERTAIN INVESTMENT CONSIDERATIONS—Delays and Cost Increases; Future Capital Projects; Additional Indebtedness."

Financing the Next Airport Capital Program

Exhibit A of the Report of the Airport Consultant contains the estimated sources of funding of the Next Airport Capital Program, which consist primarily of

- $1.1 billion of federal grants

- $4.3 billion of Department funds

- $1.6 billion of the proceeds of the Series 2025A Subordinate Bonds, the Series 2025B Subordinate Bonds, the Series 2025D Subordinate Bonds and the Series 2025E Subordinate Bonds

- $918.8 million of the proceeds of future Additional Subordinate Bonds

- $7.0 billion of the proceeds of future Additional Senior Bonds

The estimated costs of, and the projected schedule for, the Next Airport Capital Program are subject to various uncertainties. In addition, it is possible that the Department will pursue projects not incorporated in the Next Airport Capital Program. The Department may ultimately decide not to proceed with certain projects in the Next Airport Capital Program or may proceed with them on a different schedule, resulting in different results than those included in the projections of the Airport Consultant.

See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Future Financings" and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT" for additional information regarding the Department's future financing plans. See also CERTAIN FUNDING SOURCES," "CERTAIN INVESTMENT CONSIDERATIONS—Delays and Cost Increases; Future Capital Projects; Additional Indebtedness," "-Federal Funding," "PLAN OF REFUNDING" and "USE OF AIRPORT FACILITIES—Airport Terminal Tariff."

CERTAIN FUNDING SOURCES

Passenger Facility Charges

Generally, the Aviation Safety and Capacity Expansion Act of 1990 (P.L. 101-508) (the "**1990 PFC Act**") and the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century (P.L. 106-181) ("**AIR 21**," and collectively with the 1990 PFC Act, the "**PFC Acts**") permit public agencies controlling certain commercial service airports to charge each enplaning passenger a facility charge ranging from $1.00 to $4.50. The proceeds from PFCs must be used to finance eligible airport-related projects. Eligible airport-related projects approved by the FAA are referred to in this Official Statement as "Approved PFC Projects." Public agencies wishing to impose and use PFCs to finance eligible airport-related projects must apply to the FAA for the authority to do so. The Department has received approval from the FAA to collect a PFC up to $4.50 on each eligible enplaning passenger at LAX.

PFC revenues to fund certain Approved PFC Projects are collected by air carriers as part of the price of a ticket and then remitted to the Department. The air carriers are permitted by the PFC Acts to retain a portion of each PFC collected (currently $0.11 of each PFC collected) as compensation for collecting and handling PFC revenues. PFC revenues received by the Department are net of this collection fee. Since 1993, the Department has received approval from the FAA to impose and use approximately $9.5 billion of PFC revenues (including investment income) at LAX, and the Department's authority to collect PFCs currently extends through January 1, 2038. Total PFC revenues collected by the Department as of June 30, 2024 were approximately $3.5 billion.

PFC revenues may also be used for the payment of debt service on certain portions of Senior Bonds and/or Subordinate Obligations issued to finance all or a portion of Approved PFC Projects (the "**PFC Eligible Obligations**"). As described in the Report of the Airport Consultant, the Department expects to pay a portion of the debt service on the PFC Eligible Obligations with PFC revenues. However, the Department is prohibited from using PFC revenues to pay debt service on PFC Eligible Obligations in excess of the amounts of PFCs approved by the FAA for the Approved PFC Projects. If the actual cost of Approved PFC Projects is less than the amount approved by the FAA, the Department may be required to submit an amendment to the FAA application to reduce the approved amount for applicable projects.

Pledged Revenues do not include PFC revenues unless otherwise included in Pledged Revenues pursuant to a Supplemental Senior Indenture. To date, the Department has not elected, and the Department has no current plans to elect, to include PFC revenues in Pledged Revenues nor otherwise pledge PFC revenues to the payment of the Senior Bonds or the Subordinate Obligations. However, the Department expects to use PFC revenues to pay a portion of the debt service on PFC Eligible Obligations. Debt service paid with PFC revenues is not included in the calculation of the rate covenant set forth in the Senior Indenture. Debt service on Additional Senior Bonds expected to be paid from irrevocably committed PFC revenues is not included in the additional bonds test set forth in the Senior Indenture although the Department has not made any such irrevocable commitment of PFC revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025DEF SUBORDINATE BONDS—Passenger Facility Charges."

No assurance can be given that PFC revenues will actually be received in the amounts or at the times expected by the Department. The amount and timing of receipt of actual PFC revenues are expected to vary depending on actual levels of qualified passenger enplanements at LAX. If PFC revenues are not available, the Department may be required to eliminate or scale down projects or incur additional indebtedness, possibly including issuing Additional Senior Bonds, Additional Subordinate Bonds or Subordinate Commercial Paper Notes, to finance such projects. In the event of an airline bankruptcy, it is unclear whether the Department would be afforded the status of a secured creditor with regard to PFC revenues collected or accrued with respect to that airline. See "CERTAIN INVESTMENT CONSIDERATIONS—Considerations Regarding Passenger Facility Charges," "—Delays and Cost Increases; Future Capital Projects; Additional Indebtedness," "—Demand for Air Travel, Aviation Activity and Related Matters" and "—Financial Condition of the Airlines; Effect of Airline Industry Consolidation; Effect of Airline and Counterparty Bankruptcies" and the discussion regarding a number of factors that may impact the number of passenger enplanements and the Department's receipt of PFC revenues. See also "AIRPORT CAPITAL PLANNING—Financing the Capital Program" and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT" for additional information about the Department's expected use of PFC revenues.

Grants

Under the AIP, the FAA awards grant moneys to airports around the country for capital improvement projects and airport operating costs. AIP grants include entitlement funds, which are apportioned annually based upon the number of enplaned passengers and total landed weight of all-cargo aircraft at the airport, as well as discretionary funds, which are awarded by the FAA based on a national priority system. Generally, federal grants are paid to the Department on a reimbursement basis when the grant agreement is approved and after eligible expenditures are made. The amount and timing of receipt of actual AIP grant moneys may vary and may not be reimbursed for a significant period of time after the eligible expenditure is made. If AIP grant moneys are not available or timely reimbursed, the Department may be required to eliminate or scale down projects or incur additional indebtedness, possibly including issuing Additional Senior Bonds, Additional Subordinate Bonds or Subordinate Commercial Paper Notes, to finance such projects. Between June 2009 and September 2024, the Department received approximately $643.9 million in the original AIP grant amounts authorized for acceptance by the Board. See "CERTAIN INVESTMENT CONSIDERATIONS—Federal Funding" and "—Delays and Cost Increases; Future Capital Projects; Additional Indebtedness."

The Department is subject to periodic compliance reviews by the FAA and the Office of the Inspector General, some of which have included a review of payments made by the Department to the City, to verify the Department's compliance with applicable federal laws, FAA grant assurances and FAA policies concerning the use of airport revenue and airport revenue diversion. In addition, interested parties such as Airlines for America (formerly known as the Air Transport Association of America) and Aircraft Owners and Pilots Association may initiate U.S. DOT proceedings relating to these types of issues.

The federal Infrastructure Investment and Jobs Act of 2021 (referred to as the "Bipartisan Infrastructure Law" or "**BIL**") was approved by the United States Congress and signed by the President on November 15, 2021. BIL provides approximately $20 billion in grants for airport infrastructure development over five years between 2022 through 2026. Up to approximately $2.9 billion per year of BIL funds will be awarded to primary airports as Airport Infrastructure Grants ("**Infrastructure Grants**"), allocated on the same basis as AIP entitlement grants. The Department intends to use approximately $280.0 million of Infrastructure Grants to finance roadway improvement projects in the Next Capital Program. The Department was awarded approximately $72.5 million of Infrastructure Grants for LAX, and $851,000 for VNY, in the 2024 federal fiscal year (October 1, 2023 through September 30, 2024). The Department was awarded approximately $79.1 million of Infrastructure Grants for LAX, and $844,000 for VNY, in the 2023 federal fiscal year (October 1, 2022 through September 30, 2023). In addition to the Infrastructure Grants, BIL provides for approximately $1.0 billion per year of grants to be awarded through the Airport Terminal Program ("ATP") provisions of BIL, with up to 55% going to large hub airports. On February 27, 2023, the Department was awarded a $50 million ATP grant in the 2023 federal fiscal year for the terminal roadway improvements at LAX. On February 15, 2024, the Department was awarded a $31 million ATP grant in the 2024 federal fiscal year for the Auxiliary Curbs at ITF West and ITF East at LAX. As of the date of this Official Statement, the Department has started to draw its eligible Infrastructure Grants and ATP grants from the FAA.

A portion of the projects in the Capital Program are expected to be funded from AIP and BIL grants that have not yet been applied for or approved. See "AIRPORT CAPITAL PLANNING" and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT" for additional information about the Department's expectations concerning grants.

The federal government has recently issued a series of executive orders, and the Office of Management and Budget has issued guidance, that suspend or limit federal government funding to state and local entities. Certain of these actions have been the subject of judicial challenges. The Department cannot predict the outcome of future federal administrative actions, legislation or budget deliberations and the impact that such budgets will have on federal funding to the Department. There can be no assurances that the Department will receive federal grants in the amounts or at the times contemplated in the Report of the Airport Consultant. See "CERTAIN INVESTMENT CONSIDERATIONS – Federal Funding"

Customer Facility Charges

The Department currently requires the collection by Concessionaire Rental Car Companies of a CFC from their customers at a rate of $9 per transaction day (limited to five transaction days per rental car contract). For Fiscal Year 2024, the Department collected approximately $70.7 million in CFC revenues. Through June 30, 2024, the Department had collected (including interest earnings) approximately $764.1 million in the aggregate of CFC revenues.

The CFCs collected by the Concessionaire Rental Car Companies on behalf of the Department are permitted under applicable law to finance, design and construct the new ConRAC; to finance, design, construct and operate a common-use transportation system (the APM System and any common transportation shuttle bus system that transports people between the ConRAC and the Central Terminal Area, as described in this Official Statement), as well as acquiring vehicles for use in that system; and to finance, design and construct terminal modifications to accommodate the common-use transportation system.

Pledged Revenues do not include CFC revenues unless otherwise included in Pledged Revenues pursuant to a Supplemental Senior Indenture. The Department has not elected and will not elect (while the LAX CFC Bonds are outstanding) to include CFC revenues in Pledged Revenues nor otherwise pledge CFC revenues to the payment of the Senior Bonds or the Subordinate Obligations. The LAX CFC Bonds are secured by and have a first lien on the CFCs.

For additional discussion regarding CFCs, see "USE OF AIRPORT FACILITIES—Concession and Parking Agreements—Rental Cars" and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT."

FINANCIAL AND OPERATING INFORMATION CONCERNING LAX

Summary of Operating Statements

The following table summarizes the financial results from operations for LAX for Fiscal Years 2020 through 2024. In reviewing the figures in the following table and throughout the Official Statement, it is important to note that revenues are calculated on an accrual basis. See APPENDIX B—"ANNUAL FINANCIAL REPORT OF LOS ANGELES WORLD AIRPORTS (DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES, CALIFORNIA) LOS ANGELES INTERNATIONAL AIRPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023."

TABLE 11
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
HISTORICAL OPERATING STATEMENTS
(Dollars in Thousands)[1]

	2020	2021	2022 (Restated)[2]	2023	2024
Operating revenues:					
Aviation revenue					
Landing fees (net)	$ 258,013[4]	$ 163,437[4]	$ 250,171	$ 327,263[4]	$ 340,991[4]
Building rentals	571,478	599,974	641,360	815,490	919,155
Other aviation revenue[3]	122,857	116,277	117,630	126,736	138,975
Concession revenue	380,331	161,185	366,312	447,478	512,393
Airport sales and services	4,082	3,737	6,011	6,650	9,607
Other operating revenue	3,962	910	962	2,804	2,062
Total operating revenue	$ 1,340,723	$ 1,045,520	$ 1,382,446	$ 1,726,421	$ 1,923,183
Operating expenses:					
Salaries and benefits	$ 532,563	$ 484,581	$ 358,445	$ 435,105	$ 484,046
Contractual services	230,647	181,815	250,716	275,150	301,357
Administrative expense	5,608	(225)	1,862	2,142	2,757
Materials and supplies	55,493	42,191	40,923	42,044	56,738
Utilities	47,334	39,007	48,985	58,879	62,180
Advertising and public relations	3,167	948	1,364	1,098	2,492
Other operating expenses	12,856	9,181	14,344	17,130	27,075
Total operating expenses before depreciation and amortization	$ 887,668	$ 757,498	$ 716,639	$ 831,548	$ 936,645
Income from operations before depreciation and amortization	$ 453,055	$ 288,022	$ 665,807	$ 894,873	$ 986,538
Depreciation and amortization	(445,887)	(451,888)	(629,021)	(689,766)	(757,632)
Operating Income	$ 7,168	$ (163,866)	$ 36,786	$ 205,107	$ 228,906
Non-Operating revenues/(expenses):					
Passenger facility charges	$ 118,023	$ 68,748	$ 124,856	$ 144,322	$ 151,506
Customer facility charges	65,621	32,606	60,991	66,518	70,732
Interest income	75,448	38,008	33,378	130,635	156,954
Change in fair value of Investments	44,490	(35,706)	(105,454)	(47,732)	30,032
Other non-operating revenue	14,286	10,265	10,722	22,123	9,704
Interest expense	(320,892)	(313,797)	(361,110)	(426,326)	(461,543)
Bond expense	(3,424)	(6,210)	(8,419)	(4,945)	(175)
Other non-operating expenses	–	(2,467)	(35)	(68,512)	(11,418)
Net non-operating revenues/(expenses)	$ (6,448)	$ (208,553)	$ (245,071)	$ (183,917)	$ (54,208)
Income before capital grants, and inter-agency transfers	$ 720	$ (372,419)	$ (208,285)	$ 21,190	$ 174,698
Federal grants	85,978	313,032[5]	31,864	387,533[6]	127,534[7]
Change in net position	$ 86,698	$ (59,387)	$ (176,421)	$ 408,723	$ 302,232
Net position, beginning of period	$ 5,715,713	$ 5,802,411	$ 5,743,024	$ 5,566,603	$ 5,975,326
Change in accounting principle and removal of net pension obligation	–	–	-	-	-
Net position, end of period	$ 5,802,411	$ 5,743,024	$ 5,566,603	$ 5,975,326	$ 6,277,558

Footnotes are on the following page.

(1) Totals may not add due to rounding.
(2) Fiscal Year 2022 financial results have been restated in connection with the adoption of Government Accounting Standards Board Statement No. 96 – SBITA.
(3) Includes reimbursement of security-related expenses; TSA revenue pertaining to law enforcement officers and canines presented in non-operating revenue.
(4) Net of reliever airport fee of approximately $3.3 million, $0.8 million, $1.3 million and $1.2 million for Fiscal Years 2024, 2023, 2021 and 2020, respectively.
(5) Fiscal Year 2021 includes The Coronavirus Aid, Relief, and Economic Security ("**CARES**") Act funds.
(6) Fiscal Year 2023 includes Coronavirus Response and Relief Supplemental Appropriations Act of 2021("**CRRSSA**") and American Rescue Plan Act of 2021 ("**ARPA**") funds.
(7) Fiscal Year 2024 includes ARPA funds.

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

See also APPENDIX B—"ANNUAL FINANCIAL REPORT OF LOS ANGELES WORLD AIRPORTS (DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES, CALIFORNIA) LOS ANGELES INTERNATIONAL AIRPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023."

Management Discussion of Fiscal Year 2025 Results to Date

Based on unaudited results for the period from July 1, 2024 through December 31, 2024, operating revenue at LAX totaled approximately $1,051.8 million, which was approximately 3% below budgeted operating revenue of $1,082.2 million, primarily due to lower building rental and landing fee revenue resulting from lower than budgeted actual passenger traffic and landed weight, and approximately 7% above operating revenue of $985.6 million for the corresponding period in Fiscal Year 2024. The increase in operating revenue in Fiscal Year 2025 to date compared to the corresponding period in Fiscal Year 2024 is attributable to increases in terminal rental and common use fees as well as non-aviation revenues such as terminal commercial management, and auto-parking fees. These increases resulted in higher revenues despite decreases in non-aviation revenues such as advertising and food and beverage fees compared to the corresponding period in Fiscal Year 2024.

Based on unaudited results for the period from July 1, 2024 through December 31, 2024, operating expenses at LAX totaled approximately $525.1 million, which was approximately 1% over budgeted operating expenses of $519.9 million and approximately 17% above operating expenses of $449.7 million for the corresponding period in Fiscal Year 2024. The increase in operating expenses in Fiscal Year 2025 to date compared to the corresponding period in Fiscal Year 2024 is attributable to increased salaries and benefits as well as increases in contractual services. However, salaries and benefits and contractual services as well as other administrative costs, are all lower than budgeted for the period from July 1, 2024 through December 31, 2024.

As a result of the foregoing, based on unaudited results for the period from July 1, 2024 through December 31, 2024, operating income before depreciation and amortization totaled approximately $526.7 million, which was approximately 6% lower than budget and approximately 2% lower than budget for the corresponding period in Fiscal Year 2024.

Department Unrestricted and Restricted Funds

As of June 30, 2024, the Department had approximately $1.8 billion in unrestricted cash on hand, which is approximately 689 days cash on hand excluding the Maintenance and Operation Reserve Fund, and approximately 795 days cash on hand including the Maintenance and Operation Reserve Fund, which is subject to change. It is the Department's policy to maintain cash on hand equal to at least one year of Maintenance and Operation Expenses of the Airport System. The Fiscal Year 2023 unrestricted days' cash on hand was 835 days excluding the Maintenance and Operation Reserve Fund and 942 days including the Maintenance and Operation Reserve Fund.

As of June 30, 2024, the Department had approximately $1.8 billion in restricted cash on hand comprised of approximately $128 million in construction funds, approximately $857.7 million in debt service reserve funds, approximately $271.5 million in the Maintenance and Operation Reserve Fund, approximately $58.9 million in debt service funds, approximately $200 million in Customer Facility Charges, approximately $292 million in PFCs and approximately $2.7 million in other restricted funds.

Based on unaudited numbers, unrestricted cash on hand as of December 31, 2024 was approximately $1.6 billion, which is equivalent to approximately 508 days cash on hand excluding the Maintenance and Operation Reserve Fund and reflects a decrease of approximately $219 million compared to unrestricted cash on hand as of December 31, 2023.

Top Revenue Providers and Sources

The following tables set forth the top ten revenue providers at LAX for Fiscal Year 2024.

TABLE 12
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
TOP TEN REVENUE PROVIDERS
FISCAL YEAR 2024
(Dollars in Thousands)[(1)(2)]

	Provider	***Revenue***
1.	Delta Air Lines*	$227,503
2.	American Airlines‡(3)	210,580
3.	United Airlines†	201,864
4.	Southwest Airlines	91,623
5.	Alaska Airlines‡	63,766
6.	DFS Group	61,707
7.	JetBlue Airways	54,708
8.	URW Airports LLC	53,482
9.	Spirit Airlines	51,013
10.	Avis Rent A Car System LLC(4)	37,975

* Member of SkyTeam Alliance.
† Member of Star Alliance.
‡ Member of oneworld Alliance.
(1) Excludes revenue from the federal government. The amounts in this table reflect those amounts billed by the Department to the applicable revenue providers as of June 30, 2024. Excludes rental credits, if any.
(2) For airlines that (i) were party to a completed merger or acquisition, (ii) have received a single FAA certificate and (iii) have completed operational integration, only the surviving entity is presented and the activities for the airlines that are now a part of the surviving airline are included in the information presented.
(3) Includes Envoy, SkyWest and Compass Airlines as American Airlines.
(4) Includes approximately $11.8 million of CFCs collected by Avis Rent A Car System LLC. CFCs are not included in Pledged Revenues.
Source: Department of Airports of the City of Los Angeles.

The following table sets forth top ten revenue sources at LAX for Fiscal Year 2024.

TABLE 13
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
TOP TEN REVENUE SOURCES
FISCAL YEAR 2024[1]
(Dollars in Thousands)

	Source	***Revenue***
1.	Terminal Rentals	$838,134
2.	Net Landing Fees	340,991
3.	Auto Parking	162,045
4.	Land Rentals[2]	122,528
5.	Rental Cars[3]	82,795
6.	Other Building Rentals[4]	81,021
7.	Food, Beverage, Gift, News and Terminal Commercial Managers	80,701
8.	Duty Free Sales	67,369
9.	Transportation Network Companies	39,261
10.	Advertising	36,675

(1) The amounts in this table reflect those amounts received by the Department from the applicable revenue sources as of June 30, 2024.
(2) Consists primarily of rental revenue derived from the ancillary land facilities at LAX.
(3) Excludes Customer Facility Charges which are not included in Pledged Revenues.
(4) Consists primarily of rental revenue derived from cargo, maintenance and other building facilities at LAX.
Source: Department of Airports of the City of Los Angeles.

Budgeting Process

Department management annually submits the Department's proposed budget to the Board for adoption. Department management and staff develop each operating budget after considering a number of factors, including recent years' operating revenue and expense trends, LAX passenger traffic projections, the Department's capital projects (including the issuance of additional debt to finance capital projects), and other Departmental goals and strategic plans. Staff from each of LAX's divisions prepare and submit their preliminary budgets to Department management within the constraints defined by budget staff and submit additional requests for review. Budget hearings are conducted with operating budget staff and the Department's deputy executive directors to discuss past trends and changes in future needs. The Department's executive management team reviews the resulting budget and additional requests and adjustments are made based on expenditure priority and operational need. The final budget is adopted by the Board prior to the beginning of the Fiscal Year. For informational purposes only, the Chief Executive Officer of the Department submits the Department's proposed budget to the Mayor, and for informational purposes only, the Mayor includes the Department's proposed budget as a part of the overall City budget. Neither the Mayor nor the City Council may amend or otherwise change the Department's adopted budget; however, see "THE DEPARTMENT OF AIRPORTS—Oversight." Certain of the Department's payment obligations under the APM Agreement (e.g., the portion of the APM Availability Payments attributable to the costs of operating and maintaining the APM System), like the Department's other contractual obligations, are subject to the Board approving an appropriation of funds as part of the annual budgeting process described herein.

Fiscal Year 2025 Budget. The Board formally adopted the Fiscal Year 2025 operating budget in June 2025.

The Fiscal Year 2025 LAX operating budget projects operating revenues of approximately $2.1 billion, compared to $1.97 billion projected in the Fiscal Year 2024 LAX operating budget. The Department projects LAX aviation revenues of approximately $1.59 billion, compared to $1.45 billion forecasted in the Fiscal Year 2024 LAX operating budget. The Fiscal Year 2025 LAX operating budget projects non-aviation operating revenues of approximately $536 million, approximately 3% higher than forecast in the Fiscal Year 2024 LAX operating budget, as levels of projected passenger traffic remain flat. The Fiscal Year 2025 LAX operating budget projects operating expenses of approximately $1.2 billion, approximately 11.1% higher than the Fiscal Year 2024 LAX operating budget. The Fiscal Year 2025 LAX operating budget does not include appropriations for the Capital Program or other capital improvement projects. Department management will be required to seek approval from the Board for appropriations of funds for certain projects on a project-by-project basis. See "AIRPORT CAPITAL PLANNING." Under the Fiscal Year 2025 LAX operating budget, the Department has budgeted approximately $584 million for salaries, benefits and other payroll expenses for the Department's employees at LAX (compared to approximately $537 million for the Fiscal Year 2024 LAX operating budget) and approximately $88 million for payments to the City for fire service, supplemental police assistance and other support services and personnel costs at LAX. Amounts budgeted for these expenses represent approximately 7.3% of the LAX operating budget for Fiscal Year 2025. Contractual services, including payments for services provided by the City, as described above, are budgeted in the Fiscal Year 2025 LAX operating budget at approximately $399.9 million (representing an increase of approximately 12.4% from the Fiscal Year 2024 LAX operating budget). See also "THE DEPARTMENT OF AIRPORTS—Employees and Labor Relations" and "—Retirement Plan."

The following table sets forth a summary of the operating budget at LAX for Fiscal Year 2025.

TABLE 14
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
SUMMARY OF OPERATING BUDGET
FISCAL YEAR 2025[1]
(Dollars in Thousands)

Operating revenues:	
Aviation revenue	
Landing fees	$ 385,331
Building rentals	1,058,466
Land rentals	116,891
Other aviation revenue	15,726
Concession revenue	496,482
Airport sales and services	9,722
Miscellaneous revenue	2,272
Total operating revenue	$ 2,084,890
Operating expenses:	
Salaries and benefits	$ 574,527
Contractual services	381,317
Materials and supplies	77,919
Utilities	71,227
Other operating expense	49,981
Total operating expenses	$ 1,151,016
Income from operations before depreciation and amortization	$ 933,874

(1) Totals may not add due to rounding.
Source: Department of Airports of the City of Los Angeles.

Debt Service Coverage

The following table shows historical debt service coverage on the Senior Bonds and the Subordinate Obligations for Fiscal Years 2020 through 2024.

TABLE 15
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
HISTORICAL DEBT SERVICE COVERAGE
FISCAL YEARS 2020-2024
(Dollars in Thousands)

	2020	2021	2022 Restated[8]	2023	2024
Pledged Revenues[1]					
Total Operating Revenues	$ 1,340,723	$ 1,045,520	$ 1,382,446	$ 1,726,421	$ 1,923,183
Interest Income[2]	68,220	3,926	(69,353)	26,554	109,904
Build America Bonds Subsidy[3]	7,184	7,158	7,085	6,512	6,460
Non-Operating TSA Revenue	3,216	2,744	2,991	3,072	2,492
Total Pledged Revenues	$ 1,419,343	$ 1,059,348	$ 1,323,169	$ 1,762,559	$ 2,042,039
LAX Maintenance and Operation Expenses[4]	(844,630)	(448,831)	(768,847)	(671,224)	(939,839)
Net Pledged Revenues[5]	$ 574,713	$ 610,517	$ 554,322	$ 1,091,335	$ 1,102,200
Senior Bond Aggregate Annual Debt Service[6]	$ 69,919	$ 52,052	$ 81,435	$ 131,700	$ 138,667
Senior Bond Debt Service Coverage Ratio	8.22x	11.73x	6.81x	8.29x	7.95x
Subordinate Obligations Debt Service[7]	$ 151,062	$ 117,297	$ 149,624	$ 224,207	$ 286,936
Subordinate Obligations Debt Service Coverage Ratio	3.34x	4.76x	3.16x	4.28x	3.36x
Total Debt Service Coverage Ratio	2.60x	3.61x	2.40x	3.07x	2.59x

(1) As defined in the Senior Indenture.
(2) Excludes interest income from PFC revenues, Customer Facility Charges and construction funds.
(3) Represents cash subsidy payments from the United States Treasury received in connection with the Series 2009C Bonds and the Series 2010C Bonds.
(4) As defined in the Senior Indenture. Excludes depreciation and expenses of LAX payable from sources other than Pledged Revenues. Deducted from Maintenance and Operation expenses are net non-cash pension and OPEB expenses of $33.4 million, $59.4 million, $(60.7) million, $(4.8) million and $(3.2) million in Fiscal Years 2020, 2021, 2022, 2023 and 2024, respectively. CARES Act grant money in the amount of approximately $9.7 million and $249.3 million was applied to LAX Maintenance and Operation Expenses in Fiscal Years 2020 and 2021. CRRSAA grant of $8.5 million and $29.1 million in Fiscal Years 2022 and 2023 and ARPA grant of $136.0 million in Fiscal Year 2023 were applied to LAX Maintenance and Operation Expenses. In addition certain ARPA funds were used for tenant rent relief in Fiscal Year 2024.
(5) As defined in the Senior Indenture. Equals Pledged Revenues less LAX Maintenance and Operation Expenses.
(6) Net of approximately $138.9 million, $69.0 million, $30.7 million, $37.7 million and $61.3 million of PFC revenues used in Fiscal Years 2020, 2021, 2022, 2023 and 2024, respectively; and approximately $10.5 million of CARES Act Grant in Fiscal Year 2021 to pay debt service on Senior Bonds. Presentations of the use of PFC revenues to pay debt service on Senior Bonds in this table differ from those in the audited financial statements of the Department due to differences in accounting practices. Also excludes capitalized interest and net of debt service on the Senior Bonds paid with funds other than Pledged Revenues, including proceeds of Senior and Subordinate Bonds issued in Fiscal Years 2022 and 2023.
(7) Net of approximately $4.5 million, $66.8 million, $92.2 million and $68.9 million of PFC revenues in Fiscal Years 2020, 2021, 2022, 2023 and 2024; approximately $42.8 million and $11.4 million of CARES Act grant money used in Fiscal Years 2020 and 2021, to pay debt service on Subordinate Bonds; approximately $2.5 million of CRRSAA grant used in Fiscal Year 2021 and approximately $3.6 million, $7.8 million and $2.4 million of ARPA grant money used in Fiscal Years 2021, 2022 and 2023, respectively, to pay debt service on Subordinate Bonds. Also excludes capitalized interest and net of debt service on the Subordinate Bonds paid with funds other than Pledged Revenues, including proceeds of Senior and Subordinate Bonds issued in Fiscal Years 2022 and 2023. Includes actual debt service with respect to the Commercial Paper Notes.
(8) Fiscal Year 2022 financial results have been restated in connection with the adoption of Government Accounting Standards Board Statement No. 96 – SBITA.

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

Investment Practices of the City Treasurer

All moneys held in the Airport Revenue Fund are currently invested by the City Treasurer in investments authorized by State law. The City Treasurer invests temporarily idle cash for the City, including that of the Department, as part of a pooled investment program (the "**Pool**") which combines general receipts with special funds for investment purposes and allocates interest earnings on a pro rata basis when the interest is earned and distributes interest receipts based on the previously established allocations. Below is a summary of assets of the Pool as of June 30, 2024:

TABLE 16
CITY OF LOS ANGELES POOLED INVESTMENT FUND[(1)(2)]
ASSETS AS OF JUNE 30, 2024
(Dollars in Millions)

Description	*Market Value[(2)]*	*% of Total*	*Department Market Value[(3)]*	*LAX Market Value[(4)]*
Short-Term Core Portfolio				
Commercial Paper	$ 867	6.12%	$ 134	$ 133
U.S. Treasuries	1,717	12.11	265	264
Bank Deposits	339	2.39	53	52
Negotiable Certificate of Deposits	139	0.98	21	21
Corporate Notes	427	3.01	66	66
U.S. Federal Agencies/Munic/Supras	953	6.72	147	146
Total Short-Term Core Portfolio:	$ 4,442	31.33%	$ 686	$ 682
Long-Term Reserve Portfolio				
U.S. Treasuries	$ 7,487	52.80%	$ 1,156	$ 1,148
Corporate Notes	1,541	10.87	238	236
U.S. Federal Agencies/Munic/Supras	466	3.29	73	72
Asset-Backed Securities	243	1.71	37	37
Total Long-Term Reserve Portfolio	$ 9,737	68.67%	$ 1,504	$ 1,493
Total Cash & Pooled Investments	$ 14,179	100.00%	$ 2,190	$ 2,175

(1) Derived from unaudited financial statements; based on General Portfolio Asset Holdings provided by the Office of Finance.
(2) Total amount held by the City in the Pool, including the funds of other departments.
(3) The Department's share of the Pool, including restricted assets; allocated by Financial Reporting Division of the Department.
(4) Inclusive of restricted cash; fund not segregated from other funds in the Pool; allocated by Financial Reporting Division of the Department.
Source: Office of Finance, City of Los Angeles and Department of Airports of the City of Los Angeles, California.

The average life of the investment portfolio in the Pool as of June 30, 2024 was approximately 2.8 years.

The City's treasury operations are managed in compliance with the California State Government Code and a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters and maximum maturity of investments. The City Treasurer indicates that the City does not invest in structured and range notes, securities that could result in zero interest accrual if held to maturity, variable rate, floating rate or inverse floating rate investments and mortgage-derived interest or principal-only strips. See "CERTAIN INVESTMENT CONSIDERATIONS—Enforceability of Remedies; Limitation on Remedies; Effect of City Bankruptcy" and Note 3 – APPENDIX B—"ANNUAL FINANCIAL REPORT OF LOS ANGELES WORLD AIRPORTS (DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES, CALIFORNIA) LOS ANGELES INTERNATIONAL AIRPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023."

Risk Management and Insurance

The Senior Indenture requires that the Department maintain insurance or qualified self-insurance against such risks at LAX as are usually insured at other major airports, to the extent available at reasonable rates and upon reasonable terms and conditions. The Department is not required under the Senior Indenture to carry insurance against losses due to seismic activity and has obtained a waiver of insurance from FEMA and the State Department of Insurance, which means that the Department would be eligible for reimbursement as and if available from FEMA in the event of earthquake losses. The Department has purchased insurance to cover catastrophic property losses with limits of $2.5 billion. Additionally, the Department has purchased insurance coverage for earthquake losses up to $25 million at LAX and $5.0 million at VNY, with no deductible. The Department self-insures for earthquake losses in excess of $30 million.

The Department also purchased $25 million primary Nuclear Chemical Biological Radiological Terrorism insurance coverage; $5 million primary Malicious Assailant insurance coverage; $9 million aggregate and primary excess Law Enforcement Liability insurance coverage; $15 million aggregate and primary excess Public Officials Errors and Omissions Liability insurance coverage; and $10 million aggregate and primary excess Employment Practices Liability insurance coverage.

The Department carries commercial aviation general liability insurance with coverage limits of $1.3 billion for losses arising out of liability for airport operations. The self-insured retention on the commercial aviation general liability coverage is $500,000 per occurrence for bodily injury and property damage. The liability coverage has endorsements to cover third-party bodily injury and property damage claims and suits, on premises automobile coverage, personal and advertising injury coverage, errors and omissions coverage and hangar and aircraft owner’s liability coverage. As a separate coverage agreement, the Department carries employment practices liability insurance with coverage limits of $10 million for protection against employment-related losses, including coverage for defense costs and damages, with a self-insured retention of $1.5 million per occurrence.

The Department carries all-risk property insurance with coverage limits of $2.5 billion for all Department properties. The deductible on this coverage is 5% per insured structure subject to $500,000 per occurrence with no aggregate. The Department’s property insurance also incorporates a special endorsement that provides coverage of $2.0 billion for property losses resulting from acts of terrorism for declared foreign acts of terrorism and “business interruption” losses resulting from a covered property peril as well as terrorism. The Department’s property insurance coverage also incorporates a special endorsement that provides for coverage for “boiler and machinery” losses up to a covered limit of $250.

The Department carries cyber liability, ransomware and technical errors and omissions insurance (subject to a deductible) for protection against cyber liability risks as well as critical financial protection from loss, disclosure, or theft of data in any form, including but not limited to, media and content rights infringement and liability, network security failure, denial of service attacks and transmission of malicious code.

The Department also has purchased excess War and Risk Perils buy-back coverage with limits of $1.0 billion for any one occurrence and in the aggregate. War and Risk Perils coverage includes but is not limited to any act of one or more persons, whether or not agents for a sovereign for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional and any malicious act or act of sabotage. Coverage under the War and Risk Perils endorsement may be terminated at any time by the underwriters and terminates automatically upon the outbreak of war (whether there has been a declaration of war or not) between any two or more of the following: France, the People’s Republic of China, the Russian Federation, the United Kingdom or the United States, and certain provisions of the endorsement are terminated upon the hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force.

The Department maintains an insurance reserve fund pursuant to Board policy. This fund has been established to fund uninsured or under-insured losses or where insurance capacity is unavailable or excessive in cost relative to coverage. This reserve fund would provide primary funding for catastrophic losses with respect to LAX, VNY and Palmdale Land Holdings. As of June 30, 2024, there was approximately $248.2 million in this fund.

Pursuant to the State Labor Code, the State Department of Industrial Relations has provided the City a Certificate of Consent to Self-Insure in connection with its workers' compensation liability. See Note 15 to APPENDIX B—"ANNUAL FINANCIAL REPORT OF LOS ANGELES WORLD AIRPORTS (DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES, CALIFORNIA) LOS ANGELES INTERNATIONAL AIRPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023." Additionally, the Department annually conducts a comprehensive review of its active loss prevention program and risk profile for both general liability and property/casualty perils. This ongoing program seeks to identify, eliminate or mitigate the loss or peril before it becomes a loss or claim and may include benchmarking surveys with other similar domestic U.S. airports as well as examination of probable loss expectancy, exposure studies that incorporate past losses and statistical probabilities of future losses. The results of such reviews are used to establish insurance for coverage perils and limits of coverage.

AIRPORT SYSTEM ENVIRONMENTAL MATTERS

Several significant environmental matters have direct and indirect impacts on the Department and LAX, some of which are described below. These include mitigation of aircraft noise impacts and wildlife hazards, hazardous substance cleanup and clean air requirements. In accordance with Department policy, generally the Department's tenant leases and/or applicable laws provide that tenants are responsible for the costs of remediation of hazardous or other regulated material from Department property and for compliance with applicable laws. However, if a tenant does not comply with these lease requirements and/or applicable laws, and under certain circumstances, the Department could ultimately become responsible for the costs of compliance and/or required environmental cleanup. The timing and aggregate costs of such cleanups cannot be determined at this time, but could be material.

Aircraft Noise Impacts

In the State, commercial airports operate under permits issued by the California Department of Transportation ("**Caltrans**"). Airports within the State are regulated under the State of California Aeronautics Act. The Department maintains a Noise Management Section within the Environmental Programs Division which operates the Department's noise monitoring system and prepares and submits periodic reports to Caltrans as required under applicable law.

The State does not regulate noise generation from aircraft. However, State regulations, commonly known as Title 21, require an airport proprietor that operates an airport with a noise impact area that exceeds specified airport noise standards to apply for and receive a variance. In order to obtain a variance, among other requirements, the airport proprietor must submit a plan showing how the airport expects to work toward compliance with the noise standards.

Compliance measures include sound insulation of certain incompatible structures to reduce the interior noise to acceptable levels, acquisition of incompatible properties located within the noise impact areas and the purchase of noise easements from affected property owners. An application for a new noise variance was submitted to Caltrans in July 2023, and while the application is in process, the previous three-year variance, which expired in August 2023, remains in place per Title 21 until a new variance is granted.

In support of a Noise Mitigation Program, the Department provides funding for land acquisition, residential sound insulation programs, and school sound insulation programs. The goal of these programs is to reduce the number of residences in areas impacted by noise from airport operations through voluntary acquisition of properties and relocation assistance for certain residential neighbors near LAX and acoustic treatment of certain residential dwelling units and targeted school districts. Acoustic treatment generally includes replacing doors and windows, caulking, and additional weather-stripping.

For the period from November 1997 through and including June 30, 2024, the FAA approved the collection and use of PFC revenues in the amount of approximately $1.06 billion for Noise Mitigation Programs, which consist of $30.9 million for reimbursement of eligible expenditures related to the Lennox Schools and approximately $66.1 million for Inglewood Unified School District's sound insulation programs, and $963.3 million for Noise Mitigation – Land Acquisition for incurred costs for the Voluntary Residential Land Acquisition in the Manchester Square and Belford neighborhoods near LAX and the residential Noise Mitigation Program to sound insulate residences in Los Angeles County, the City of Los Angeles, the City of El Segundo and the City of Inglewood.

As of June 30, 2024, the Department has expended approximately $1.02 billion of PFC revenues in connection with the residential Noise Mitigation Program and for funding of eligible expenditures related to the Lennox and Inglewood Unified Schools' sound insulation programs. See "CERTAIN FUNDING SOURCES—Passenger Facility Charges" and "AIRPORT CAPITAL PLANNING—Financing the Capital Program."

The Cities of Los Angeles and Culver City have initiated a judicial petition for review of certain actions taken by the FAA in connection with recent changes to procedures that affect incoming aircraft flying over certain portions of the City on their way to LAX. The challenges relate to the environmental review and public comment process. In July 2021, the United States Court of Appeals for the Ninth Circuit held that the FAA needed to undertake an environmental review process of the changes made to the procedures and ensure that the public could participate in the process. The court also held that during the environmental review process, the changes made by the FAA could stay in place. The Department was not a participant in the case. In February 2024, the FAA filed the Final Air Traffic Environmental Review and Categorical Exclusion/Record of Decision for 2018 Amendments to certain arrival routes to LAX, which addressed the Ninth Circuit Court's finding that the FAA violated NEPA, NHPA, and Section 4(f) of the DOT Act with the implementation of the changes to those arrival routes in 2018.

Hazardous Substances

Airport operations involve the storage and use of a number of materials that are defined, or may in the future be defined, as hazardous under various federal, state, and local regulations. Petroleum products, predominantly jet fuel, comprise the majority of hazardous materials used at Department facilities. The majority of these materials are used by the Department's tenants in the normal course of their operations. However, the Department's own operations also include the storage and use of certain hazardous substances. Federal, State and local agencies also exercise responsibility related to the accidental discharge of hazardous materials.

The Department has an Environmental Programs Division tasked with performing soil and groundwater investigations, site remediation monitoring, storm water pollution prevention, Endangered Species Act compliance, air quality compliance and managing other environmental compliance programs and projects. The Department's Airport Operations group manages the wildlife hazard mitigation program. The Environmental Programs Division also monitors underground and above-ground storage tanks and hazardous substances and performs the mandated regulatory reporting on these programs. In the course of such investigations and monitoring, the Department may discover previously unknown contamination. No assurance can be given that the remediation costs for any such contamination will not be material.

The Department conducts annual inspections of tenant and Department operations at LAX, regarding compliance with the Department's National Pollutant Discharge Elimination System Storm Water Permit for Industrial Facilities (the "**Storm Water Discharge Permit**"), issued by the State Water Resources Control

Board ("**SWRCB**"), Los Angeles Regional Water Quality Control Board ("**LARWQCB**") at LAX. These inspections seek to confirm compliance with the Storm Water Discharge Permit. The Department is also subject to regulation under the Construction Storm Water Permit, the City's Municipal Separate Storm Sewer System (MS4) Permit, storm water City ordinances, the City's Municipal Wastewater Permit and Industrial Waste Permits for certain sewer discharges. The Department maintains records of all known areas where hazardous materials have been accidentally discharged. The Department works cooperatively with the relevant regulatory agencies to confirm that the responsible tenants are remediating contamination caused by their operations. There are, currently, two major remediation programs in place at LAX. One program involves the release of jet fuel to groundwater underlying LAX. The tenant at the time of the release, Continental Airlines (now merged with and into United Airlines), has accepted responsibility for the remediation and active remediation systems are in place at the direction of LARWQCB.

The Park One Property is also environmentally impacted and the subject of the second major remediation project. From approximately 1941 to 1988, the Park One Property was used for aerospace manufacturing, and included the use of chlorinated solvents. As a result, the soil and groundwater were impacted, including with volatile organic compounds and 1,4-dioxane. LARWQCB is currently providing regulatory oversight of investigation and remediation of this contamination. In or about 1991, soil remediation activities were conducted on most of the Park One Property. In 1993, LARWQCB issued a letter stating that contaminated soils in all areas covered by site investigations except the northwest quadrant had been adequately addressed. Currently, the remediation plan for the remaining portion, approximately the northwest quadrant, is being reconsidered by LARWQCB. As part of the acquisition transaction for the Park One Property, the Department became the assignee under an Indemnity Agreement entered into by Allied-Signal, Inc., now known as Honeywell International, Inc. ("**Honeywell**") which covers, among other things, certain indemnification for soil and groundwater contamination. Honeywell has been investigating the groundwater contamination beneath and offsite from the Park One Property. The Department expects Honeywell to continue its remediation of the soil contamination and investigation of the groundwater contamination and to design and implement requisite groundwater clean-up work. Currently, and from time to time, there are smaller remediation projects in place at LAX.

The Department owns and operates underground storage tanks at LAX and VNY to provide for Department-owned vehicle fueling, emergency generator fueling, waste oil storage and fuel for the LAX aircraft fire drill site. Other ongoing investigations and assessments are being performed by the Department related to, among other things, fueling assets acquired from bankruptcy of tenants or other means where petroleum may have been released. Smaller scale clean-ups are conducted when hazardous substances are released.

The group of chemicals known as Per- and Polyfluoroalkyl Substances ("**PFAS**"), which includes perfluorooctanoic acid ("**PFOA**"), perfluorooctane sulfonic acid ("**PFOS**"), GenX chemicals and others, are found in numerous products, used in many manufacturing processes, and also in aqueous fire-fighting foam ("**AFFF**") at airports and military bases across the country. While AFFF is effective in smothering fuel fires, a new military specification for fluorine-free foam has been developed with new product now available on the Qualified Products List. In compliance with California's SB-1044, the Los Angeles Fire Department has transitioned to the use of fluorine-free foam and no longer uses AFFF at LAX and VNY in their firefighting apparatus. As permitted, the LAXFuel fuel farm at LAX continues to use AFFF until a suitable fluorine-free foam for that use is identified and available.

In April 2024 the United States Environmental Protection Agency (U.S. EPA) established drinking water Maximum Contaminant Levels for six PFAS compounds and the State of California adopted Public Health Goals for two PFAS compounds. In July 2024, the U.S. EPA designated PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). The Department was directed by LARWQCB to sample at two locations at LAX for PFAS in groundwater. Levels in groundwater at these sites in 2017 ranged from approximately 200 PPT to 1,700 PPT with no discernible plume pattern or gradient. In March 2019, the Department received a Water Code Section

13267 Order from SWRCB and LARWQCB for investigation of the presence of PFAS at LAX. The order was part of a statewide phased investigation plan regarding PFAS, with orders initially issued to all Part 139 airports in California that are required by the FAA to use AFFF fire-fighting foam for training or response. Subsequent investigations completed in October 2019 and August 2020 found PFAS chemicals in soil and groundwater samples at four locations. Two of those four locations were found to have impacted groundwater but no source for the contamination. Of the other two locations, the extent of soil contamination has been defined at a former fire drill site at LAX. Additional investigations were undertaken in 2022 and 2023, including soil testing and the installation of two wells. While PFAs concentrations in groundwater at one site were generally consistent with previously detected concentration, PFAs concentrations at another site were an order of magnitude higher.

Subsequent monitoring was performed, with the most recent being in the third quarter of 2024. The groundwater monitoring data indicate potential comingling of PFAS concentrations from the fire drill sites and background concentrations from the surrounding area. Concentrations of PFAS are not delineated to non-detect levels and are not anticipated to be with further monitoring of the existing on-Site wells. As a result, and since quarterly groundwater monitoring for one year has been completed as proposed in the LARWQCB approved Work Plan, no further groundwater monitoring is planned at this time. The Department is awaiting LARWQCB review of its most recent report.

No assurance can be given that future environmental legislation, regulations, restrictions or limitations will not adversely impact operations at LAX, anticipated federal funding or PFC collections for capital projects for LAX or Pledged Revenues, Net Pledged Revenues or Subordinate Pledged Revenues.

Emission Standards

Air emissions associated with airport activities are governed by a number of federal, State and local regulations. Most notable of these are the federal Clean Air Act (the "**FCAA**") and the California Clean Air Act (the "**CCAA**"), Assembly Bill 32, the California Global Warming Solutions Act of 2006 ("**AB 32**"), and various rules and regulations promulgated by the South Coast Air Quality Management District ("**SCAQMD**"). LAX-owned stationary equipment that produces or controls emissions currently operates under a Title V operating permit issued by SCAQMD.

The Department is subject to various mitigation measures designed to reduce emissions from airport operations at LAX, including, among other measures: provisions for all airline and tenant ground service equipment to meet low emission goals; providing ground power and preconditioned air at all passenger loading gates, allowing aircraft to shut off their auxiliary power units; installing ground power at all cargo operations and hangar areas, allowing aircraft at cargo and maintenance operations areas to shut off their auxiliary power units; provisions for medium and heavy-duty vehicles in operation at LAX to meet low emission goals; and reducing construction emissions through the use of low polluting construction equipment and exhaust emission controls.

On November 7, 2019, the Board approved a set of air quality improvement measures (the "**AQIM**") developed in consultation with SCAQMD. The AQIM outlines measures the Department plans to take to reduce emissions of NOx from airport operations and includes a Memorandum of Understanding with SCAQMD (the "**SCAQMD MOU**") which provides for the Department to implement specific air quality improvement measures (i.e., the Ground Support Equipment Emissions Reduction Program, the LAX Alternative Fuel Vehicle Incentive Program, and the conversion of Department-owned buses to zero-emission vehicles) and quantify emissions from those measures to assist SCAQMD in obtaining reductions for such measures to meet SCAQMD's obligations under the FCAA and CCAA. The Department is implementing the SCAQMD MOU, the AQIM and related air quality improvement measures at LAX.

The Department has conducted an extensive air quality analysis and adopted numerous mitigation measures designed to reduce the air quality impacts associated with implementation of the Department's

Capital Program. For each project undertaken, the Department must disclose project level air quality environmental impacts under a project specific CEQA study.

AB 32 and related California legislative action specifically regulates the release of certain greenhouse gas ("**GHG**") emissions from stationary sources within the State. The Mandatory Reporting requirement under AB 32 requires facilities that generate greater than 10,000 metric tons of carbon dioxide equivalent ("**MtCO2e**") per year to report their GHG emissions. The Department owns and operates a cogeneration plant at LAX along with other stationary sources in the facility (e.g., natural gas boilers and heaters). The Department complies in all material respects with all requirements under AB 32. In addition to the AB 32 Mandatory Reporting requirement, the Department also must report its GHG emissions to the EPA. Since 2011, the Department has reported its GHG emissions from these sources in substantial compliance with applicable requirements. The State Attorney General's Office has been using CEQA aggressively to apply the provisions of AB 32 to local and regional plans as well as to projects. Project level CEQA analysis prepared for projects at LAX must include an analysis of the project's potential GHG emissions and impacts. Since January 2013, facilities such as LAX that are subject to the Mandatory Reporting requirement under AB 32 are required to comply with the California Cap and Trade Program applicable to certain sources of GHG emissions in the State such as refineries, power plants, industrial facilities and transportation fuels. The California Cap and Trade Program includes an enforceable GHG cap that will decline over time. Under the California Cap and Trade Program, the California Air Resources Board ("**CARB**") distributes GHG allowances, which are tradable permits, equal to the emission allowed under the cap. The Department is required to obtain emission allowances for annual emissions at LAX. These emission allowances can be obtained by way of free allocation from CARB, through purchase from the secondary market and CARB auction, and reserve sale. The cost to the Department of obtaining required emissions allowances is dependent on the actual emissions generated at LAX and the price fluctuations in the market for emissions credits. The Department expects to recoup the cost of purchasing emission credits through landing fees at LAX and/or LAX terminal rates and charges, as applicable. The consequences of not meeting an annual compliance obligation can include enforcement actions and penalties equivalent to four times the facilities' excess emissions. Various industries throughout the State may seek to purchase emission allowances to comply with the Cap-and-Trade Program, which may cause the price of allowances to increase. As of August 2024, the emission allowance price was approximately $30 per MtCO2e. LAX emits on average approximately 32,000 MtCO2e annually when fully operational. The Department's purchase of allowances may vary and no assurance can be given that such costs will not be material.

SCAQMD imposes rules and regulations specifically targeted at various air pollutants and types of operations such as hydrant fueling, private vehicle fueling, power generators, boilers and the use of various volatile organic chemical containing materials. The LAX Central Utilities Plant is a co-generation plant providing electricity and cooling/heating to the Central Terminal Area. SCAQMD requires continuous emissions monitoring and stringent environmental oversight of the Central Utilities Plant (a power generating plant). The Department's Environmental Programs Division includes an Air Quality Section with four full-time professional staff assigned to maintain compliance with the various rules and regulations.

See also "THE DEPARTMENT OF AIRPORTS—Sustainability Initiatives," "AIRPORT CAPITAL PLANNING," "CERTAIN INVESTMENT CONSIDERATIONS—Regulations and Restrictions Affecting LAX; Climate Change."

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Series 2025DEF Subordinate Bonds involve investment risk and may not be suitable for all investors. Prospective investors are urged to read this Official Statement, including its appendices, in its entirety. The factors set forth in this Official Statement, among others, may affect the security for and/or trading value of the Series 2025DEF Subordinate Bonds. The information contained in this Official Statement relates solely to the Series 2025DEF Subordinate Bonds and speaks only as of the date of this Official Statement. The information in this Official Statement does not purport to be a comprehensive or *complete discussion of all risks or other considerations that may be relevant to an investment in the Series 2025DEF Subordinate Bonds. Other factors may exist which may be material to investors based on their respective individual characteristics. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. Additional risk factors relating to the purchase of Series 2025DEF Subordinate Bonds are described throughout this Official Statement, whether or not specifically designated as risk factors. Additional risks and uncertainties not presently known, or currently believed to be immaterial, may also materially and adversely affect, among other things, Pledged Revenues, Net Pledged Revenues, or Subordinate Pledged Revenues or individual investors. In addition, although the various risks discussed in this Official Statement are generally described separately, prospective investors of the Series 2025DEF Subordinate Bonds should consider the potential effects of the interplay of multiple risk factors which could occur concurrently. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased. There can be no assurance that other risks or considerations not discussed in this Official Statement are or will not become material in the future.*

General

The revenues of the Department are affected by the economic health of the air transportation industry and the airlines serving the Airport System. Certain factors that may materially affect the Airport System and the Department's operations and revenues include, but are not limited to: (i) public health risks, such as COVID-19; (ii) national and international economic conditions and currency fluctuations; (iii) the population growth and the economic health of the region and the nation; (iv) the financial health and viability of the airline industry; (v) air carrier service and route networks; (vi) the availability and cost of aviation fuel and other necessary supplies; (vii) changes in demand for air travel; (viii) service and cost competition; (ix) levels of air fares; (x) fixed costs and capital requirements; (xi) the cost and availability of financing, including federal funding; (xii) the capacity of the national air traffic control system; (xiii) the capacity of the Airport System and of competing airports; (xiv) alternative modes of travel and transportation substitute;, (xv) national and international disasters and hostilities; (xvi) the cost and availability of employees; (xvii) labor relations within the airline industry and the availability of labor generally; (xviii) regulation by the federal government; (xix) evolving federal restrictions on travel to the United States from certain countries; (xx) environmental risks and regulations, noise abatement concerns and regulations, emissions standards and regulations and the effects of climate change; (xxi) bankruptcy and insolvency laws; and (xxii) aviation safety and security concerns, cybersecurity and other safety concerns arising from international conflicts, the possibility of terrorist or other attacks and other risks (including the impact of such attacks on other airports that have flights to or from LAX, as well as the possibility of the closure of those airports for a period of time).

Worldwide Health Concerns

Travel restrictions, as well as other public health measures. may be imposed to limit the spread of communicable diseases that may arise. The COVID-19 pandemic had an adverse effect on domestic and international travel and a number of travel-related industries, and has severely and broadly disrupted local and global economies.

Other previous travel alerts or advisories include the 20l6 travel alert by the U.S. Centers for Disease Control and Prevention, warning pregnant women to avoid travel to areas where outbreaks of the Zika virus, which was linked to birth defects, were occurring. In 2009, WHO and the U.S. Department of Health and Human Services (through the Secretary of the Department of Homeland Security) declared public health emergencies as the result of the outbreaks of a serious strain of H1N1 influenza. In spring 2003, there was an outbreak of a serious strain of bird flu in Asia and Canada called Severe Acute Respiratory Syndrome. or "SARS".

Future outbreaks or pandemics may lead to a further decrease in air traffic, at least for a temporary period, which in turn. could cause a further decrease in passenger activity at the Airport and a corresponding decline in Revenues. A disruption to the global supply chain due to a pandemic can also stall manufacturing and construction operations, which in turn could interfere with the implementation of the Airport Capital Program and other operations, or the operations of the airlines operating at LAX.

Demand for Air Travel, Aviation Activity and Related Matters

The Senior Bonds are payable solely from Net Pledged Revenues and other available funds. The Subordinate Obligations are payable solely from Subordinate Pledged Revenues and other available funds. Net Pledged Revenues, Subordinate Pledged Revenues, PFC revenues and CFC revenues depend significantly on the level of aviation activity, enplaned passenger traffic at LAX and passenger spending at airport facilities.

Air travel demand has historically correlated to the national economy, generally, and consumer income and business profits in particular. The long-term implications of recent economic, public health and political conditions are unclear. A lack of sustainable economic growth or unexpected events could negatively affect, among other things, financial markets, commercial activity and consumer spending.

Economic conditions throughout the world and in the United States, the State and the Los Angeles CSA influences the demand for passenger and cargo services at LAX. Consequently, economic assumptions that underlie the projections of enplaned passengers in this Official Statement and the Report of the Airport Consultant are based on a review of global, national, State and regional economic projections, as well as analyses of historical socioeconomic trends and airline traffic trends. See APPENDIX A—“REPORT OF THE AIRPORT CONSULTANT.”

The level of aviation activity and enplaned passenger traffic at LAX depend upon and are subject to a number of factors, including those discussed above and other economic and political conditions; international hostilities; world health concerns; aviation security concerns, including criminal and terrorist incidents; federal government-mandated security measures; accidents involving commercial passenger aircraft; airline service and routes; airline airfares and competition; capacity of and changes to (including any privatization of) the national air traffic control and airport systems; reliability of air service; business travel substitutes, including teleconferencing, videoconferencing and web-casting; consumer price sensitivity; environmental consciousness; changes in law and the application thereof, among others.

In addition, competition from other airports and from alternative modes of transport from the Los Angeles CSA to certain destinations may impact aviation activity and enplaned passenger traffic at LAX. See APPENDIX A—“REPORT OF THE AIRPORT CONSULTANT” for a description of other airports operating in the Los Angeles CSA.

In addition to revenues from airlines, the Department derives a substantial portion of its revenues from concessionaires including parking operations, terminal commercial manager concessions, duty free concessions, food and beverage concessions, retail concessions, rental cars and TNCs. See “USE OF AIRPORT FACILITIES—Concession and Parking Agreements.” Declines in passenger traffic or changes in the way passengers transact with concessionaires have adversely affected and may in the future adversely affect the commercial operation of concessionaries and alter the mix of revenues at LAX. While the Department’s agreements with concessionaires require the concessionaires to pay a minimum annual guaranty, severe financial difficulties for a concessionaire could lead to a failure by one or more concessionaires to make payments required under such concession agreements and/or interrupt such concessionaires’ operations. See “—Financial Condition of the Airlines; Effect of Airline Industry Consolidation; Effect of Airline and Counterparty Bankruptcies,” and APPENDIX A—“REPORT OF THE AIRPORT CONSULTANT.”

Prior to the COVID-19 pandemic, revenues from TNCs represented an increasing portion of LAX Revenues and may have been contributing to a change in revenue sources, away from parking, rental cars, taxis and limousines. Emerging technologies, including autonomous vehicles and new transportation business strategies, may contribute to additional changes in the Department’s revenue sources. There can be no assurance that these changes will not adversely affect the Department’s revenues.

Many of these factors are outside the Department's control. A number of these factors are discussed in APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT."

Industry Workforce and Labor Shortages

From time to time, workforce and labor shortages (including pilots, flight attendants, mechanics and other personnel) have resulted in difficulties in certain airlines restoring and maintaining routes and generally providing service. The shortage of pilots available to regional airlines may result in reduced service to some smaller U.S. markets. In addition to the pilot shortage, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is a result of an aging pool of mechanics, a large number of which are expected to retire in the next decade, and a lack of younger people joining the ranks of the mechanics. A shortage of mechanics could raise the cost of maintenance, require airlines to maintain more spare planes and/or result in increased flight cancellations and delays.

General labor staffing shortages have also affected the airline industry and the FAA. Over the last few years, numerous airlines have cancelled thousands of flights attributed to bad weather, staffing shortages and air traffic control issues, among other things.

Labor shortages or discord among labor, including strikes, within the Department or the Airport System, or other industries affecting or relating to the Department's operations and finances, could adversely impact the Department's operations or finances.

Aviation Fuel Costs

Fuel is a significant cost component of airline operations and continues to be an important and uncertain determinant of an air carrier's operating economics. Historically, aviation fuel prices have been particularly sensitive to worldwide political instability (such as the current conflict in Ukraine and the resulting sanctions that have been brought against Russia and its oil production). Continued or new hostilities in petroleum producing regions or affecting key shipping lanes or other supply chain disruptions or the potential of tariffs could dramatically increase the price and adversely affect the availability of aviation fuel. Significant and prolonged increases in the cost of aviation fuel have had and are likely in the future to have an adverse effect on the air transportation industry by increasing airline operating costs and reducing airline profitability.

Financial Condition of the Airlines; Effect of Airline Industry Consolidation; Effect of Airline and Counterparty Bankruptcies

Financial Condition of the Airlines. The ability of the Department to generate Pledged Revenues, Net Pledged Revenues and Subordinate Pledged Revenues depends, in part, upon the financial health of the aviation industry. The economic condition of the industry has historically been volatile, and the aviation industry has undergone significant changes, including mergers, acquisitions, bankruptcies and closures in recent years. Furthermore, the aviation industry is sensitive to a variety of factors, including the cost and availability of labor, fuel, aircraft, supplies and insurance; general economic conditions; international trade; currency values; competitive considerations, including the effects of airline ticket pricing; traffic and airport capacity constraints; governmental regulation, including security and climate change-related regulations; taxes imposed on airlines and passengers; maintenance and environmental requirements; passenger demand for air travel; strikes and other union activities; availability of financing; and disruptions caused by airline accidents, technology failures, prolonged adverse weather conditions, criminal incidents, public health concerns and acts of war or terrorism. See "AIRLINE INDUSTRY INFORMATION."

Due to the discretionary nature of business and personal travel spending, airline passenger traffic and revenues are influenced by the state of the national economy (see the factors discussed in "—Demand for Air Travel, Aviation Activity and Related Matters"), other regional and world economies, business profitability, security concerns and other factors. The Department does not make any representation concerning the financial health of any airline, and no assurance can be given regarding the impact, if any, that future unfavorable events affecting airline users or the airline industry generally might have upon Pledged Revenues, Net Pledged Revenues, Subordinate Pledged Revenues or the Department.

The aviation industry is cyclical and subject to intense competition and variable demand. Aviation industry related performance has been volatile. There can be no assurance that weak economic conditions or other national and international fiscal concerns would not have an adverse effect on the air transportation industry while the Series 2025DEF Subordinate Bonds remain outstanding.

Consolidation of Airline Industry. The airline industry continues to evolve as a result of competition and changing demand patterns and it is possible that the airlines serving LAX could further consolidate operations through acquisition, merger, alliances, and code share sales strategies.

Airline consolidation has also occurred through the creation of global alliances and joint ventures. Airlines worldwide have increasingly sought to increase revenues, share costs and expand the reach of their route networks by developing international partnerships through multilateral alliances or joint ventures.

Additionally, seat capacity has become more concentrated among fewer airlines. The three largest United States network airlines, as measured by the number of enplaned passengers (American Airlines, Delta Air Lines, and United Airlines), currently have a strong presence at LAX, and as indicated in each airline's share of enplaned passengers for Fiscal Year 2024: Delta Air Lines (19.74%), American Airlines (15.1%), and United Airlines (15.1%).

Depending on which airlines serving LAX, if any, merge or join alliances, the result may be fewer flights by one or more airlines, which decrease could be significant.

Such decreases could result in reduced Pledged Revenues, Net Pledged Revenues and Subordinate Pledged Revenues, reduced PFC collections and increased costs for the airlines and concessionaires serving LAX. It is not possible at this time to predict the effect on gate usage at LAX, or the corresponding impact on Pledged Revenues, Net Pledged Revenues, Subordinate Pledged Revenues, PFC collections or airline or concessionaire costs, as a result of unknown potential airline consolidations.

Unmanned Aerial Vehicles. With the proliferation of inexpensive, commercially available, unmanned aerial vehicles ("**UAVs**"), or drones, the threat that unauthorized and unsafe UAV operations near airports could adversely affect the safety or security of U.S. airports and arriving or departing aircraft has increased significantly in recent years. There can be no assurance, however, that in the future, unauthorized UAV activity will not adversely affect LAX operations.

Effect of Contractual Counterparty Bankruptcies. A number of airlines and concessionaires (i.e., rental car companies) that served or are currently serving LAX have filed for bankruptcy protection in the past and may do so in the future. (Spirit Airlines is currently in bankruptcy proceedings, but continues to operate at LAX.) Historically, bankruptcies of airlines operating at LAX have resulted in transitory reductions of service levels, even in cases where such airlines continued to operate in bankruptcy. Future bankruptcies, liquidations or major restructurings of other airlines and/or concessionaires or other contractual counterparties may occur. While it is not possible to predict the impact on LAX of future bankruptcies, liquidations or major restructurings of contractual counterparties (including contractors for LAX construction projects), if a contractual counterparty has significant operations or obligations at LAX, its bankruptcy, liquidation or major restructuring could have a material adverse effect on revenues of the Department, operations at LAX, the costs to other contractual counterparties to operate at LAX (as, for instance, certain costs allocated to any such airline or concessionaire may be passed on to the remaining airlines or concessionaires under their respective agreements and there can be no assurance that such other contractual counterparties would be financially able to absorb the additional costs) and may result in delays or reductions in payments on Senior Bonds and Subordinate Obligations (including the Series 2025DEF Subordinate Bonds). The bankruptcy of a contractual counterparty (such as an airline or rental car company) may allow, over the long term, such counterparty to reduce its costs or improve its profitability, thus incentivizing similar contractual counterparties to consider bankruptcy protection to remain competitive.

In the event of a bankruptcy by a contractual counterparty operating at LAX, the automatic stay provisions of the United States Bankruptcy Code (the "**Bankruptcy Code**") could prevent (unless approval of the Bankruptcy Court was obtained) an action to collect amounts owing by the contractual counterparty to the Department or other actions to enforce the obligations of the contractual counterparty to the Department and/or the City (e.g., requirements to make capital investments under the applicable agreements). With the authorization of the Bankruptcy Court, the contractual counterparty may be able to repudiate some or all of its agreements with the Department and/or the City and stop performing its obligations (including payment obligations) under such agreements. The contractual counterparty may be able, without the consent and over the objection of the Department and/or the City, the Senior Trustee, the Subordinate Trustee and the holders of the Senior Bonds and the Subordinate Obligations (including the Series 2025DEF Subordinate Bonds), to alter the terms, including the payment terms, of its agreements with the Department and/or the City as long as the Bankruptcy Court determines that the alterations are fair and equitable. In addition, with the authorization of the Bankruptcy Court, the contractual counterparty may be able to assign its rights and obligations under any of its agreements with the Department and/or the City to another entity despite any contractual provisions prohibiting such an assignment. The Senior Trustee, the Subordinate Trustee, and the holders of the Senior Bonds and the Subordinate Obligations (including the Series 2025DEF Subordinate Bonds), as applicable, may be required under the Bankruptcy Code to return to the contractual counterparty as preferential transfers any money that was used to make payments on the Senior Bonds or the Subordinate Obligations (including the Series 2025DEF Subordinate Bonds) and that was received by the Department from the contractual counterparty during the 90 days immediately preceding the filing of the bankruptcy petition. Claims by the Department and/or the City under any agreement with such contractual counterparty may be subject to further limitations under the Bankruptcy Code.

Pursuant to the PFC Acts, the FAA has approved the Department's applications to require the airlines to collect and remit to the Department a PFC on each enplaning revenue passenger at LAX. See "AIRPORT CAPITAL PLANNING—Financing the Capital Program." The PFC Acts provide that PFC revenues collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Department) imposing the PFC revenues, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. The airlines, however, are permitted to commingle PFC collections with other revenues and are also entitled to retain interest earned on PFC collections until such PFC collections are remitted. The bankruptcy courts have not fully addressed such trust arrangements. Therefore, the Department cannot predict how a bankruptcy court might rule on this matter in the event of a bankruptcy filing by one of the airlines operating at LAX. Regardless, the Department could be held to be an unsecured creditor with respect to unremitted PFC revenues held by an airline that has filed for bankruptcy protection. Additionally, the Department cannot predict whether an airline operating at LAX that files for bankruptcy protection would have properly accounted for the PFC revenues owed to the Department or whether the bankruptcy estate would have sufficient moneys to pay the Department in full for the PFC revenues owed by such airline. See "AIRPORT CAPITAL PLANNING—Financing the Capital Program" and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT" for additional information about the Department's expected use of PFC revenues.

CFC revenues collected by the rental car companies at LAX may constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Department) imposing the CFC, except for any handling fee or retention of interest collected on unremitted proceeds. The rental car companies may be permitted to commingle CFC collections with other revenues and may be entitled to retain interest earned on CFC collections until such CFC collections are remitted. The bankruptcy courts have not fully addressed such trust arrangements. Therefore, the Department cannot predict how a bankruptcy court might rule on this matter in the event of a bankruptcy filing by one of the rental car companies operating at LAX. Regardless, the

Department could be held to be an unsecured creditor with respect to unremitted CFC revenues held by a rental car company that has filed for bankruptcy protection. Additionally, the Department cannot predict whether a rental car company operating at LAX that files for bankruptcy protection would have properly accounted for the CFC revenues owed to the Department or whether the bankruptcy estate would have sufficient moneys to pay the Department in full for the CFC revenues owed by such rental car company. See "USE OF AIRPORT FACILITIES—Concession and Parking Agreements—Rental Cars" and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT" for additional information about the Department's expected use of CFC revenues.

With respect to a contractual counterparty in bankruptcy proceedings in a foreign country, the Department is unable to predict what types of orders and/or relief could be issued by foreign bankruptcy tribunals, nor the extent to which any such orders would be enforceable in the United States.

Other possible effects of a bankruptcy of a contractual counterparty include, but may not be limited to, delays or reductions in revenues received by the Department and potentially in delays or reductions in payments on the Series 2025DEF Subordinate Bonds. Regardless of any specific adverse determinations in a contractual counterparty bankruptcy proceeding, the fact of a contractual counterparty bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2025DEF Subordinate Bonds. To date, the Department has not incurred any material losses from recent contractual counterparty bankruptcies. See also "USE OF AIRPORT FACILITIES" regarding performance guaranties required by the Department.

The Department makes no representation with respect to the continued viability of any of the carriers or contractual counterparties serving LAX, airline service patterns, or the impact of any contractual counterparty failures on the Net Pledged Revenues, Subordinate Pledged Revenues and PFC or CFC collections.

Aviation Safety; Security Concerns; Cyber Security

Concerns about the safety of airline travel and the effectiveness of security precautions may influence, and in some instances have influenced, passenger travel behavior and air travel demand, particularly in light of recent aviation safety incidents, fatal crashes of aircraft, existing international hostilities, potential terrorist attacks and world health concerns, including epidemics and pandemics.

Aviation Safety. The Boeing 737 MAX aircraft (the "**MAX**") was grounded in March 2019 after fatal crashes of that aircraft that were suspected to have been caused by malfunctions of the automated flight control system. In November 2020, the FAA issued an order enabling MAX aircrafts to resume operations upon receipt of FAA airworthiness certificates and export certificates of airworthiness. The FAA also published an Airworthiness Directive, which specifies design changes that must be made before the MAX may return to service. The MAX has since returned to service in the United States without further incident. The U.S. DOT inspector general issued a report in February 2021 with 14 recommendations for the FAA to implement to improve the certification process for future new planes. While the grounding has not caused significant flight cancellations at the Airports, safety concerns of travelers and future aircraft grounding could, in the future, impact airlines serving the Airports.

On April 9, 2021, Boeing warned airlines of a new possible electrical insulation fault in the recent production of some MAX planes. The top three U.S. MAX operators – Southwest Airlines, American Airlines and United Airlines – removed a total of 63 jets from service following the notice from Boeing. At the FAA's request, Boeing supplied analysis and documentation showing that numerous MAX subsystems would not be affected by electrical grounding issues. The FAA reviewed Boeing's analysis and approved the service bulletins sent to airlines on May 13, 2021.

Security Concerns. As a result of terrorist activities, certain international hostilities and risk of violent crime, the Department has implemented enhanced security measures mandated by the FAA, the TSA, the Department of Homeland Security and Airport management. Current and future security measures may create significantly increased inconvenience, costs and delays at LAX which may give rise to the avoidance of air travel generally and the switching from air to ground travel modes and may adversely affect the Department's operations, expenditures and revenues.

LAX has been the target of a foiled terrorist bombing plot, has been recognized as a potential terrorist target and has been the scene of a shooting where a TSA officer was killed and several other people were injured in 2013. Recent incidents at United States and international airports underscore this risk. LAX is a high profile public facility in a major metropolitan area. The Department cannot predict whether LAX or any of the Department's other airports will be actual targets of terrorists or other violent acts in the future.

Cyber Security. Computer networks and data transmission and collection are vital to the efficient operation of the airline industry. Air travel industry participants, including airlines, the FAA, the TSA, the Department, concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air travel industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Breaches and disruptions have occurred in the airline industry generally. Any such disruption, access, disclosure or other loss of information could result and have resulted in disruptions in the efficiency of the air travel industry, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, operations and the services provided, and could cause a loss of confidence in the air travel industry, which could ultimately adversely affect Department revenues.

The Department's cyber security measures include multiple layers of security, such as endpoint protection, firewalls, anti-virus software, anti-spam/malware software, intrusion prevention, intrusion detection, log monitoring, incident response, identity and access management and privileged access management to safeguard against cyberattacks. The Department partners with local, State and federal agencies to keep abreast of cyber threats and ensure that it keeps up with best practices in this area, and the Department's network is scanned by third party consultants on a regular basis. The Department also conducts regular security awareness training for employees.

In December 2024, hackers attempted to take unauthorized control of some non-critical airport IT systems. While the airport's cyber security response successfully defended the Department from the attack, the cyber security team temporarily disconnected some specific Department IT systems from the internet while a vulnerability discovered during the initial attack was remediated. During this period, there was no disruption of operations at LAX because of the December 2024 incident, nor was any Department funds or proprietary information accessed. There can be no assurance that a future attack or attempted attack would not result in disruption of operations at LAX. The Department expects that any such disruptions would be temporary in nature due to its backup/restore procedures, cyber security response protocols and disaster recovery planning.

Regulations and Restrictions Affecting LAX; Climate Change

The operations of LAX are affected by a variety of contractual, statutory and regulatory restrictions and limitations including extensive federal legislation and regulations, including, without limitation, the provisions of the Airport Terminal Tariff, terminal leases, the Rate Agreement, various grant assurances, the federal acts authorizing the imposition, collection and use of PFC revenues and CFC revenues and extensive federal legislation and regulations applicable to airports in the United States, all of which are subject to change at times and in manners that the Department is unable to predict and which could have adverse consequences on the Department and/or the airlines and concessionaires operating at LAX.

In general, federal aviation law requires that airport fees charged to airlines and other Aeronautical Users be reasonable and that, in order to receive federal grant funding, all airport generated revenues must be expended for the capital or operating costs of the airport, the local airport system or other local facilities owned or operated by the airport owner that are directly and substantially related to air transportation of passengers or property. Although the Department believes that it is in compliance with these requirements, the Department faces occasional challenges to the reasonableness of rates charged and payments made. See "AIRPORT CAPITAL PLANNING—Financing the Capital Program." Furthermore, no assurance can be given that additional challenges relating to the reasonableness of fees charged at LAX or the use of airport generated revenues will not be filed in the future. An adverse determination in a challenge or audit could limit the ability of the Department to charge airlines and other Aeronautical Users rates sufficient to meet the covenants in the Senior Indenture and the Subordinate Indenture which would require the Department to increase rates and fees charged to non-Aeronautical Users, could result in the loss of certain federal funding and could have a material adverse impact on the Pledged Revenues, the Net Pledged Revenues and the Subordinate Pledged Revenues. Further, federal grants are paid on a reimbursement basis and are subject to audit. Failure to comply with federal statutes and regulations can result in the loss of PFC revenues and federal grants.

The IRS includes a Tax Exempt and Government Entities Division, which has a subdivision that is specifically devoted to tax-exempt bond compliance. The Department can provide no assurance that, if an IRS examination of the Series 2025DEF Subordinate Bonds was undertaken, it would not adversely affect the market value of the Series 2025DEF Subordinate Bonds.

Changes in the earth's average atmospheric temperature, generally referred to as "climate change," and related concerns have led to new laws and regulations at the federal and State levels that could have a material adverse effect on the Department's operations and on airlines operating at LAX. The EPA has taken steps towards the regulation of GHG emissions under existing federal law. On January 11, 2021, the EPA issued a final rule entitled Control of Air Pollution from Airplanes and Airplane Engines: GHG Emission Standards and Test Procedures, 86 Fed. Reg. 2136 (Jan. 11, 2021). The rule adopts GHG standards equivalent to those adopted by the International Civil Aviation Organization in 2017. The standards apply to certain types of new aircraft, but not to existing airplanes already in service.

In January 2021, a coalition of states including California filed a petition to review in the United States Court of Appeals for the District of Columbia, challenging the final rule as unlawful and requesting remand to the EPA. The petitioners argued that the rule will not reduce aircraft emissions and cause no action by aircraft manufacturers. The EPA reviewed the rule pursuant to President Biden's Executive Order 13990, which directed agency review of regulations promulgated, issued or adopted between January 20, 2017 and January 20, 2021, and announced in November 2021 that it did not propose any changes to the rule. The petition to review the rule is pending. The impact to the Airport System is not expected to be significant, and the rule does not require modifications to airports.

In addition to these regulatory actions, other laws and regulations limiting GHG emissions have been adopted by a number of states, including California, and have been proposed on the federal level. California passed AB 32, which requires the statewide level of GHGs to be reduced to 1990 levels by 2020. On October 20, 2011, CARB made the final adjustments to its implementation of AB 32: the California cap-and-trade program (the "**California Cap and Trade Program**"). In August 2016, Senate Bill 32 was enacted and extends the California Cap and Trade Program and CARB to ensure that California-wide GHG emissions are reduced by at least 40% below the California-wide emissions limit not later than December 31, 2030. CARB has released its 2022 Scoping Plan Update, which is intended to achieve carbon neutrality by 2045 and cut Statewide GHG emissions by 85% below 1990 levels. The Department's annual MtCO2e emissions exceed 25,000 metric tons and therefore the Department is required to participate in the California Cap and Trade Program. California Cap and Trade Program credits are market based, thus, the annual costs for participation in the program may vary. The California Cap and Trade Program may result in rising electricity and fuel costs, which may adversely affect the airlines serving LAX and the Department's operations.

SCAQMD also imposes rules and regulations specifically targeted to various air pollutants and types of operations such as hydrant fueling, private vehicle fueling, power generators, boilers and the use of various volatile organic chemical containing materials.

See “THE DEPARTMENT OF AIRPORT—Sustainability Initiatives” and “AIRPORT SYSTEM ENVIRONMENTAL MATTERS.”

It is not possible to predict whether future restrictions or limitations on operations at or affecting LAX will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for LAX or whether such restrictions or legislation or regulations would adversely affect Pledged Revenues, Net Pledged Revenues or Subordinate Pledged Revenues.

Federal Funding

The Department receives certain federal funds including from the AIP. The AIP provides federal capital grants to support airport infrastructure, including entitlement grants (determined by formulas based on passenger, cargo and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). See “CERTAIN FUNDING SOURCES.” Additionally, certain operations at LAX are supported by federal agencies including, flight traffic controllers, FAA, TSA, FBI and Customs and Border Security, among others. Federal agencies also have regulatory and review authority over, among other things, certain LAX operations, construction at LAX and the airlines operating at LAX.

From time to time, the federal government has, and may in the future, come to an impasse regarding, among other things, reauthorization of the FAA (which has historically included funding for AIP) and other federal appropriations and spending.

Failure to adopt such legislation may have a material, adverse impact on, among other things: (i) federal funding received by the Department, including under the AIP; (ii) federal agency budgets, hiring, furloughs, operations and availability of federal employees to support certain operations at LAX, provide regulatory and other oversight and review and provide required approvals, in each case at LAX and over the airlines serving LAX; and (iii) flight schedules, consumer confidence, operational efficiency at LAX and in the air transportation system generally. In addition, the anticipated federal spending could be affected by, among other things, automatic across-the-board spending cuts, known as sequestration. Sequestration and other actions (or inactions) by Congress have in the past and could again in the future affect the Department’s receipt of other federal funds, including, but not limited to, the Department’s receipt of Build America Bond subsidies.

In addition, the federal government has recently issued a series of executive orders, and the Office of Management and Budget has issued guidance, that suspend or limit federal government funding to state and local entities. Certain of these actions have been the subject of judicial challenges. The Department cannot predict the outcome of future federal administrative actions, legislation or budget deliberations and the impact that such budgets will have on federal funding to the Department, or federal funding in support of the airport traffic system.

There can be no assurance that the Congress will enact and the President will sign federal appropriation legislation or future FAA reauthorization which may require the Department to fund capital expenditures forecast to come from such federal funds and from other sources (including operating revenues, Additional Senior Bonds or Additional Subordinate Bonds), result in decreases to the Department’s Capital Program or extend the timing for completion of certain projects, and the Department is also unable to predict the future impact of any federal spending cuts or appropriation impasses on airline traffic at LAX or the Department’s revenues. See “AIRPORT CAPITAL PLANNING—Financing the Capital Program.” See also “—Changes in Law and Application Thereof.”

The Report of the Airport Consultant assumes that the Department will receive approximately $1.1 billion of additional federal grants through Fiscal Year 2034. See "CERTAIN FUNDING SOURCES—Grants."

Considerations Regarding Passenger Facility Charges

Pursuant to the PFC Acts, the FAA has approved the Department's applications to require the airlines to collect and remit to the Department a PFC on each enplaning revenue passenger at LAX. The Department expects to use PFC revenues to pay a portion of the debt service on PFC Eligible Obligations.

Debt service to be paid with PFC revenues is not included in the coverage calculations described in "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025DEF SUBORDINATE BONDS—Passenger Facility Charges," "FINANCIAL AND OPERATING INFORMATION CONCERNING LAX—Debt Service Coverage" or APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT."

No assurance can be given that the Department's authority to collect PFC revenues will be increased or extended. Further, no assurance can be given that PFC revenues will actually be received in the amounts or at the times contemplated by the Department. The amount and timing of receipt of actual PFC revenues may vary depending on actual levels of qualified passenger enplanements at LAX. See "—Demand for Air Travel, Aviation Activity and Related Matters."

In addition, the FAA may terminate the Department's ability to impose PFC revenues, subject to informal and formal procedural safeguards, if: (a) PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Acts or the regulations promulgated thereunder; or (b) the Department otherwise violates the PFC Acts or regulations. The Department's authority to impose PFCs may also be terminated if the Department violates certain AIP grant assurances and certain provisions of the Airport Noise and Capacity Act of 1990 ("**ANCA**") and its implementing regulations relating to the implementation of noise and access restrictions for certain types of aircraft. The regulations under ANCA also contain procedural safeguards to ensure that the Department's authority to impose PFCs would not be summarily terminated. No assurance can be given that the Department's authority to impose PFCs will not be terminated by Congress or the FAA, that the PFC program will not be modified or restricted by Congress or by the FAA so as to reduce PFC revenues available to the Department or that the Department will not seek to decrease the amount of the PFCs to be collected.

In the event the FAA or Congress reduced or terminated the Department's ability to collect PFC revenues, or PFC collections were otherwise less than anticipated, the Department would need to identify other funding sources to pay the debt service it expects to pay with PFC revenues. In addition, in such a circumstance the Department might need to identify other sources of funding, including issuing Additional Senior Bonds and/or Additional Subordinate Bonds, to finance the projects currently being paid for, or projected to be paid for, with PFC revenues.

The overall capital program funding plan, projected airline payments and other financial results reflected in the Report of the Airport Consultant are based on an assumption by the Airport Consultant that the current $4.50 PFC level will remain the same during the Forecast Period.

See "AIRPORT CAPITAL PLANNING—Financing the Capital Program," "CERTAIN FUNDING SOURCES—Passenger Facility Charges," and APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT" for additional information about the Department's expected use of PFC revenues. See also "—Changes in Law and Application Thereof."

Delays and Cost Increases; Future Capital Projects; Additional Indebtedness

The estimated costs of and projected schedule and sources of funding for the Existing Capital Program and the Next Airport Capital Program are described in the Report of the Airport Consultant. These costs, schedule and sources of funding are subject to a number of uncertainties and capital project budgets and financing plans are updated and have increased materially from time to time.

The ability of the Department to complete and finance capital projects may be adversely affected by various factors including: estimating variations; design and engineering variations; changes to the scope, scheduling or phasing of the projects; delays in contract awards and/or as a result of the acts or omissions of third parties; material and/or labor shortages; unforeseen site conditions; adverse weather conditions, earthquakes or other casualty events; contractor or other counterparty defaults; labor disputes; unanticipated levels of inflation; inability of concessionaires, airlines, developers or other transaction participants to obtain or maintain financing; environmental issues; pandemics or epidemics, including the COVID-19 pandemic; governmental orders or acts; bidding conditions through the Department's procurement process; and litigation. In addition, recent federal policies concerning tariffs and immigration could result in increased costs and/or impact construction schedules.

For example, from time to time contractors have asserted claims under their construction contracts that have resulted in delays and material additional costs. There are a number of claims currently pending, and additional claims may be made in the future. See "AIRPORT CAPITAL PLANNING—Completion of the Automated People Mover System." As of the date of this Official Statement, the Department is unable to predict the overall impact of any such claims. Particularly in light of the very large scope of the Department's capital plans, no assurance can be given that the existing or future projects will not cost more than the current budget or future budgets for such projects, and such cost overages may be material. Schedule delays or cost increases could result in the need to issue Additional Senior Bonds and/or Additional Subordinate Bonds, the expenditure of additional Department funds and the diversion of financial and other resources to such projects, and may result in increased costs to the airlines and others operating at the Airport. As a result, actual results could differ and have differed materially from forecasts.

In addition, certain funding sources are assumed to be available for the Department's projects, including the Capital Program. For example, the Report of the Airport Consultant includes assumptions that concessionaires, airlines, developers or other terminal participants will develop for the Department's eventual acquisition certain elements of the Capital Program and that the Department will receive additional PFC collection authority, AIP grant funding, TSA funding and CFCs for various projects referenced under "AIRPORT CAPITAL PLANNING—Financing the Capital Program" and described in greater detail in APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT." See also "—Considerations Regarding Passenger Facility Charges." The Report of the Airport Consultant also contains assumptions as to the projected amount of Senior Bonds, Subordinate Obligations and other funding sources for the Existing Capital Program and the Next Airport Capital Program. The relative amount of these funding sources directly affects the projected debt service and projected debt service coverage ratios set forth in the Report of the Airport Consultant. No assurance can be given that such development or funding will, in fact, be available, or that the Department will not change its plan of finance described in the Report of the Airport Consultant. If such development or funding sources or other funding sources referred to in the Report of the Airport Consultant are not available or the Department changes its plan of finance as described in the Report of the Airport Consultant, the Department may need to expend additional Department funds, eliminate or scale down projects, divert financial and other resources to such projects or incur additional indebtedness, including through the issuance of Additional Senior Bonds and/or Additional Subordinate Bonds, to finance all or a portion of the costs of such projects. Such changes could result in actual results, including but not limited to debt service coverage, differing materially from the projections in the Report of the Airport Consultant.

As described in this Official Statement and in the Report of the Airport Consultant, private developers have significant roles in the design, construction, financing, maintenance and operation of the APM System and the ConRAC. While the Department has required customary assurances of performance by the APM Developer and the ConRAC Developer, such customary assurances of performance may not protect the Department from significant adverse financial consequences in the event of nonperformance or default by the APM Developer or the ConRAC Developer. See “LOS ANGELES INTERNATIONAL AIRPORT - ConRAC” and “AIRPORT CAPITAL PLANNING—Completion of the Automated People Mover System.”

The Department may pursue capital projects and acquisitions beyond the Capital Program, the cost of which may be material. Certain of those future projects may also involve private developers, with associated, unique risks.

The Department intends, where practical, to implement certain capital projects using a modular and phased approach, so that future projects (or project phases) can be deferred if unanticipated events occur (such as lower than anticipated growth or declines in aviation activity at LAX). The Department has decided and may in the future decide not to proceed with certain capital projects and/or proceed with them on a different schedule and/or may need to make alternative arrangements in cases of contractor delays, defaults or inability to perform, in each case resulting in different results than those included in financial forecasts, which differences may be material.

The Department’s ability to finance its Capital Program also depends upon the orderly function of the capital markets, which have in the past experienced substantial disruptions. Another market disruption may negatively impact the timing and ability of issuers of municipal debt, such as the Department, to access short or long term funding. No assurance can be given that this source of funding will actually be available in the amounts, at the borrowing rates or at the times desired by the Department.

Seismic Risks; Other Force Majeure Events

The City is located in a seismically active region of the State. During the past 150 years, the Los Angeles area has experienced several major and minor earthquakes. The most recent major earthquake that occurred in the Los Angeles area occurred on January 17, 1994. That earthquake measured 6.7 on the Richter Scale. LAX experienced no disruption of service following that earthquake. Damage in excess of $11 million was sustained at VNY and LAX. The Department received funds from FEMA and from its insurance carrier as a result of the earthquake damage at VNY.

The Department’s ability to generate revenues is also at risk from other force majeure events, such as extreme storm or weather events, flooding, tsunamis, droughts and other natural occurrences, fires, explosions, spills of hazardous substances, strikes and lockouts, terrorist or other attacks, sabotage, or wars, blockades or riots. No assurance can be given that such events will not occur while the Series 2025DEF Subordinate Bonds are outstanding. The Department has attempted to mitigate the risk of loss from many of these occurrences by purchasing commercial property and casualty insurance and limited earthquake insurance as described under “FINANCIAL AND OPERATING INFORMATION CONCERNING LAX—Risk Management and Insurance.” Any damage to the Department’s facilities or other properties could adversely affect its revenues or require substantial new capital spending by the Department or others to replace or improve facilities and surrounding infrastructure. The proceeds available under such property and casualty insurance may not be sufficient to replace all of LAX after the occurrence of such an event. Moreover, no assurance can be given that such insurance will always be available in sufficient amounts at a reasonable cost or available at all or that insurers will pay claims in a timely manner or at all. The Department is unable to predict when another earthquake or other force majeure event may occur and what impact, if any, it may have on the Department’s operations or finances or whether the Department or others will have sufficient resources to rebuild or repair damaged facilities and surrounding infrastructure following a major earthquake or other force majeure event.

Capacity of the National Air Traffic Control System; Capacity of LAX

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. In addition, federal policies concerning government employment levels may impact the national air traffic control system. Flight delays and restrictions may be expected in the future. In addition to any future constraints that may be imposed by the capacity of the national air traffic control system, future growth in airline traffic at LAX will depend on the capacity at LAX itself.

The projections of the Airport Consultant are conditioned on the assumption that during the Forecast Period, neither available airfield or terminal capacity, nor demand management initiatives, will constrain traffic growth at LAX.

Changes in Law and Application Thereof

The airline industry is heavily regulated, especially by the federal government, and there are a significant number of governmental agencies and legislative bodies, including the U.S. DOT, FAA, TSA, EPA and others that have the ability to directly or indirectly affect the Department and the airline industry financially and operationally.

From time to time, governmental agencies, executives and legislative bodies, have proposed, issued or enacted and may continue to propose, issue and enact, legislation, rules, orders and other laws and guidance that have the effect of law, particularly in with respect to Federal aviation regulation, funding, security, immigration, tariffs and trade. The proposal, issuance or enactment of such legislation, rules, orders and other laws and guidance that have the effect of law may have a material effect on the airline industry and the Department. In particular, as noted under "—Federal Funding," the Department receives, and the Capital Program is designed with the expectation of receipt of, federal AIP capital grants to support airport infrastructure, including entitlement grants and discretionary grants. As of the date of this Official Statement, there is insufficient information available about the potential governmental action to estimate the impacts, if any, on direct or indirect Federal funding that may impact the aviation industry, airports or local governments or their respective operations, including law enforcement, transportation or other activities. If there is a reduction in the amount of AIP grants awarded to the Department for LAX, such reduction or delay could: (i) increase by a corresponding amount the capital expenditures that the Department would need to fund from other sources (including operating revenues, proceeds of Additional Senior Bonds or proceeds of Additional Subordinate Bonds); (ii) result in decreases to the Department's Capital Program; or (iii) extend the timing for completion of certain projects. Moreover, while enforcement of potential executive orders, laws or regulations could impose additional financial burdens upon the aviation industry, the Department or the City, as of the date of this Official Statement, insufficient information available regarding potential governmental action to estimate the magnitude, if any, of such potential impacts.

Loss of Federal Tax Exemption

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Series 2025DEF Subordinate Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended (the "**Code**"), or court decisions may also cause interest on the Series 2025DEF Subordinate Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Code or court decisions may also affect the market price for, or marketability of, the Series 2025DEF Subordinate Bonds, or could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. Prospective purchasers of the Series 2025DEF Subordinate Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. Interest on the Series 2025DEF Subordinate Bonds may become subject to federal income taxation if certain events occur subsequent to the date of issuance of the Series 2025DEF Subordinate Bonds that violate the requirements and limitations prescribed by the Code. Although the Department has agreed not to violate the requirements and limitations of the Code, there can be no assurance that these events will not occur. If certain requirements are violated, the interest on the Series 2025DEF Subordinate Bonds may be deemed to be taxable retroactive to their date of issuance. The Series 2025DEF Subordinate Bonds are not subject to mandatory redemption or to mandatory acceleration in the event of such an occurrence. No premium or additional interest will be paid to the bondholders or former bondholders to compensate the bondholders for any losses they may incur as a result of the interest on the Series 2025DEF Subordinate Bonds becoming subject to federal income taxation. See "TAX MATTERS—Changes in Federal and State Tax Law."

Risk of Tax Audit

The Internal Revenue Service (the "**IRS**") includes a subdivision that is specifically devoted to tax-exempt bond compliance. If the IRS undertook an examination of the Series 2025DEF Subordinate Bonds or other bonds issued by the Department as tax-exempt bonds, it could have a material adverse effect on the marketability or the market value of the Series 2025DEF Subordinate Bonds.

Enforceability of Remedies; Limitation on Remedies; Effect of City Bankruptcy

The Senior Trustee is authorized to take certain actions upon the occurrence of a Senior Event of Default, including proceedings to enforce the obligations of the Department under the Senior Indenture. The occurrence of a Senior Event of Default under the Senior Indenture as described in Appendix C-2, does not grant any right to accelerate payment of the Senior Bonds to any of the Senior Trustee or the Holders of the Senior Bonds. Similarly, the Subordinate Trustee is authorized to take certain actions upon the occurrence of a Subordinate Event of Default, including proceedings to enforce the obligations of the Department under the Subordinate Indenture. The occurrence of a Subordinate Event of Default under the Subordinate Indenture as described in Appendix C-3, does not grant any right to accelerate payment of the Subordinate Obligations to any of the Subordinate Trustee or the Holders of the Subordinate Obligations.

The Department, being a department of the City, likely cannot itself file for bankruptcy protection. Pursuant to State law, the City is authorized to file for bankruptcy protection under certain circumstances. Should the City file for bankruptcy protection, the Department and the assets of the Department would in all likelihood be included initially in the bankruptcy proceedings and, therefore, there could be adverse effects on the holders of the Senior Bonds and the Subordinate Obligations. An involuntary bankruptcy petition cannot be filed against the City.

The rights and remedies available to the Senior Trustee, the Subordinate Trustee and the owners of the Senior Bonds and the Subordinate Obligations, and the obligations incurred by the Department, may become subject to, including through a City bankruptcy, among other things: (i) the United States Bankruptcy Code (the "Bankruptcy Code"), (ii) other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally, now or hereinafter in effect; (iii) equity principles; (iv) limitations on the specific enforcement of certain remedies; (v) the exercise by the United States of America of the powers delegated to it by the U.S. Constitution; (vi) the reasonable and necessary exercise, in certain circumstances, of the police powers inherent in the sovereignty of the State and its governmental bodies having an interest in serving a significant and legitimate public purpose; and (vii) regulatory and judicial actions that are subject to discretion and delay.

To the extent that Net Pledged Revenues and Subordinate Pledged Revenues are determined to be "special revenues" under the Bankruptcy Code, the Net Pledged Revenues and Subordinate Pledged Revenues collected after the date of a bankruptcy filing should continue to the subject to the lien of the Senior Indenture and the Subordinate Indenture, respectively. However, if any or all of the Net Pledged Revenues and Subordinate Pledged Revenues were determined not to be "special revenues," then any such amounts collected after the commencement of the bankruptcy case will likely not be subject to the lien of the Senior Indenture or the Subordinate Indenture, respectively. "Special revenues" are defined to include revenues derived from the ownership or operation of projects or systems that are primarily used to provide transportation or utility services. No assurance can be given that a court would hold that any or all Net Pledged Revenues and Subordinate Pledged Revenues are special revenues.

In a case arising from the insolvency proceedings of Commonwealth of Puerto Rico, the United States Court of Appeals for the First Circuit concluded that while a debtor has the right to voluntarily apply special revenues to the payment of debt service during the pendency of a bankruptcy case, the debtor is not obligated to do so, even though the special revenues are subject to the lien of the bond documents. The holders of the Senior Bonds and the Subordinate Obligations may not be able to assert a claim against any property of the City other than the Net Pledged Revenues and Subordinate Pledged Revenues, and if any or all of the Net Pledged Revenues and Subordinate Pledged Revenues are no longer subject to the lien of the Senior Indenture or the Subordinate Indenture, respectively, then there may be limited, if any, funds from which the holders of the Senior Bonds and the Subordinate Obligations are entitled to be paid.

Furthermore, although Section 922(d) of the Bankruptcy Code provides that the automatic stay arising upon the filing of a bankruptcy petition under Chapter 9 does not apply to the collection and application of pledged special revenues to payment of bonds secured by such special revenues (which was confirmed by the United States Court of Appeals for the First Circuit in the insolvency proceedings of Commonwealth of Puerto Rico referred to above), if the City were to become a debtor in a proceeding under Chapter 9, the bankruptcy court could find that the automatic stay exception for pledged special revenues does not apply, and the parties to the proceeding may thus be prohibited from taking any action to collect Net Pledged Revenues and Subordinate Pledged Revenues, or to enforce any related obligation connected with the Senior Bonds and the Subordinate Obligations (including, but not limited, using amounts on deposit in the Senior Reserve Fund and the Subordinate Reserve Fund to pay principal of and interest on the Senior Bonds and the Subordinate Obligations, respectively) without the bankruptcy court's permission.

The Bankruptcy Code provides that "special revenues" can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. It is not clear precisely which expenses would constitute necessary operating expenses, and any definition in the transaction documents may not be applicable.

In addition, if the City has possession of Net Pledged Revenues and Subordinate Pledged Revenues (whether collected before or after commencement of the bankruptcy) and if the City does not voluntarily turn over such Net Pledged Revenues and Subordinate Pledged Revenues to the Senior Trustee and the Subordinate Trustee, respectively, it is not entirely clear what procedures the Senior Trustee or the Subordinate Trustee, as applicable, and the holders of the Senior Bonds or the Subordinate Obligations would have to follow to attempt to obtain possession of such Net Pledged Revenues and Subordinate Pledged Revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. The United States Court of Appeals for the First Circuit, in another case involving the insolvency proceedings of Commonwealth of Puerto Rico, concluded that a bankruptcy court does not have the power to order a debtor to comply with state law.

Any bankruptcy proceedings involving the Department would also likely be subject to the rules and regulations of the FAA. Section 943 of the Bankruptcy Code generally provides that a plan for the adjustments of the debts of the municipality cannot be confirmed if the debtor is prohibited by law from carrying out the plan. As part of its agreement to accept FAA grants, the Department is subject to the FAA rules and regulations regarding use of airport revenues and revenue diversion. Generally, FAA rules and regulations state that any revenues generated at an airport must be used at the airport. Use of airport revenues for non-airport uses would violate federal law. Any plan of adjustment for a City bankruptcy proceeding would likely need to comply with the FAA rules and regulations applicable to airport revenues, including the use of the Net Pledged Revenues and the Subordinate Pledged Revenues.

The results of the foregoing, including but not limited to matters that may arise in proceedings under the Bankruptcy Code, are difficult to predict. The foregoing could subject the owners of the Senior Bonds and the Subordinate Obligations to, among other things: (i) judicial discretion and interpretation of rights; (ii) the automatic stay provisions of the Bankruptcy Code, which among other things, could operate to cause a delay or prohibition in debt service payments to the owners of Senior Bonds and Subordinate Obligations; (iii) rejection of significant agreements; (iv) avoidance of certain payments to the owners of the Senior Bonds and Subordinate Obligations as preferential payments; (v) assignments of certain obligations, including those in favor of the owners of the Senior Bonds and the Subordinate Obligations; (vi) significant delays, reductions in payments and other losses to the owners of the Senior Bonds and the Subordinate Obligations; (vii) an adverse effect on the liquidity and/or market values of the Senior Bonds and the Subordinate Obligations; (viii) additional borrowing, which borrowing may have priority over the lien of the Master Senior Indenture and the Master Subordinate Indenture, as the case may be; (ix) alterations to the priority, interest rate, payment terms, collateral, maturity dates, payment sources and terms, covenants (including tax-related covenants) and other terms or provisions of the Master Senior Indenture, the Master Subordinate Indenture, the Senior Bonds or the Subordinate Obligations, and other obligations, including treating the owners of the Senior Bonds and the Subordinate Obligations as general unsecured creditors of the City; and (x) the release of all or a portion of Net Pledged Revenues or Subordinate Pledged Revenues, free and clear of lien of the Master Senior Indenture or the Master Subordinate Indenture, as the case may be.

Regardless of any specific adverse determinations in a City bankruptcy proceeding, a City bankruptcy proceeding could have an adverse effect on the liquidity and value of the Senior Bonds and the Subordinate Obligations.

As described under "FINANCIAL AND OPERATING INFORMATION CONCERNING LAX—Investment Practices of the City Treasurer," all moneys held in the Airport Revenue Fund, including Subordinate Pledged Revenues which are pledged to the payment of the Series 2025DEF Subordinate Obligations, are currently held and invested by the City Treasurer. Should the City initiate a bankruptcy proceeding, the Bankruptcy Court could hold that holders of the Subordinate Obligations do not have a valid lien on the portion of the Subordinate Pledged Revenues which are invested as part of the City's investment program. In the event of such a holding, holders of the Subordinate Obligations could be treated as unsecured creditors of the City with respect to such portion of the Subordinate Pledged Revenues.

Legal opinions to be delivered concurrently with the delivery of the Series 2025DEF Subordinate Obligations will be qualified to the extent that the enforceability of certain legal rights related to the Series 2025DEF Subordinate Obligations 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, as well as limitations on legal remedies against cities in the State.

See APPENDIX C-2—"SUMMARY OF THE MASTER SENIOR INDENTURE—Senior Events of Default and Remedies—Application of Moneys" and APPENDIX C-4—"SUMMARY OF THE MASTER SUBORDINATE INDENTURE."

Rate Covenant Limitations

As described in APPENDIX C-2—"SUMMARY OF THE MASTER SENIOR INDENTURE—Senior Rate Covenant," the Senior Indenture includes covenants with respect to the establishment of rates and charges. However, the Senior Indenture provides that so long as the Department is taking specified steps to meet the applicable rate covenant, an event of default will not be triggered until the end of the second subsequent Fiscal Year. The ability of the Department to increase rates and charges and to reduce expenses is limited by, among other things, federal law (including the provisions thereof described under "—Regulations and Restrictions Affecting LAX; Climate Change") and certain agreements with airlines and other users of LAX facilities. See "USE OF AIRPORT FACILITIES."

Assumptions in the Report of the Airport Consultant

The Report of the Airport Consultant included in APPENDIX A to this Official Statement incorporates numerous assumptions and states that the projections in the Report of the Airport Consultant are subject to uncertainties. The range of projected key financial metrics relied upon in the Report of the Airport Consultant was prepared based on a number of assumptions as described therein. The key financial metrics also were based, in part, on comments related to the expected return to travel from, but not limited to, a major airplane manufacturer, certain of the busiest airlines serving LAX, credit rating agencies and organizations representing the airlines and aviation industry. The amount and length of any reduction in economic activity and its effect on passenger travel at LAX is not within the scope of the Report of the Airport Consultant.

The Report of the Airport Consultant is an integral part of this Official Statement and should be read in its entirety for an understanding of all of the assumptions used to prepare the projections made therein. No assurance can be given that the projections discussed in the Report of the Airport Consultant will be achieved or that the assumptions upon which the projections are based will be realized. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances will occur. Therefore, actual results achieved during the Forecast Period may vary from those set forth in APPENDIX A and the variations may be material and adverse. Additionally, the debt service projections in the Report of the Airport Consultant are not expected to be updated to reflect the sale, issuance or final terms of the Series 2025DEF Subordinate Bonds. Further, the Report of the Airport Consultant does not cover the entire period through maturity of the Series 2025DEF Subordinate Bonds. See "INTRODUCTION—Forward-Looking Statements," APPENDIX A—"REPORT OF THE AIRPORT CONSULTANT." See also "—Delays and Cost Increases; Future Capital Projects; Additional Indebtedness" above.

Retirement Plan Funding

As described in more detail under "THE DEPARTMENT OF AIRPORTS—Retirement Plan," Department employees, including Airport Police, currently participate in LACERS. Under requirements of the Charter, the Department makes contributions to LACERS with respect to its employees in amounts determined by LACERS and its actuaries. See "THE DEPARTMENT OF AIRPORTS—Retirement Plan," regarding changes to the Charter to permit Airport Police to participate in LAFPP. The Department's pension cost varies from year to year depending on, among other things, the annual contribution rate determined by LACERS and by LAFPP and their respective actuaries, the total salaries paid to the Department's covered employees and the retirement benefits accruing to those employees.

Contributions by the Department to LACERS and to LAFPP are expected to increase significantly in the coming Fiscal Years, as contribution rates are subject to change due to changes in market conditions, assumptions and funding methodologies. Factors beyond the Department's control, including but not limited to, returns on LACERS plan assets, and, if any Airport Police participate in LAFPP in the future, on LAFPP plan assets, may affect the Department's retirement and health subsidy benefit expenses and may increase the Department's related funding obligations. These increases may adversely affect the Department's financial condition.

Investors are cautioned that information about the City's Net Pension Liability, the City's Net OPEB Liability, LACERS and LAFPP, including UAALs, funded ratios and calculations of required contributions, included or referenced in this Official Statement, are "forward-looking" information. Such "forward-looking" information reflects the judgment of LACERS and LAFPP and their respective actuaries as to the amount of assets that LACERS and LAFPP will be required to accumulate to fund future benefits over the lives of the currently active employees, vested terminated employees and existing retired employees and beneficiaries.

These judgments are based upon a variety of assumptions, one or more of which may prove to be inaccurate and/or be changed in the future.

As noted in APPENDIX B and APPENDIX H, the City has unfunded pension plan actuarial liabilities. In a bankruptcy of the City, the amounts of current and, if any, accrued (unpaid) contributions owed to LACERS or LAFPP, as well as future material increases in required contributions could create additional uncertainty as to the City's ability to pay debt services with respect to Senior Bonds and Subordinate Bonds (including the Series 2025DEF Subordinate Bonds). Although the issues of pension underfunding claim priority, pension contribution enforcement, and related bankruptcy plan treatment of such claims (among other pension-related matters) have been the subject of litigation in cases under the Bankruptcy Code of several California municipalities, including Stockton and San Bernardino, the relevant disputes have not been litigated to decision in the Federal circuit appellate courts, and thus there are no rulings from which definitive guidance can be taken in such cases.

AIRLINE INDUSTRY INFORMATION

Many of the major scheduled domestic airlines serving LAX, or their respective parent corporations, and many of the foreign airlines serving LAX with American Depository Receipts ("**ADRs**") registered on a national exchange, are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports and other information with the SEC. Certain information, including financial information, concerning such domestic airlines, or their respective parent corporations, and such foreign airlines is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected and copied at the public reference facilities maintained by the SEC, which can be located by calling the SEC at 1-800-SEC-0330. The SEC maintains a website containing reports, proxy statements and other information regarding registrants that file electronically with the SEC. In addition, each airline is required to file periodic reports of financial aid and operating statistics with the U.S. DOT. Such reports can be inspected at the U.S. DOT's Office of Airline Information, Bureau of Transportation Statistics, Department of Transportation, 1200 New Jersey Avenue, S.E., Washington, D.C. 20590, and copies of such reports can be obtained from U.S. DOT at prescribed rates.

Foreign airlines serving LAX, or foreign corporations operating airlines serving LAX (unless such foreign airlines have ADRs registered on a national exchange), are not required to file information with the SEC. Such foreign airlines, or foreign corporations operating airlines serving LAX, file limited information only with the U.S. DOT.

See "CERTAIN INVESTMENT CONSIDERATIONS—Demand for Air Travel; Aviation Activity and Related Matters," "—Financial Condition of the Airlines; Effect of Airline Industry Consolidation; Effect of Airline and Counterparty Bankruptcies" and "—Aviation Safety; Security Concerns; Cyber Security."

The Department undertakes no responsibility for and makes no representation as to the accuracy or completeness of: (i) any reports and statements filed with the SEC or U.S. DOT; or (ii) any material contained on the SEC's website, including, but not limited to, updated information on the SEC website or links to other Internet sites accessed through the SEC's website. Any such information is not part of this Official Statement, nor has such information been incorporated by reference herein, and such information should not be relied upon in deciding whether to invest in the Series 2025DEF Subordinate Bonds.

LITIGATION REGARDING THE AIRPORT SYSTEM AND THE DEPARTMENT

From time to time, the Department is a party to litigation and is subject to claims arising out of its normal course of business and operations. At this time, there is no pending litigation relating to the Airport System or the Department's operations or business pertaining thereto that would reasonably be expected to have a material impact on Subordinate Pledged Revenues or the operation of LAX, except as described under "AIRPORT SYSTEM ENVIRONMENTAL MATTERS."

NO LITIGATION REGARDING THE SERIES 2025DEF SUBORDINATE BONDS

There is no litigation now pending or, to the best of the Department's knowledge, threatened which seeks to restrain or enjoin the sale, execution, issuance or delivery of the Series 2025DEF Subordinate Bonds or in any way contests the validity of the Series 2025DEF Subordinate Bonds or any proceedings of the Board taken with respect to the authorization, sale or issuance of the Series 2025DEF Subordinate Bonds, or the pledge or application of any moneys provided for the payment of or security for the Series 2025DEF Subordinate Bonds.

TAX MATTERS

General

In the opinion of Kutak Rock LLP, Bond Counsel to the Department, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2025DEF Subordinate Bonds is excluded from gross income for federal income tax purposes, except for interest on any Series 2025F Subordinate Bond for any period during which such Series 2025F Subordinate Bond is held by a "substantial user" of the facilities refinanced by the Series 2025F Subordinate Bonds or a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that (a) interest on the Series 2025D Subordinate Bonds and the Series 2025E Subordinate Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals, and (b) interest on the Series 2025F Subordinate Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinions described above assume the accuracy of certain representations 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 2025DEF Subordinate Bonds. Failure to comply with such requirements could cause interest on the Series 2025DEF Subordinate Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025DEF Subordinate Bonds. The Department has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2025DEF Subordinate Bonds. Interest on the Series 2025DEF Subordinate Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the Series 2025DEF Subordinate Bonds may otherwise affect the federal income tax liability of the owners of the Series 2025DEF Subordinate Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Series 2025DEF Subordinate Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan 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 Series 2025DEF Subordinate Bonds.

Bond Counsel is further of the opinion that interest on the Series 2025DEF Subordinate Bonds is exempt from present State of California personal income taxes.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix E.

Tax Treatment of Original Issue Premium

The Series 2025DEF Subordinate Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "***Premium Series 2025DEF Subordinate Bonds***"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Series 2025DEF Subordinate Bond over its stated redemption price at maturity constitutes premium on such Premium Series 2025DEF Subordinate Bond. A purchaser of a Premium Series 2025DEF Subordinate Bond must amortize any premium over such Premium Series 2025DEF Subordinate Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Series 2025DEF Subordinate Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Series 2025DEF Subordinate Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Series 2025DEF Subordinate Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Series 2025DEF Subordinate Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Series 2025DEF Subordinate Bond.

Tax Treatment of Original Issue Discount

The Series 2025DEF Subordinate Bonds that have an original yield above their respective interest rates as shown on the inside cover of this Official Statement (collectively, the "***Discount Series 2025DEF Subordinate Bonds***") are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Series 2025DEF Subordinate Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Series 2025DEF Subordinate Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Series 2025DEF Subordinate Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Series 2025DEF Subordinate Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Series 2025DEF Subordinate Bond, on days that are determined by reference to the maturity date of such Discount Series 2025DEF Subordinate Bond. The amount treated as original issue discount on such Discount Series 2025DEF Subordinate Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Series 2025DEF Subordinate Bond (determined by compounding at the close of each accrual period); and (ii) the amount that would have been the tax basis of such Discount Series 2025DEF Subordinate Bond at the beginning of the particular accrual period if held by the original purchaser; less (b) the amount of any interest payable for such Discount Series 2025DEF Subordinate Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Series 2025DEF Subordinate Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Series 2025DEF Subordinate Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Series 2025DEF Subordinate Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Series 2025DEF Subordinate Bond. Subsequent purchasers of Discount Series 2025DEF Subordinate Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Backup Withholding

An owner of a Series 2025DEF Subordinate Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Series 2025DEF Subordinate Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2025DEF Subordinate Bonds. 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 Series 2025DEF Subordinate Bonds. 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 Series 2025DEF Subordinate Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2025DEF Subordinate Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2025DEF Subordinate Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Series 2025DEF Subordinate Bonds are advised to consult their own tax advisors prior to any purchase of the Series 2025DEF Subordinate Bonds as to the impact of the Code upon their acquisition, holding or disposition of the Series 2025DEF Subordinate Bonds.

RATINGS

Moody's Investor Service Inc. ("**Moody's**") and Fitch Ratings ("**Fitch**") have assigned ratings of "Aa3"and "AA-", respectively, to the Series 2025DEF Subordinate Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. The Department furnished the rating agencies with certain information and materials concerning the Series 2025DEF Subordinate Bonds and the Department, some of which is not included in this Official Statement. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market prices of the Series 2025DEF Subordinate Bonds.

A securities rating is not a recommendation to buy, sell or hold securities and there is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such change in or withdrawal of such ratings may have an adverse effect on the market price of the Series 2025DEF Subordinate Bonds.

The Department has covenanted in a Continuing Disclosure Certificate to file notices of any rating changes on the Series 2025DEF Subordinate Bonds with EMMA. See the caption "CONTINUING DISCLOSURE" and APPENDIX G. Notwithstanding such covenant, information relating to rating changes on the Series 2025DEF Subordinate Bonds may be publicly available from the rating agencies prior to such information being provided to the City or the Department and prior to the date by which the Department is obligated to file a notice of rating change. Purchasers of the Series 2025DEF Subordinate Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings with respect to the Series 2025DEF Subordinate Bonds after the initial issuance of the Series 2025DEF Subordinate Bonds.

In providing a rating on the Series 2025DEF Subordinate Bonds, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology which may not reflect the provisions of the Subordinate Indenture. The Department makes no representations as to any such calculations, and such calculations should not be construed as a representation by the City or the Department as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

LEGAL MATTERS

The validity of the Series 2025DEF Subordinate Bonds and certain other legal matters are subject to the approving opinion of Kutak Rock LLP, Bond Counsel to the Department. A complete copy of the proposed form of Bond Counsel's opinion is contained in APPENDIX E to this Official Statement. Stradling Yocca Carlson & Rauth LLP serves as Disclosure Counsel to the Department. Bond Counsel and Disclosure Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain matters will be passed upon for the Department and the City by Hydee Feldstein Soto, Esq., City Attorney. Certain matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP. All or a portion of the compensation of Bond Counsel, Disclosure Counsel, and counsel to the Underwriters is contingent on the issuance of the Series 2025DEF Subordinate Bonds.

CO-MUNICIPAL ADVISORS

The Department has retained the services of Omnicap Group LLC and Frasca & Associates, LLC, as Co-Municipal Advisors in connection with the authorization and delivery of the Series 2025DEF Subordinate Bonds. The Co-Municipal Advisors are not obligated to undertake, and have not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Co-Municipal Advisors perform other services for the Department.

AIRPORT CONSULTANT

The Report of the Airport Consultant, dated March 18, 2025, was prepared by WJ Advisors LLC and has been included as APPENDIX A to this Official Statement with the consent of such consultant. The Report of the Airport Consultant was prepared in conjunction with the issuance of the Series 2025DEF Subordinate Bonds. The Department has relied upon the analyses and conclusions contained in the Report of the Airport Consultant, as of its date, in preparing this Official Statement. The financial projections in the Report of the Airport Consultant are based upon certain information and assumptions that were provided by, or reviewed and agreed to by the Department. In the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the financial projections set forth in the Report of the Airport Consultant. WJ Advisors LLC performs other services for the Department, including with respect to the calculation of rates and charges.

FINANCIAL STATEMENTS

The audited financial statements of the Department for Fiscal Years 2024 and 2023 are included as part of APPENDIX B attached hereto. The financial statements have been audited by Moss Adams LLP, independent auditors, as stated in its Los Angeles World Airports (Los Angeles International Airport) Annual Financial Report for the Fiscal Years ended June 30, 2024 and June 30, 2023 included in APPENDIX B. Moss Adams LLP was not requested to consent to the inclusion of its report on the financial statements or any of its reports included in APPENDIX B and it has not undertaken to update any of these reports or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement (including the Report of the Airport Consultant), and no opinion is expressed by Moss Adams LLP with respect to any event subsequent to the date of its reports.

CONTINUING DISCLOSURE

In connection with the issuance of the Series 2025DEF Subordinate Bonds, the Department will covenant to provide, or cause to be provided, to the MSRB certain annual financial information and operating data relating to the Department and, in a timely manner, notice of certain listed events for purposes of Rule 15c2-12 adopted by the SEC. See APPENDIX G—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." The Department has agreed to provide the foregoing information to MSRB through the EMMA website.

UNDERWRITING

The Series 2025DEF Subordinate Bonds are being purchased from the Department by Samuel A. Ramirez & Co., Inc., on its own behalf and on behalf of RBC Capital Markets, LLC BofA Securities, Inc. and Cabrera Capital Markets, LLC, the underwriters of the Series 2025DEF Subordinate Bonds (collectively, the "**Underwriters**"). The Underwriters will purchase the Series 2025DEF Subordinate Bonds at a price of $1,410,318,983.61 (consisting of the aggregate principal amount of $1,331,210,000.00, plus an original issue premium of $82,016,704.35, less an Underwriters' discount of $2,907,720.74) all subject to the terms of the Bond Purchase Agreement between the Department and the Underwriters (the "**Series 2025DEF Bond Purchase Agreement**").

The Series 2025DEF Bond Purchase Agreement provides that the Underwriters shall purchase all of the Series 2025DEF Subordinate Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Series 2025DEF Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. The Underwriters may change the initial public offering yields set forth on the inside front cover pages of this Official Statement. The Underwriters may offer and sell the Series 2025DEF Subordinate Bonds to certain dealers (including dealers depositing the applicable Series 2025DEF Subordinate Bonds into investment trusts) at prices lower than the public offering prices or at yields higher than the yields stated on the inside front cover pages of this Official Statement.

The following two paragraphs have been provided by the Underwriters for inclusion in this Official Statement and the Department does not make any representation as to their accuracy or completeness.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which for certain of the Underwriters may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Department, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Department. The market activities of the Underwriters and other market participants may impact the value of the Series 2025DEF Subordinate Bonds. The Underwriters have indicated that their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The following paragraph has been provided by BofA Securities, Inc.

BofA Securities, Inc., an underwriter of the Series 2025DEF Subordinate Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2025DEF Subordinate Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Samuel Klein and Company, Certified Public Accountants, will verify, from the information provided to it, the mathematical accuracy of the computations contained in the provided schedules to determine that the amounts to be deposited to the Series 2015 Senior Escrow Funds, together with the interest earnings thereon, will be sufficient to pay, on May 15, 2025, the redemption price of and accrued interest on the Refunded Series 2015 Senior Bonds.

RELATIONSHIP OF CERTAIN PARTIES

BofA Securities, Inc. is acting as an underwriter in connection with the offering of the Series 2025DEF Subordinate Bonds, and Bank of America, N.A. ("**BANA**"), which is an affiliate of BofA Securities, Inc., is the provider of an irrevocable transferable direct-pay letter of credit to the Department for a portion of its Subordinate Commercial Paper Notes. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULES – Subordinate Bonds, Subordinate Commercial Paper Notes and Subordinate Revolving Obligations – CP Letters of Credit and CP Reimbursement Agreements." In addition, BANA has on-going banking relationships with certain tenants at LAX, which include providing committed revolving credit facilities. The Department intends to use a portion of the proceeds of the Series 2025D Subordinate Bonds to refund all of the Series A Subordinate Commercial Paper Notes. This refunding will require the Subordinate Trustee to draw on the CP Letter of Credit provided by BANA, use the proceeds of such draw to pay the principal of and interest on the Series A Subordinate Commercial Paper Notes supported by the BANA CP Letter of Credit, and use a portion of the proceeds of the Series 2025D Subordinate Bonds to reimburse BANA for the draw on the BANA CP Letter of Credit.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not representations of fact. No representation is made that any of such opinions or estimates will be realized.

All references to the Charter, the Senior Indenture, the Subordinate Indenture, the agreements with any other parties and laws and regulations herein and in the appendices hereto are made subject to the detailed provisions of such documents, and reference is made to such documents and agreements for full and complete statements of the contents thereof. Copies of such documents are available for review at the offices of the Department which are located at One World Way, Los Angeles, California. This Official Statement is not to be construed as a contract or agreement between the City or the Department and the owners of any of the Series 2025DEF Subordinate Bonds.

AUTHORIZATION

The Board has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered by the Chief Executive Officer on behalf of the Department.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES

By: /s/John Ackerman
Chief Executive Officer

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APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

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Appendix A

Report of the Airport Consultant

on the proposed issuance of

Los Angeles International Airport

- **Subordinate Revenue and Refunding Revenue Bonds, 2025 Series A (Private Activity/Alternative Minimum Tax) (Green Bonds)**
- **Subordinate Revenue and Refunding Revenue Bonds, 2025 Series B (Private Activity/Alternative Minimum Tax)**
- **Subordinate Refunding Revenue Bonds, 2025 Series C (Governmental Purpose/Non-Alternative Minimum Tax)**
- **Subordinate Revenue and Refunding Revenue Bonds, 2025 Series D (Governmental Purpose/Non-Alternative Minimum Tax) (Green Bonds)**
- **Subordinate Revenue and Refunding Revenue Bonds, 2025 Series E (Governmental Purpose/Non-Alternative Minimum Tax)**

March 18, 2025

Prepared for
Department of Airports of the City of Los Angeles | Los Angeles, California

Prepared by
WJ Advisors LLC | Denver, Colorado

W J ADVISORS
AVIATION MANAGEMENT CONSULTANTS

www.wj-advisors.com

March 18, 2025

Mr. Karim Webb, President
Board of Airport Commissioners
Los Angeles World Airports
1 World Way
Los Angeles, California 90045

Re: Report of the Airport Consultant on the Proposed Issuance of Los Angeles International Airport Subordinate Revenue and Refunding Revenue Bonds, 2025 Series A, Subordinate Revenue and Refunding Revenue Bonds, 2025 Series B, Subordinate Refunding Revenue Bonds, 2025 Series C, Subordinate Revenue and Refunding Revenue Bonds, 2025 Series D, and Subordinate Revenue and Refunding Revenue Bonds, 2025 Series E

Dear Mr. Webb:

WJ Advisors LLC is pleased to submit this Report of the Airport Consultant (the 2025A-E Report) on the proposed issuance of the following series of Los Angeles International Airport Subordinate Revenue and Refunding Revenue Bonds by the Department of Airports (the Department) of the City of Los Angeles (the City):

- Subordinate Revenue and Refunding Revenue Bonds, 2025 Series A (Private Activity/Alternative Minimum Tax [AMT]) (Green Bonds)
- Subordinate Revenue and Refunding Revenue Bonds, 2025 Series B (Private Activity/AMT)
- Subordinate Refunding Revenue Bonds, 2025 Series C (Governmental Purpose/Non-AMT)
- Subordinate Revenue and Refunding Revenue Bonds, 2025 Series D (Governmental Purpose/Non-AMT) (Green Bonds)
- Subordinate Revenue and Refunding Revenue Bonds, 2025 Series E (Governmental Purpose/Non-AMT)

Collectively, these bonds are referred to in this 2025A-E Report as the proposed Series 2025A-E Bonds. The proposed Series 2025A-E Bonds are to be issued pursuant to the Department's Master Subordinate Trust Indenture, as amended, and the Twenty-Sixth Supplemental Subordinate Trust Indenture for the proposed issuance of the Series 2025A-C Bonds and the Twenty-Seventh Supplemental Subordinate Trust Indenture for the proposed issuance of the Series 2025D-E Bonds (collectively, the Subordinate Revenue Bond Indenture).

The City owns and, through the Department, operates Los Angeles International Airport (the Airport or LAX).

Mr. Karim Webb
March 18, 2025

This 2025A-E Report was prepared to determine if forecast Subordinate Pledged Revenues plus any Transfer would be sufficient to meet the requirements of the rate covenant (Rate Covenant) of the Subordinate Revenue Bond Indenture for Fiscal Year[1] (FY) 2025 through FY 2034 (referred to as the Forecast Period), taking into account the issuance of (1) the proposed Series 2025A-E Subordinate Bonds and (2) Senior Bonds and other Subordinate Obligations (the Future Bonds) expected to be issued by the Department during the Forecast Period to fund improvements to the Airport included in the Next Airport Capital Program (as defined below).

In preparing this 2025A-E Report, we assisted Department management in identifying key factors affecting the future financial results of the Airport and in formulating assumptions about those factors. The results and key findings of our analyses are summarized in this letter and described more fully in the following three sections of this 2025A-E Report: “Airline Traffic and Economic Analyses,” “Airport Facilities and Capital Program,” and “Financial Performance.” This 2025A-E Report should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

Unless otherwise defined herein, capitalized terms in this 2025A-E Report are used as defined in the Subordinate Revenue Bond Indenture, the Air Carrier Operating Permit for the Use of Landing and Apron Facilities at the Airport (the Operating Permit), and the Department’s 2023 Amended and Restated Rate Agreement (the Rate Agreement) with the airlines using the Terminals at the Airport pursuant to the Los Angeles International Airport Passenger Terminal Tariff (the Tariff) or a lease, as amended.

TRANSFORMATION OF THE AIRPORT

The Airport has an important role in the international, national, State of California, regional, and local air transportation systems. In 2023, the Airport was the second busiest passenger origin and destination (O&D) airport in the world[2], the fourth busiest airport in the United States in terms of total O&D and connecting passengers (enplaned plus deplaned),[3] and the second busiest international gateway airport[4] in the United States in terms of the number of international arriving passengers. O&D passengers begin and end their journeys at the Airport, while connecting passengers transfer on flights at the Airport to another destination. In FY 2024, the shares of passengers at the Airport were 85.3% (approximately 32.7 million O&D passengers) and 14.7% (approximately 5.7 million connecting passengers).

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[1] The City’s Fiscal Year ends June 30.
[2] IATA PaxIS for O&D passenger data, outbound direction only, calendar year 2023, accessed December 2024.
[3] Airports Council International—North America (ACI-NA), *2023 ACI-NA Airport Traffic Report* for calendar year 2023.
[4] U.S. Department of Transportation, T100 database, fiscal year ended June 2024, accessed October 2024 through AirlineData Inc.

Mr. Karim Webb
March 18, 2025

In FY 2016, the Department initiated a $15.1 billion capital improvement program (the Existing Airport Capital Program[5]) to modernize and transform the Airport into a world class facility by updating Airport infrastructure, rehabilitating facilities, adding new Terminal gates, changing the way passengers access the Terminals via a new automated people mover system (APM System), constructing a new consolidated rental car facility (ConRAC), and enhancing the customer experience.

The Department currently expects the Existing Airport Capital Program to be completed by the end of FY 2026, except for the Terminal 4 Projects—American Airlines, which is expected to be completed by the end of FY 2028. According to the Department, the remaining costs of the Existing Airport Capital Program are to be paid from Department cash and the net proceeds of previously issued Bonds; no additional Bonds are expected to be issued by the Department to fund Existing Airport Capital Program costs.

During implementation of the Existing Airport Capital Program, passenger travel at the Airport and at other airports in the United States and globally were negatively affected by the outbreak of the novel coronavirus SARS-CoV-2 (the COVID-19 pandemic) in late 2019. As with past exogenous events, the actual annual rate of growth in the number of Airport passengers following the COVID-19 pandemic has slowed and, as discussed later in this 2025A-E Report, the forecast rate of growth is assumed to be slower during the Forecast Period compared to (1) the actual rate of growth experienced between FY 2010 through FY 2019[6] and (2) the earlier 3.3% annual rate of growth in the number of enplaned passengers using the Airport forecast between FY 2023 and FY 2030.

As a result of the forecast slower growth in the number of enplaned passengers at the Airport, discussed below, a change in Department strategic priorities, and other factors, the Department has reconstituted and redefined the Next Airport Capital Program, which is currently estimated to cost approximately $15.0 billion, and is expected to be completed in or around FY 2033, approximately 4 years later than previously estimated by the Department. The Next Airport Capital Program is expected to further improve the customer experience as well as to refurbish, renovate, and rehabilitate Airport infrastructure, but other than the planned addition of eight new Terminal gates at the Airport with the planned completion of the Midfield Satellite Concourse (MSC)-South project in late 2025, the Department does not currently expect to add any other new gates during the Forecast Period due to slowing growth in passenger traffic.

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[5] In prior Reports of the Airport Consultant (such as the Series 2023AB Letter Report dated March 21, 2023), the Existing Airport Capital Program was presented as $12.1 billion of estimated costs, excluding approximately $3.0 billion of project costs associated with the APM System and ConRAC Developer milestone payments, Van Nuys Airport projects, facility maintenance program projects, and projects already completed. The total cost of the Existing Airport Capital Program is approximately $15.1 billion when such developer costs and other projects are included.

[6] The period of time following the 2008-2009 financial crisis and prior to the start of the COVID-19 pandemic.

Mr. Karim Webb
March 18, 2025

AVIATION ACTIVITY

At the end of FY 2024 (approximately 4 years after the start of the COVID-19 pandemic), the share of enplaned passengers at the Airport was 86.8%[7], lower than the 94.1% share of enplaned passengers at the Airport in the fourth year following the events of September 11, 2001 (9/11). While the events of 9/11 and the COVID-19 pandemic differ, both resulted in major changes in scheduled service at the Airport after each event, which is forecast to result in slower growth in the number of enplaned passengers using the Airport during the Forecast Period.

The slower growth in the number of enplaned passengers following the COVID-19 pandemic is attributable to major changes in scheduled intra-California service (i.e., routes that begin and end in California [Intra-Cal]), all other domestic service (excluding Intra-Cal), and international service, all as shown below and as more fully described in the "Airline Traffic and Economic Analyses" section of this 2025A-E Report.

	Changes in Numbers of Enplaned Passengers			Percentage of FY 2019 Enplaned Passenger Numbers
	FY 2019	FY 2024	Increase (decrease)	
Intra-Cal	4.4	2.9	(1.4)	67.1%
Other Domestic (ex., Intra-Cal)	25.9	23.3	(2.6)	89.9
International	13.0	11.8	(1.2)	90.8
Total	43.3	38.1	(5.3)	87.9%

Note: Numbers in millions. Totals may not add to amounts shown because of rounding. Total numbers of enplaned passengers by airline differ from Department records because airlines do not report enplaned passengers by market segment to the Department.
Source: U.S. Department of Transportation, T100 Data via AirlineData Inc., accessed October 2024.

Many of the changes coming out of the COVID-19 pandemic, such as, but not limited to, shifts in scheduled airline service from the Airport to other airports also occurred during and immediately after 9/11 and are described below.

Major Reductions in Scheduled Service

- The reduction in scheduled service by American Airlines and Alaska Airlines was related to gate closure projects at their respective Terminals at the Airport, along with changes in American Airlines' route network to concentrate more service in its busier airport markets as measured by passenger numbers (e.g., Dallas/Fort Worth International

[7] Source: Department records. The 86.8% is based on Department records while the 87.9% shown below uses U.S. Department of Transportation, T100 database data for enplaned passengers by segment (e.g., intra-Cal).

Airport). However, Alaska Airlines' forward-looking flight schedules shows a 14.7% increase in flights at the Airport from November 2024 through June 2025 compared with its number of flights at the Airport in the same period of the previous year following the completion of its improvements in Terminal 6 and the reopening of its gates.

- The reduction in service by Southwest Airlines was mostly related to traffic declines in the Intra-Cal traffic corridor resulting from work-from-home practices, video teleconferencing, and shifts in scheduled service to other nearby airports.
- A reduction in international scheduled flights at the Airport resulted from certain foreign-flag airline bankruptcies (Norwegian Air Shuttle and Virgin Australia, both of which had a combined 1.4% enplaned passenger market share at the Airport in FY 2019), as well as air service restrictions and softening economic conditions in China. Slower growth in the number of international arriving and departing passengers has also affected domestic passenger travel from the Airport, given domestic-to-international and international-to-domestic passenger connections.

Major Increases in Scheduled Service

- Delta Air Lines increased scheduled service at the Airport. At the end of FY 2024, Delta was the busiest airline at the Airport for the fourth consecutive Fiscal Year, as measured by the number of enplaned passengers using the Airport.
- JetBlue Airways also increased scheduled service at the Airport following its October 2020 relocation of service from Long Beach Airport to the Airport and its renewed focus on the Airport, and Spirit Airlines also increased scheduled service at the Airport. However, the forward-looking flight schedules for JetBlue Airways and Spirit Airlines from October 2024 through March 2025 show decreases of 31.5% and 21.6%, respectively, compared with the same period of the previous year, indicating further shifts in service and continued adjustments in network planning for each airline.

In the forecasts presented later in this 2025A-E Report, it was assumed that the major changes described above would not worsen but would stabilize at current levels given the strategic importance of the Airport in serving the largest O&D base in the United States and as the second largest international gateway in the United States.

From FY 2024 through FY 2034, the number of enplaned passengers at the Airport is forecast to increase an average of 2.7% per year, as discussed in the subsection of this 2025A-E Report entitled "Airline Traffic Forecasts."

Mr. Karim Webb
March 18, 2025

NEXT AIRPORT CAPITAL PROGRAM AND FUNDING SOURCES

With the expected completion of the Existing Airport Capital Program during the Forecast Period, Department management is now focused on identifying future Airport capital improvements to be included in the Next Airport Capital Program based on, but not limited to, current Department strategic priorities and the following other factors:

- The near- and long-term maintenance, rehabilitation, and the renewal of Airport infrastructure
- Recent actual trends and forecast growth in the number of enplaned passengers using the Airport
- Customer service and experience enhancements
- Department facilities improvement planning (e.g., offices, operations center)
- Individual projects identified in the Airfield & Terminal Modernization Project (ATMP), including, but not limited to:
  - Airfield improvements to increase operational efficiency
  - Roadway improvements

Other than the eight new Terminal gates to be added at the Airport with the completion of the MSC-South project in late 2025, Department management does not currently expect to construct any other new Terminal gates at the Airport during the Forecast Period as a result of slowing passenger traffic growth, even though two gate expansion projects[8] were identified in the ATMP.

As of the date of this 2025A-E Report, Department management currently expects that approximately $15.0 billion of projects included in the Next Airport Capital Program would be completed in or around FY 2033—approximately four years later than initially expected and that:

- Certain projects totaling approximately $1.6 billion are currently underway, including the MSC-South Project ($428.7 million), the Intermodal Transportation Facility (ITF) Auxiliary Curbs Project ($295.2 million), the Baggage Optimization Phase 2 Project ($263.9 million), the ATMP North Airfield Exit Taxiways Project ($245.4 million), the ATMP Taxiway D Project ($136.5 million), and the ATMP Real Estate Program ($100.4 million), the Department Offices Renovation Project – Skyview Center ($79.5 million), and the LAXFuel Facility Relocation Project ($39.9 million).
- Additional APM System costs associated with a settlement with the APM System Developer would be paid to the Developer.

[8] The two projects identified in the ATMP were: Concourse Zero and Terminal 9.

- Certain projects totaling approximately $4.2 billion have been partially approved and are currently in the planning stage, including the ATMP Roadway Improvements Project ($2.2 billion), the Terminal 5 Renovation and Reconstruction Project ($1.7 billion), and the Other LAX Roadway Improvements ($327.2 million).
- As other individual projects are identified, the Department would refine each project's scope, estimated cost, phasing, and method of project delivery.
- The forecast change in key financial metrics (e.g., average airline cost per enplaned passenger) resulting from implementation of the Next Airport Capital Program will continue to be reviewed and analyzed.

Exhibit A presents a summary of costs and estimated sources of funds for the Next Airport Capital Program.

PROPOSED SERIES 2025A-E BONDS

The Department currently expects to issue the proposed Series 2025A-E Bonds to:

Series 2025ABC Bonds

- Finance a portion of the Next Airport Capital Program, reimburse the Department for certain prior project expenditures paid with Department Funds, or a combination of the two
- Current refund all or a portion of its outstanding Series 2015 Bonds
- Refund all or a portion of its outstanding Commercial Paper Notes (AMT)
- Pay capitalized interest on the Series 2025A Bonds, Series 2025B Bonds, certain outstanding Senior Bonds and certain outstanding Subordinate Bonds
- Make a deposit to the Subordinate Debt Service Reserve Fund
- Pay issuance and financing costs

Series 2025DE Bonds

- Finance a portion of the Next Airport Capital Program, reimburse the Department for certain prior project expenditures paid with Department Funds, or a combination of the two
- Refinance all or a portion of its outstanding Subordinate Revolving Obligations
- Refund all or a portion of its outstanding Commercial Paper Notes (Non-AMT)
- Pay capitalized interest on the Series 2025DE Bonds, certain outstanding Senior Bonds and certain outstanding Subordinate Bonds
- Current refund all of the outstanding Series 2009C Bonds (Build America Bonds [BABs])

- Make a deposit to the Subordinate Debt Service Reserve Fund
- Pay issuance and financing costs

Debt service savings, if any, from the proposed current refunding of the Series 2015 Bonds and the Series 2009C Bonds are not included in the financial forecasts presented in this 2025A-E Report.

The proposed Series 2025A-E Bonds (excluding any current refundings) are assumed to be issued as fixed-rate bonds with the following final maturity dates and all-in true interest costs, based on input from the Department's Co-Municipal Advisor:

	Final Maturity Date	All-in True Interest Cost
Series 2025A Bonds	May 15, 2055	4.9%
Series 2025B Bonds	May 15, 2055	4.8%
Series 2025C Bonds	May 15, 2045	3.7%
Series 2025D Bonds	May 15, 2051	4.6%
Series 2025E Bonds	May 15, 2055	4.3%

In addition to the current refunding described above, the Department may refund for economic savings certain other outstanding Senior Bonds, Subordinate Obligations, or a combination of both during the Forecast Period from the net proceeds of other series of bonds issued by the Department during the Forecast Period.

FUTURE SENIOR BONDS AND SUBORDINATE OBLIGATIONS

Estimated annual debt service on Future Bonds the Department may issue to fund costs in the Next Airport Capital Program was calculated by the Department's Co-Municipal Advisor based on the following assumptions:

- An interest rate of 7.00% on Future Bonds (Senior Bonds and Subordinate Obligations) currently expected by the Department to be issued during the Forecast Period.
- Payment of the costs of issuance and financing (e.g., deposits to debt service reserve funds, capitalized interest), including the refinancing of Commercial Paper Notes previously issued to fund capitalized interest.
- Amortization of debt service on Future Bonds over each project's expected useful life or 30 years, whichever occurs first.

FINANCIAL PERFORMANCE

Pledged Revenues

Under the Senior Revenue Bond Indenture, Pledged Revenues include rentals, rates, fees, and charges associated with the Airport, except for passenger facility charge (PFC) revenues, customer facility charge (CFC) revenues, and certain other revenues.

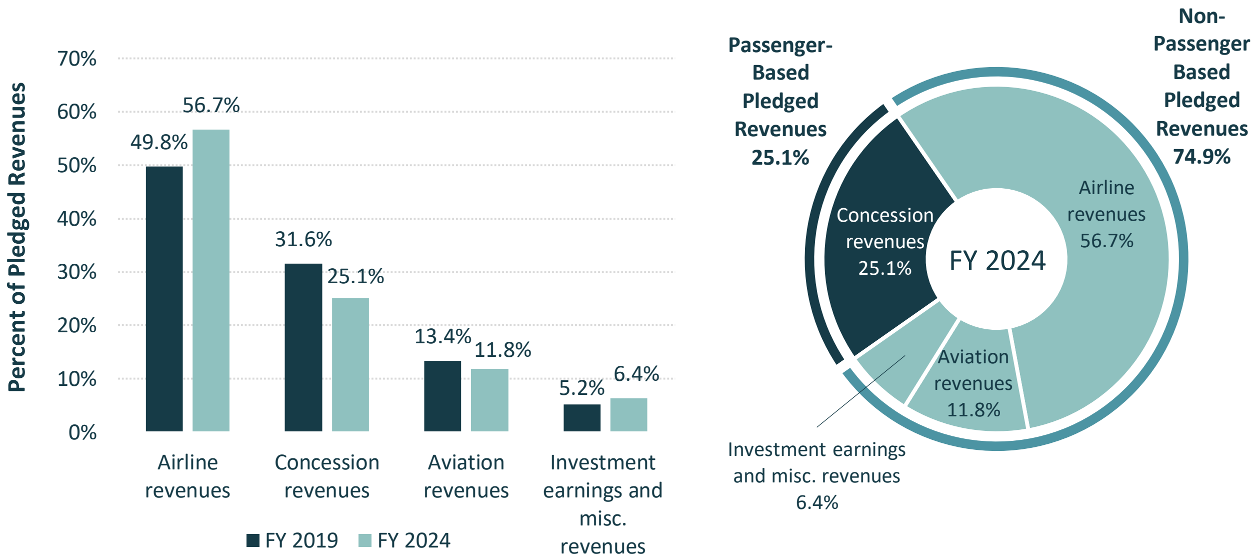
Pledged Revenues totaled approximately $1.6 billion in FY 2019 and $2.0 billion in FY 2024. Sources of Pledged Revenues in FY 2019 (prior to the negative effects of COVID-19) and FY 2024 are shown on Figure 1.

Revenues from airline Terminal rentals, landing fees, and apron fees accounted for the largest portion of Pledged Revenues (49.8% in FY 2019 and 56.7% in FY 2024); the second largest source of Pledged Revenues was concession revenues, followed by aviation revenues (other than airline revenues), and investment earnings and miscellaneous revenues.

Airline Terminal revenues, landing fees, and apron fees were calculated on the basis of: (1) the number of gates and square footage used or leased by the airlines serving the Airport and airline landed weight (for landing and apron fees) and (2) the rentals, rates, fees, and charges in effect each Fiscal Year, as calculated by the Department pursuant to the Operating Permit, the Tariff, and the Rate Agreement. Furthermore, but not assumed in this 2025A-E Report, airline Terminal revenues can be increased by the Department pursuant to the Rate Agreement in any Fiscal Year when debt service coverage is less than 140%, which, as discussed later in this 2025A-E Report, further enhances the resiliency of Pledged Revenues.

Mr. Karim Webb
March 18, 2025

Figure 1
SOURCES OF PLEDGED REVENUES IN FY 2019 AND FY 2024
Los Angeles International Airport



Source: Department records.

Concession revenues include, but are not limited to, public parking fees, rental car concession fees, and revenues from Terminal concessions. Concession revenues are a function of the business strategies and practices developed and implemented by Department management, the terms and conditions of agreements with the entities providing those services, and the number of passengers at the Airport each year and how much those passengers spend on concessions.

Aviation revenues include land rentals, aircraft parking fees, fuel flowage fees, and other related revenues from sources other than the passenger airlines.

Other sources of Pledged Revenues shown on Figure 1 include investment earnings and miscellaneous revenues. A more detailed description of these revenues is provided later in this 2025A-E Report.

As shown on Figure 1, 74.9% of Pledged Revenues in FY 2024 came from non-passenger-based sources of revenues, including, but not limited to cost-recovery based landing fees and Terminal rentals, known and escalating aviation ground and/or building rentals pursuant to Airport leases with the Department, and other sources. The remaining 25.1% of Pledged Revenues in FY 2024 came from in-Terminal concessions, public parking operations, rental car concessions, and other sources; the amount of these Pledged Revenues earned by the

Department in each Fiscal Year is a function of annual passenger numbers and the amount spent on each of those services and offerings.

Because a significant portion of Pledged Revenues (74.9%) is from sources that are not a function of annual passenger numbers, the amount of Pledged Revenues earned at the Airport each Fiscal Year is less likely to vary and tends to be more resilient during periods of slower growth in the number of enplaned passengers using the Airport.

Pledged Revenues are forecast to increase to approximately $4.7 billion in FY 2034, equal to an average annual increase of 8.7% between FY 2024 and FY 2034.

LAX Maintenance and Operation Expenses

Under the Revenue Bond Indentures, LAX Maintenance and Operation (M&O) Expenses are defined as substantially all of the day-to-day expenses of operating the Airport under generally accepted accounting principles, excluding depreciation and expenses paid from sources other than Pledged Revenues.

Categories of LAX M&O Expenses in FY 2019 and FY 2024 are shown on Figure 2. Approximately 91.3% in FY 2019 and 89.5% in FY 2024 of LAX M&O Expenses were for salaries and benefits, contractual services, and materials and supplies. The remaining 8.7% in FY 2019 and 10.5% in FY 2024 of LAX M&O Expenses were for utilities, advertising and public relations, administrative services, and other operating expenses.

LAX M&O Expenses totaled approximately $786.9 million in FY 2019, after deducting the administrative costs allocated to other airports operated by the Department and certain M&O Expenses paid with grants, which are not included in the definition of LAX M&O Expenses. LAX M&O Expenses were approximately $939.8 million in FY 2024 after the same deduction for administrative costs allocated to other airports.

LAX M&O Expenses are forecast to increase to approximately $2.0 billion in FY 2034, which amount[9] includes:

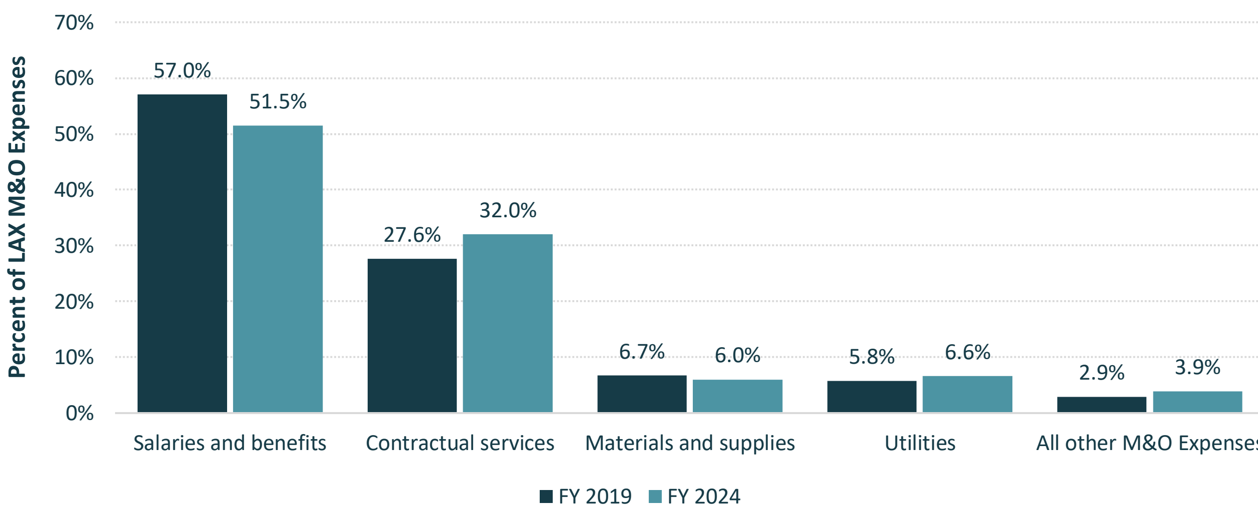
1. Approximately $1.8 billion of M&O Expenses or 90.0% of total LAX M&O Expenses for existing Airport facilities and common-use (CU) systems and equipment in the Terminals that the Department now directly manages and fully recovers through rates and charges paid by CU airlines, plus
2. Approximately $165.1 million of additional M&O Expenses or 10.0% of total LAX M&O Expenses for new facilities included in the Next Airport Capital Program and expected to be completed during the Forecast Period.

[9] The numbers that follow may not add to $2.0 billion because of rounding.

Mr. Karim Webb
March 18, 2025

In this 2025A-E Report, it was assumed that both (1) and (2) above would increase at an annual rate of increase of approximately 6.0% from FY 2024 through FY 2034, for an effective annual increase of 7.9%. The forecast of LAX M&O Expenses includes the APM System M&O availability payments (APs) to the APM System Developer and the ConRAC M&O APs to the ConRAC Developer.

Figure 2
CATEGORIES OF LAX M&O EXPENSES IN FY 2019 AND FY 2024
Los Angeles International Airport



Note: Prior to adjustments to exclude LAX M&O Expenses associated with the administrative expenses allocated to other airports operated by the Department, LAX M&O Expenses associated with the City pension plan, and LAX M&O Expenses paid from any grant funds.
Source: Department records.

Annual Debt Service[10]

In FY 2024, total Debt Service on the Department's outstanding Senior Bonds was approximately $200.0 million. The Department used approximately $61.3 million of PFC revenues to pay debt service on these bonds, resulting in Senior Bond Aggregate Annual Debt Service of approximately $138.7 million.

In FY 2024, total Debt Service on the Department's outstanding Subordinate Bonds was approximately $355.8 million. The Department used approximately $68.9 million of PFC revenues to pay debt service on these bonds, resulting in Subordinate Bond Aggregate Annual Debt Service of approximately $286.9 million.

[10] All Debt Service numbers in this 2025A-E Report are net of capitalized interest.

Mr. Karim Webb
March 18, 2025

Principal of and interest on Senior Bonds and Subordinate Obligations paid with CFC revenues, PFC revenues, and grants are excluded from the amount of annual Debt Service for purposes of calculating compliance with the Rate Covenant under the Senior Revenue Bond Indenture and the Subordinate Revenue Bond Indenture.

Forecast increases in total Debt Service paid from Pledged Revenues are attributable to (1) the overall structure of outstanding Senior Bonds and Subordinate Obligations, (2) the additional debt service associated with the proposed Series 2025A-E Bonds[11] and Future Bonds, and (3) the amount of CFC revenues and PFC revenues currently expected to be used by the Department in each Fiscal Year to pay annual debt service.

Annual Debt Service on Senior Bonds is estimated to increase from $138.7 million in FY 2024 to approximately $929.7 million in FY 2034, including approximately $772.9 million of debt service associated with Future Bonds assumed to be issued as Senior Bonds. Annual debt service for Subordinate Bonds is estimated to increase from $286.9 million in FY 2024 to $643.5 million in FY 2034, including approximately $251.2 million of debt service associated with Future Bonds assumed to be issued as Subordinate Bonds.

DEBT SERVICE COVERAGE PURSUANT TO THE REVENUE BOND INDENTURES

Under the Senior Revenue Bond Indenture, Senior Bonds are secured by a pledge of Net Pledged Revenues and certain funds and accounts held by the Senior Trustee. As defined in the Senior Revenue Bond Indenture, Net Pledged Revenues equal Pledged Revenues less LAX M&O Expenses.

Pursuant to the Senior Revenue Bond Indenture, the Department has covenanted to establish, fix, prescribe, and collect rates, tolls, fees, rentals, and charges for the use of the Airport so that in each Fiscal Year:

- Pledged Revenues are at least equal to the amount of required deposits to various funds and accounts during such Fiscal Year, and
- Net Pledged Revenues, together with any Transfer[12] (as defined in the Senior Revenue Bond Indenture), are equal to at least 125% of the Senior Bond Aggregate Annual Debt Service on outstanding Senior Bonds.

These covenants are referred to as the Senior Bonds Rate Covenant.

---

[11] Estimated debt service on the proposed Series 2025A-E Bonds and Future Bonds was provided by the Department's Co-Municipal Advisor.

[12] Although the Revenue Bond Indentures provide for a Transfer of certain amounts that can be included in the calculation of debt service coverage, no such Transfer was assumed in the financial forecasts in this 2025A-E Report.

Under the Subordinate Revenue Bond Indenture, the Department has covenanted to establish, fix, prescribe, and collect rates, tolls, fees, rentals, and charges for use of the Airport so that in each Fiscal Year:

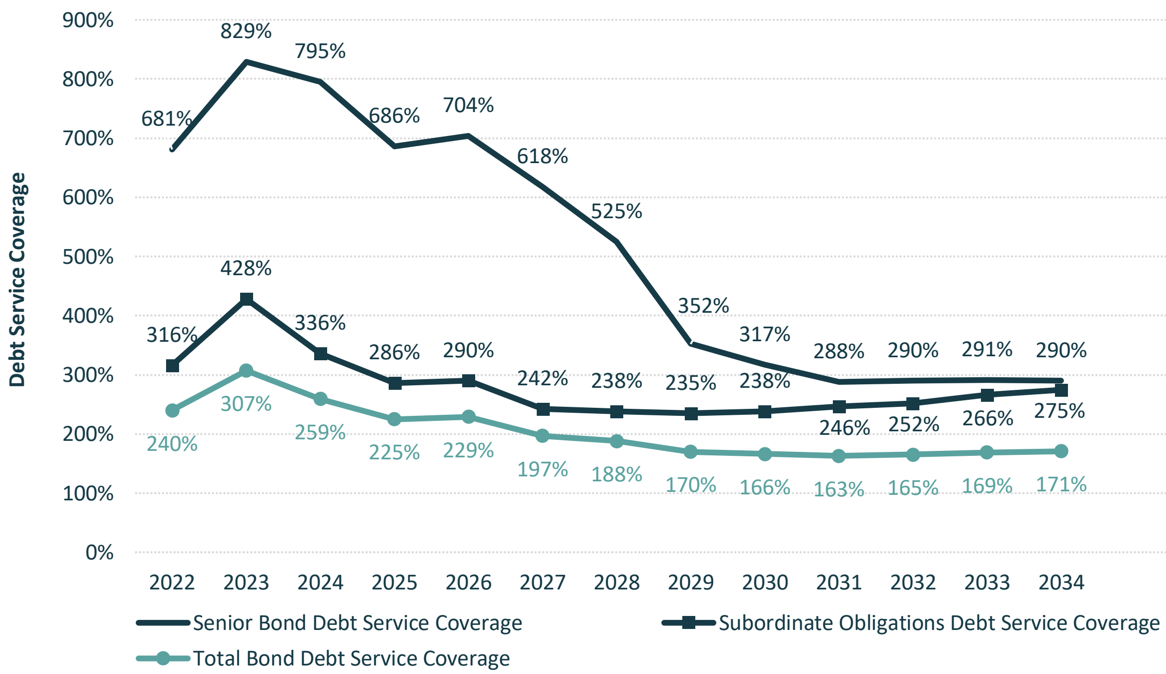
- Subordinate Pledged Revenues are at least equal to the amount of required deposits to various funds and accounts during such Fiscal Year, and
- Subordinate Pledged Revenues, together with any Transfer, are equal to at least 115% of the Subordinate Aggregate Annual Debt Service on outstanding Subordinate Obligations.

These covenants are referred to as the Subordinate Obligations Rate Covenant.

As shown on Figure 3, debt service coverage on Senior Bonds and Subordinate Obligations, including estimated annual Debt Service on the proposed Series 2025A-E Bonds and Future Bonds, in each Fiscal Year of the Forecast Period demonstrates compliance with (1) the Senior Bond Rate Covenant of 125% of Aggregate Annual Debt Service on the Senior Bonds and (2) the Subordinate Obligations Rate Covenant of 115% of Aggregate Annual Debt Service on the Subordinate Obligations.

Mr. Karim Webb
March 18, 2025

Figure 3
FORECAST DEBT SERVICE COVERAGE
Los Angeles International Airport
For Fiscal Years ending June 30



Note: Includes debt service on existing Senior Bonds and existing Subordinate Obligations (including the Commercial Paper Notes) and estimated debt service on the proposed Series 2025A-E Bonds and Future Bonds. Debt service is net of capitalized interest, if any.
Source of Debt Service: The Department's Co-Municipal Advisor.

PROJECTION OF DEBT SERVICE AND AVAILABILITY PAYMENT COVERAGE

For informational purposes only to demonstrate the ability of the Department to meet all of its secured and unsecured obligations, debt service and availability coverage were projected to include (1) all Debt Service on existing Senior and Subordinate Bonds, the proposed Series 2025A-E Bonds and Future Bonds and (2) the annual APM System Capital APs[13] and the ConRAC Capital APs, both of which are unsecured obligations of the Department that are not required to be included in the calculation of debt service coverage under the Revenue Bond Indentures.

[13] Refer to the Report of the Airport Consultant on the Proposed Issuance of Los Angeles International Airport Subordinate Revenue Bonds, 2021 Series D, Private Activity/Alternative Minimum Tax and Subordinate Refunding Revenue Bonds, 2021 Series E, Federally Taxable, dated September 14, 2021, for additional information regarding APM System and ConRAC Capital APs and the projected sources of revenues to make those payments.

Mr. Karim Webb
March 18, 2025

The total annual revenues used to calculate coverage for informational purposes only are equal to (1) forecast annual Net Pledged Revenues plus (2) forecast annual CFC revenues that are currently expected by the Department to be used to pay the ConRAC Capital APs.

The projection of coverage (including debt service plus the annual APM System Capital and ConRAC Capital APs) shown on Exhibit F ranges from 153% to 223% in FY 2025 through FY 2034.

ASSUMPTIONS UNDERLYING THE FINANCIAL FORECASTS

The financial forecasts presented in this 2025A-E Report are based on information and assumptions provided by, or reviewed with and agreed to by, Department management. The forecasts reflect management's expected course of action during the Forecast Period and, in management's judgment, present fairly the expected financial results of the Airport. Those key factors and assumptions that are significant to the forecasts are set forth in this 2025A-E Report. This 2025A-E Report should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the forecasts.

However, any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized, and unanticipated events and circumstances may occur. Therefore, there will be differences between the forecast and actual results, and those differences could be material. Neither WJ Advisors LLC nor any person acting on our behalf makes any warranty, express or implied, with respect to the information, assumptions, forecasts, opinions, or conclusions disclosed in this 2025A-E Report. We have no responsibility to update this 2025A-E Report for events and circumstances occurring after the date of this 2025A-E Report.

We appreciate the opportunity to serve as the Department's Airport Consultant in connection with this proposed financing.

Respectfully submitted,

WJ Advisors LLC

WJ Advisors LLC

BACKGROUND

City of Los Angeles, Department of Airports

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SECTION 1

AIRLINE TRAFFIC AND ECONOMIC ANALYSES

AIRLINE TRAFFIC AND ECONOMIC ANALYSES

OVERVIEW OF AIRPORT ROLE

Los Angeles International Airport has an important role in the international, national, State of California, and regional and local air transportation systems. In FY 2024, the Airport was the fourth busiest airport in the United States in terms of the total enplaned passengers according to the United States Department of Transportation and the second largest international gateway airport in the United States as measured by FY 2024 international revenue enplaned passengers. The Airport is one of six commercial service airports in the greater Los Angeles area and has the most international airline service and the greatest number of O&D and connecting passengers in the area.

At the end of FY 2024, the number of enplaned passengers at the Airport was 5.9 million or 13.3% lower relative to FY 2019 as a result of the negative effects of the COVID-19 pandemic on passenger travel. The growth in enplaned passengers at the Airport following the COVID-19 pandemic has been slower (relative to the actual rate of growth experienced between FY 2010 through FY 2019) and is categorized in the following three passenger markets, as further described in this section:

- Domestic service (excluding Intra-Cal)
- Intra-Cal service
- International service

Despite the slower growth in enplaned passengers, the Airport remains an important part of the air transportation system in the State of California, the nation, and the world.

Large Origin-Destination Passenger Base

The Airport's large O&D passenger base is related to the population of the area served by the Airport, the strength of the local economy, and the attractiveness of the Los Angeles Combined Statistical Area (CSA, defined below), the primary geographic area served by the Airport, as a destination for leisure and business travelers. Through FY 2024, an estimated 32.7 million originating passengers enplaned at the Airport, making the Airport the busiest O&D airport in the United States (U.S.), serving the second largest CSA in the U.S. in terms of population.

The Los Angeles CSA includes Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties. As shown in Table 1, the population of the Los Angeles CSA was approximately 18.3 million in 2023, accounting for approximately 47.0% of California's total population in that year. Los Angeles County includes the City of Los Angeles and accounted for about 52.8% of the population of the Los Angeles CSA in 2023. Because economic activity in the Los Angeles CSA stimulates a significant portion of passenger demand at the Airport, statistics for the Los Angeles CSA were used to evaluate airline traffic trends at the Airport.

Table 1
POPULATION OF SOUTHERN CALIFORNIA IN 2023

Area	Population	Percent of Southern California population	Percent of Los Angeles CSA or Surrounding Counties
Los Angeles CSA			
Los Angeles County	9,663,345	41.3%	52.8%
Orange County	3,135,755	13.4%	17.1%
Riverside County	2,492,442	10.7%	13.6%
San Bernardino County	2,195,611	9.4%	12.0%
Ventura County	829,590	3.5%	4.5%
Subtotal—Los Angeles CSA	**18,316,743**	**78.3%**	**100.0%**
Surrounding Counties			
San Diego County	3,269,973	14.0%	64.3%
Kern County	913,820	3.9%	18.0%
Santa Barbara County	441,257	1.9%	8.7%
San Luis Obispo County	281,639	1.2%	5.5%
Imperial County	179,057	0.8%	3.5%
Subtotal—Surrounding Counties	**5,085,746**	**21.7%**	**100.0%**
Total Southern California	**23,402,489**	**100.0%**	

Note: Columns may not add to totals shown because of rounding. Per the underlying data source, 2023 annual figures are the latest estimates available, and may be subject to revisions in future releases.
Source: Woods & Poole Economics, The Complete Economic and Demographic Data Source (CEDDS), June 2024.

Primary Commercial Service Airport in the Los Angeles CSA

As shown on Figure 4, the Los Angeles CSA is served by seven airports with scheduled passenger airline service, including the Airport, which is defined as a large-hub airport.[14] The Airport accounts for the majority of short-haul domestic airline service in the CSA, dominates medium- and long-haul domestic service, and is the primary international air transportation gateway in Southern California.[15] In FY 2024, the number of enplaned passengers at the Airport accounted for approximately 71.9% of all enplaned passengers at the seven airports in the Los Angeles CSA. According to FAA data for calendar year 2023, the airports in Orange County, Ontario, and Burbank are medium-hub airports, the airports in Long Beach and Palm Springs are small-hub airports, and the airport in San Bernardino is a non-hub airport that provides limited scheduled domestic service.

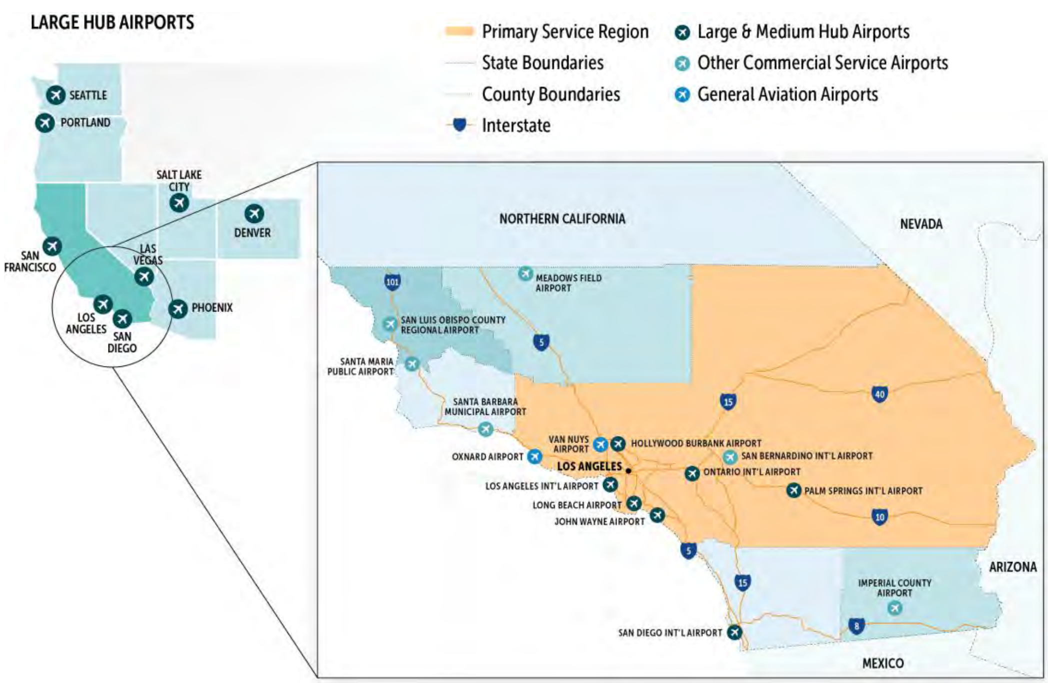
Each airport provides short- and medium- haul domestic airline service and draws passengers largely from its closest surrounding geographical area. The Airport primarily provides longer

[14] The Federal Aviation Administration (FAA) definition of large-, medium-, and small hub airports are available at the following link: https://www.faa.gov/airports/planning_capacity/categories.
[15] Van Nuys Airport is a general aviation (GA) airport and is part of the airport system operated by the Department.

haul domestic service and international service and draws passengers from the Los Angeles CSA and Southern California.

Los Angeles International Airport also serves a large secondary area consisting of the counties surrounding the Los Angeles CSA. The secondary area, shown lightly shaded on Figure 4, is served by seven airports with scheduled airline service, including San Diego International Airport, a large-hub airport with considerable domestic airline service and limited international service. Other airports in the secondary service area, including airports in San Luis Obispo, Santa Barbara, Santa Maria, and Imperial Counties, provide limited scheduled domestic service, including service to the Airport.

Figure 4
AIRPORT SERVICE REGION



Road Miles from Los Angeles International Airport

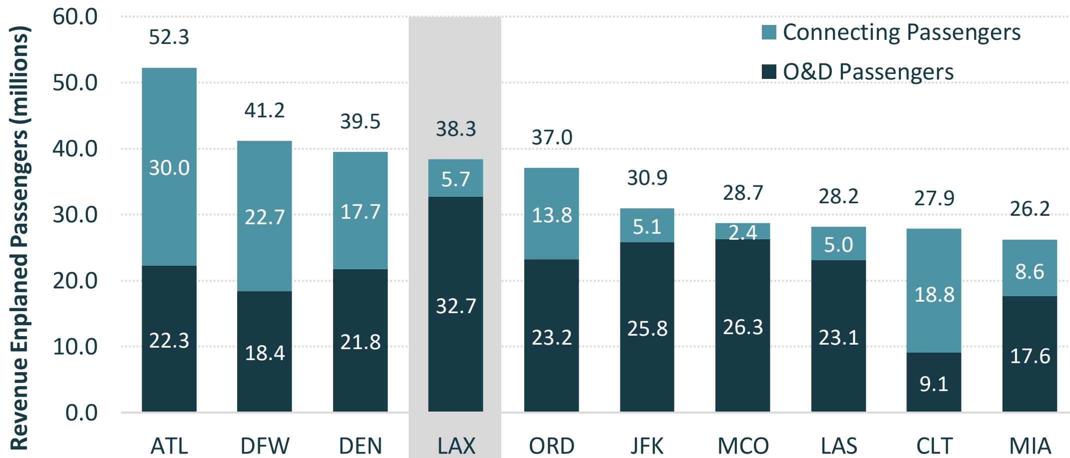
Bakersfield	121.0	Palm Springs	125.0
Burbank	35.8	San Bernardino	79.3
Imperial County	229.7	San Diego	126.0
Long Beach	21.7	San Luis Obispo	209.0
Ontario	55.0	Santa Barbara	105.3
Orange County (John Wayne Airport)	41.8	Santa Maria	180.3
Oxnard	71.2	Van Nuys	24.8

Passenger Volumes at LAX

Prior to the COVID-19 pandemic, Los Angeles International Airport was the second busiest airport in the United States and the busiest airport in terms of O&D passengers with approximately 44.3 million revenue enplaned passengers and 36.5 million O&D enplaned passengers. Following the COVID-19 pandemic, the rankings of the top 10 U.S. airports (as measured by revenue enplaned passengers) shifted, including the ranking of the Airport which went from the second busiest to the fourth busiest in the United States, as shown on Figure 5. Despite the change in ranking of the Airport from FY 2019 to FY 2024, the Airport was approximately 53.7% busier than the next busiest airport on the west coast (Seattle-Tacoma International Airport, not shown) in FY 2024.

Figure 5

10 BUSIEST U.S. AIRPORTS IN FY 2024 AS MEASURED BY REVENUE ENPLANED PASSENGERS



ATL = Hartsfield–Jackson Atlanta International
DFW = Dallas Fort Worth International
DEN = Denver International
LAX = Los Angeles International
ORD = Chicago O'Hare International
JFK = John F. Kennedy International
MCO = Orlando International
LAS = Harry Reid (Las Vegas) International
CLT = Charlotte Douglas International
MIA = Miami International

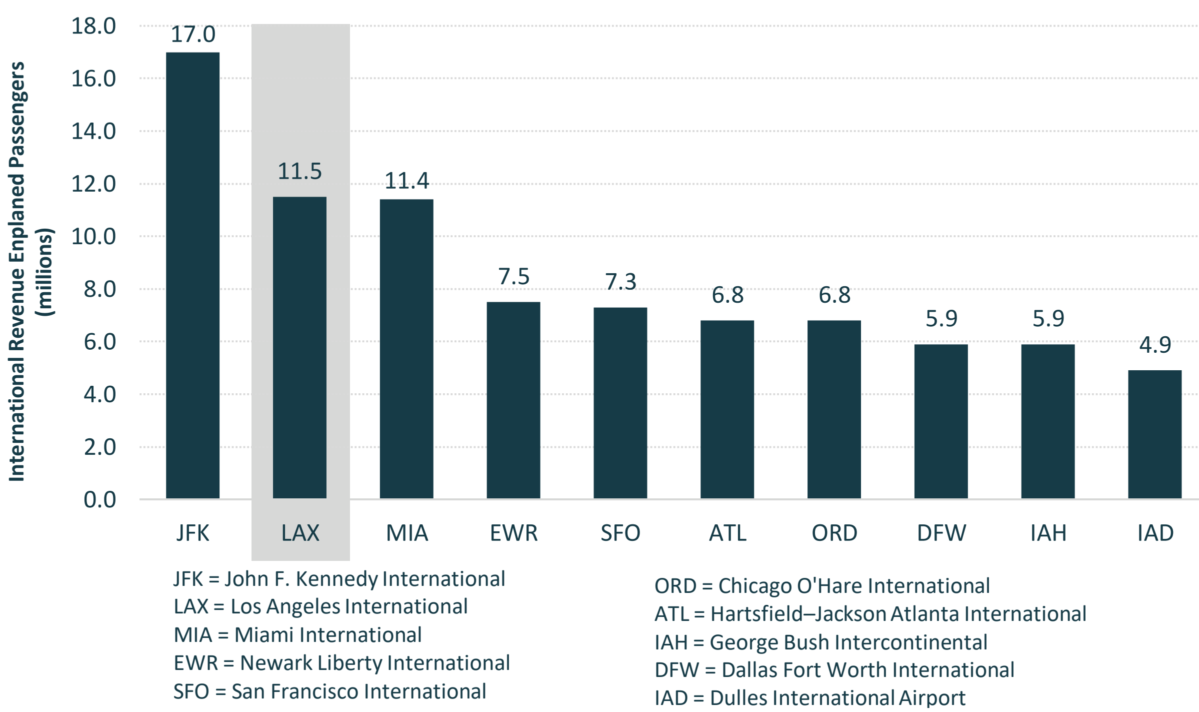
Note: Totals may not add to 100% because of rounding.
Source: Department Records for LAX, U.S. Department of Transportation, T100 database via AirlineData Inc., for all other airports shown accessed October 2024.

Hartsfield-Jackson Atlanta International Airport had 52.8 million revenue enplaned passengers in FY 2019 and remained the busiest airport in the United States in FY 2024 with 52.3 million revenue enplaned passengers. Dallas Fort Worth International Airport (DFW), which is the busiest airport in the route system of American Airlines, saw its ranking increase from fourth in FY 2019 to second in FY 2024, largely as a result of American Airlines' decision to consolidate and increase the number of flights to and from DFW relative to its other hub airports in reaction to the negative effects on air travel resulting from the COVID-19 pandemic.

The ranking of Denver International Airport increased from fifth in FY 2019 to third in FY 2024 as a result of increasing domestic travel in the United States and the high proportion of domestic versus international passenger travel at the airport. The ranking of Chicago O'Hare International Airport, which is used as a hub for American Airlines and United Airlines, changed from third busiest in FY 2019 to fifth busiest in FY 2024, given its higher proportion of international versus domestic passenger travel.

In FY 2024, the Airport was the second busiest international gateway in terms of international revenue enplaned passengers in the United States and the busiest international gateway on the West Coast, with approximately 11.5 million international revenue enplaned passengers (see Figure 6).

Figure 6
10 BUSIEST INTERNATIONAL GATEWAY U.S. AIRPORTS IN FY 2024
AS MEASURED BY INTERNATIONAL REVENUE ENPLANED PASSENGERS



Source: U.S. Department of Transportation, T100 database, Fiscal year ending June 2024, accessed October 2024 through AirlineData Inc., for all airports shown.

John F. Kennedy International Airport, which had 17.0 million international revenue enplaned passengers during the same period, was the busiest international gateway in the United States. San Francisco International Airport is the only other international gateway airport on the West Coast that is ranked among the 10 busiest international gateways, with approximately 7.3 million international revenue enplaned passengers during FY 2024.

The largest international markets for the Airport in FY 2024, as measured by the number of international revenue enplaned passengers, were as follows: Asia (25.0%), Europe (21.8%), Mexico (19.5%), Canada (11.0%), Latin America and the Caribbean (10.9%), Oceania (8.5%), and Africa/Middle East (3.4%). Of the 10 busiest international gateway U.S. airports in FY 2024, the Airport served the largest number of international revenue enplaned passengers to Asia-Pacific and Canada, and the second most to Mexico after Dallas Fort Worth International Airport. The Airport served more international revenue enplaned passengers to each of the markets listed above than did San Francisco International Airport.

Many of the airlines serving the Airport have alliances with foreign-flag airlines that provide, among other benefits, seamless service for passengers to markets that may not otherwise have been served by the same domestic airline. Alliances also provide airlines with strategic, marketing, and operational benefits in terms of coordinated flight schedules, the transfer of baggage between airlines, and use of single terminals and passenger ticketing check-in facilities.

The importance of the Airport as an international gateway can be measured by the number of domestic and foreign-flag airlines serving the Airport (which totaled 68 at the Airport in December 2024, as shown in Table 10), as well as the number and market shares of enplaned passengers of the airline alliances. A comparison of FY 2024 enplaned passenger market shares by individual airlines (including regional affiliates) and by airline alliance is shown on Table 2.

Table 2
COMPARISON OF ENPLANED PASSENGER MARKET SHARE IN FY 2024
Los Angeles International Airport

	Airline (including regional affiliates)		Airline, regional affiliate, and alliance partners		
	Number of enplaned passengers	Percent of total	Alliance Name	Number of enplaned passengers	Percent of total
Delta Air Lines	7,574,865	19.7%	SkyTeam	9,446,152	24.6%
American Airlines	5,798,250	15.1%	**one**world	9,313,388	24.3%
United Airlines	5,782,680	15.1%	Star Alliance	8,746,417	22.8%
Subtotal	19,155,795	50.0%		27,505,957	71.7%
All other airlines	19,183,758	50.0%		10,833,596	28.3%
Total	38,339,553	100.0%		38,339,553	100.0%

Totals may not add to the amounts shown because of rounding.
Source: Department records.

More than ten years ago, Delta Air Lines made a commitment to become the premier airline at the Airport.[16] Over the last decade, Delta Air Lines has steadily increased its market share at the Airport, and since FY 2021, has been the busiest airline at the Airport as measured by enplaned passengers. The Airport is one of Delta Air Lines' most important international gateway airports with flights to more than 55 destinations across the globe, including Mexico, Latin America, Asia, and Australia. Delta Air Lines currently operates from Terminals 2 and 3 and through recent improvements, now has direct secure passage to Tom Bradley International

[16] https://news.delta.com/mediakit/los-angeles-international-airport; accessed October 2024.

Terminal (TBIT), which allows Delta Air Lines and its SkyTeam alliance partners to operate seamlessly.

American Airlines, which was previously the busiest airline at the Airport from 2014 to 2020 as measured by enplaned passengers, primarily operates from Terminal 4, and a passenger connector to TBIT provides a seamless experience for passengers connecting to or arriving on **one**world alliance partner flights.

The following sections present a review of (1) the economic basis for airline traffic at the Airport, including socioeconomic, local industry, and other factors that contribute to passenger and cargo demand; (2) airline traffic trends at the Airport, including airlines serving the Airport; enplaned passengers using the Airport; trends in enplaned, originating, and connecting passengers; (3) the key factors that will affect future airline traffic, both at the Airport and nationwide; and (4) forecasts of airline traffic at the Airport through FY 2034, including enplaned passengers.

ECONOMIC BASIS FOR AIRLINE TRAFFIC

The economy of an airport service region is a major factor affecting long-term airline traffic at the airport(s) serving the region. In general, regions with large populations, an extensive employment base, and high levels of per capita personal income will generate strong demand for airline travel. The demographics and economy of the region—as measured by changes in population, nonagricultural employment, and per capita personal income—as well as airline service and airfares, are typically the most important factors affecting O&D passenger demand at the airport(s) serving the region.

Historical Population, Nonagricultural Employment, and Per Capita Personal Income

This section provides an overview of the Los Angeles regional economy, including current conditions and trends, and presents data that indicate that the Airport's service region has an economic base capable of supporting increased demand for airline travel at the Airport during the Forecast Period (through FY 2034).

As shown in Table 3, the Los Angeles CSA, with 18.3 million residents in 2023, is the second largest of the 172 CSAs in the United States. Only the New York-Newark CSA, with approximately 23.0 million residents, represents a larger market for airline travel. However, the New York-Newark CSA is served by multiple international gateway airports, whereas the Airport is the only international gateway airport in the Los Angeles CSA. The third largest CSA is Washington-Baltimore-Arlington with approximately 55% of the population of the Los Angeles CSA.

Table 3
10 LARGEST COMBINED STATISTICAL AREAS IN THE UNITED STATES
2023

Rank	Combined Statistical Area	Estimated population
1	New York-Newark CSA	23,012,000
2	Los Angeles-Long Beach CSA	18,317,000
3	Washington-Baltimore-Arlington CSA	10,070,000
4	Chicago-Naperville CSA	9,795,000
5	San Jose-San Francisco-Oakland CSA	9,001,000
6	Boston-Worcester-Providence CSA	8,655,000
7	Dallas-Fort Worth CSA	8,462,000
8	Houston-The Woodlands CSA	7,707,000
9	Philadelphia-Reading-Camden CSA	7,391,000
10	Atlanta-Sandy Springs CSA	7,221,000

Source: Woods & Poole Economics, Inc., June 2024.

Population. As shown in Table 4 and on Figure 7, the growth rate for the population in the Los Angeles CSA has historically been comparable to the population growth rates in California and the United States. Population in the Los Angeles CSA increased an average of 1.2% per year from 14.6 million in 1990 to 16.4 million in 2000. From 2000 to 2010, population in the Los Angeles CSA increased from 16.4 million to 17.9 million, resulting in an average annual increase of 0.9% per year. From 2010 to 2020, the population of the Los Angeles CSA increased from 17.9 million to 18.6 million, resulting in an average annual increase of 0.4% per year. Between 2020 and 2023, the population of the Los Angeles CSA and the State decreased due to business closures and a shift to remote workplaces during the COVID-19 pandemic resulting in an outflow of individuals relocating to states including Nevada, Idaho, Oregon, Texas, Florida, and Washington.[17] In contrast, the population of the overall U.S. grew by 0.3%.

Population growth in the Los Angeles CSA is projected to experience an average annual increase of 0.6% from 2023 through 2034. This growth rate is in line with the annual 0.7% projected growth for the State and the annual 0.6% projected growth for the U.S.[18] Between 2023 and 2034, a population increase of approximately 1,317,000 is projected in the Los Angeles CSA, or approximately 120,000 new residents per year.[19] These new residents are expected to generate additional demand for airline service and contribute to non-aeronautical revenue generated at the Airport.

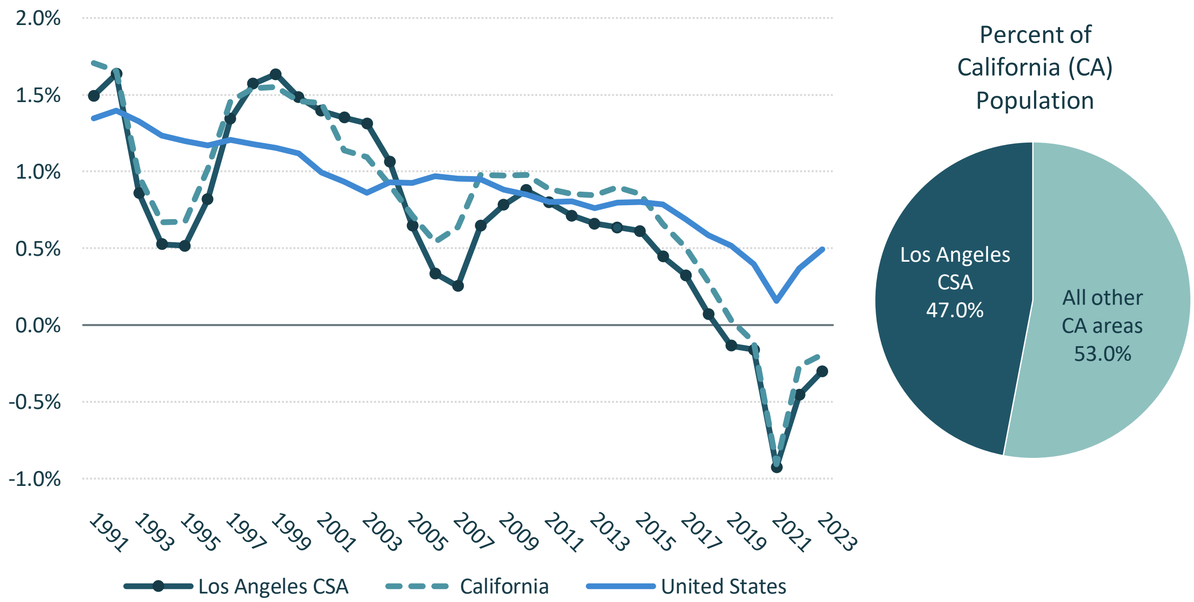
[17] "L.A. County continued to lose population even as other areas grew, data show," Los Angeles Times, 31 March 2023, https://www.latimes.com/california/story/2023-03-31/los-angeles-county-lost-more-people-than-any-county-in-america-in-2021-22/, accessed January 2024.
[18] Woods & Poole Economics, CEDDS, June 2024.
[19] Woods & Poole Economics, CEDDS, June 2024.

Table 4
POPULATION
Los Angeles CSA, State of California, and United States

	Population (in millions)		
	Los Angeles CSA	California	United States
1990	14.6	30.0	249.6
2000	16.4	34.0	282.2
2010	17.9	37.3	309.3
2020	18.6	39.5	331.5
2023	18.3	39.0	334.9
	Average annual percent increase (decrease)		
1990-2000	1.2%	1.3%	1.2%
2000-2010	0.9%	0.9%	0.9%
2010-2020	0.4%	0.6%	0.7%
2020-2023	(0.6%)	(0.5%)	0.3%

Source: Woods & Poole Economics, Complete Economic and Demographic Data Source (CEDDS), June 2024.

Figure 7
POPULATION RATE OF GROWTH
Los Angeles CSA, State of California, and United States

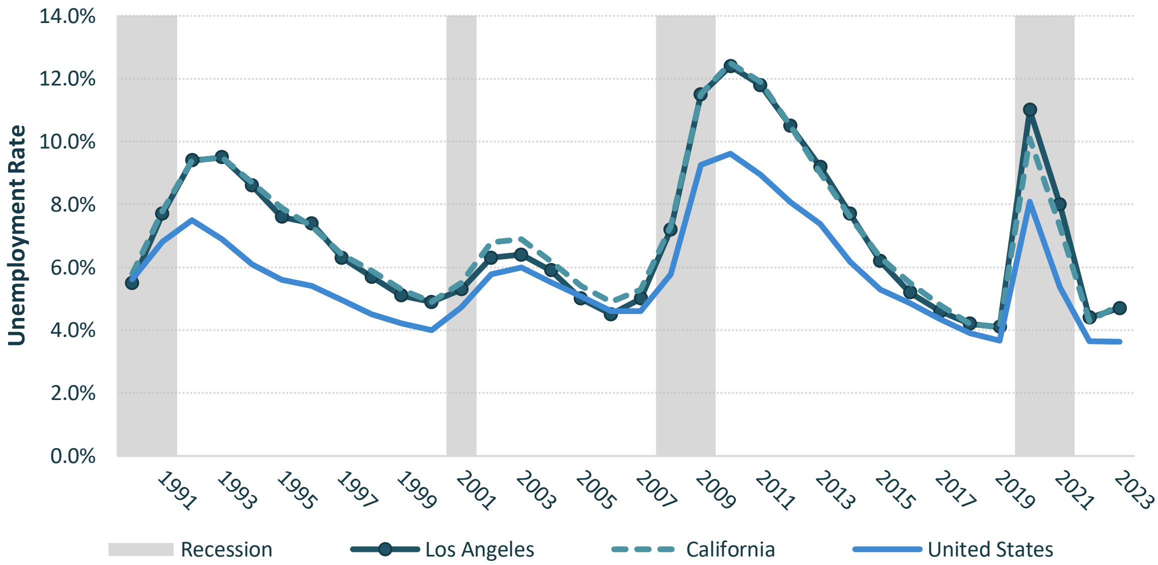


Source: Woods & Poole Economics, CEDDS, June 2024.

Unemployment Rate. The unemployment rate in the Los Angeles CSA been higher than that in the U.S. in each of the past 33 years, except 1990, 2005, and 2006, when the two unemployment rates were generally equal, as shown on Figure 8. Although the Los Angeles CSA unemployment rate has been higher than that in the United States since 2007, it fell by

8.3%, from 12.4% at its peak in 2010 to 4.1% in 2019. In contrast, the U.S. unemployment rate fell only 5.9% from its peak of 9.6% in 2010 to 3.7% in 2019. By 2020, unemployment rates had reached 11.0% in the Los Angeles CSA and 8.1% in the U.S., which is below levels experienced during the 2008-2009 financial crisis.

Figure 8
UNEMPLOYMENT RATES
Los Angeles CSA, State of California, and United States



Note: Unemployment data are not seasonally adjusted.
Sources: U.S. Department of Labor, Bureau of Labor Statistics, September 2024.

The increase in the unemployment rate in 2020 was related to the COVID-19 pandemic and the economic shutdown experienced in the State and throughout the United States. As the economy recovered between 2021 and 2023, the unemployment rate in the Los Angeles CSA fell to 4.7%, higher than the nation (3.6%) but lower than the State (4.8%).

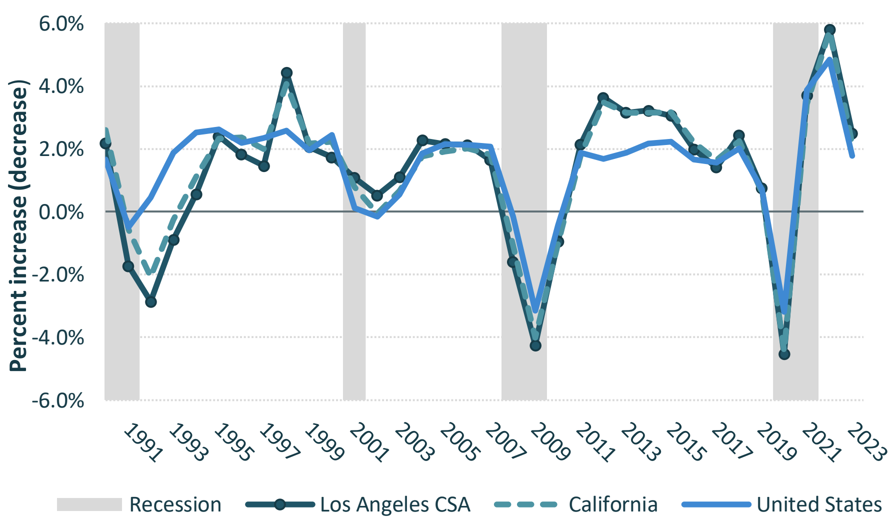
Nonagricultural Employment. As shown in Table 5 and on Figure 9, the Los Angeles CSA accounts for 48.2% of nonagricultural civilian employment in California. The annual rate of change for nonagricultural civilian employment in the Los Angeles CSA has historically been comparable to rates of change in California and the United States. Nonagricultural civilian employment in the Los Angeles CSA increased an average of 0.9% per year from 8.2 million in 1990 to 8.9 million in 2000. From 2000 to 2010, nonagricultural civilian employment in the Los Angeles CSA increased from 8.9 million to 9.3 million, resulting in an average annual increase of 0.4% per year. From 2010 to 2020, nonagricultural civilian employment in the Los Angeles CSA increased from 9.3 million to 11.0 million, resulting in an average annual increase of 1.7% per year. Between 2020 and 2023, employment growth in Los Angeles increased 4.0% on average per year, greater than the national average of 3.5%.

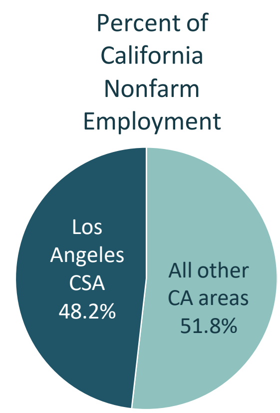
Table 5
NONAGRICULTURAL EMPLOYMENT
Los Angeles CSA, State of California, and United States

	Nonagricultural civilian employment (in millions)		
	Los Angeles CSA	State of California	United States
1990	8.2	16.6	135.2
2000	8.9	18.9	162.3
2010	9.3	19.4	170.3
2020	11.0	22.9	192.7
2023	12.3	25.6	213.6
	Average annual percent increase (decrease)		
1990-2000	0.9%	1.3%	1.8%
2000-2010	0.4%	0.3%	0.5%
2010-2020	1.7%	1.7%	1.2%
2020-2023	4.0%	3.8%	3.5%

Source: Woods & Poole Economics, CEDDS, June 2024.

Figure 9
NONAGRICULTURAL EMPLOYMENT ANNUAL RATES OF CHANGE
Los Angeles CSA, State of California, and United States





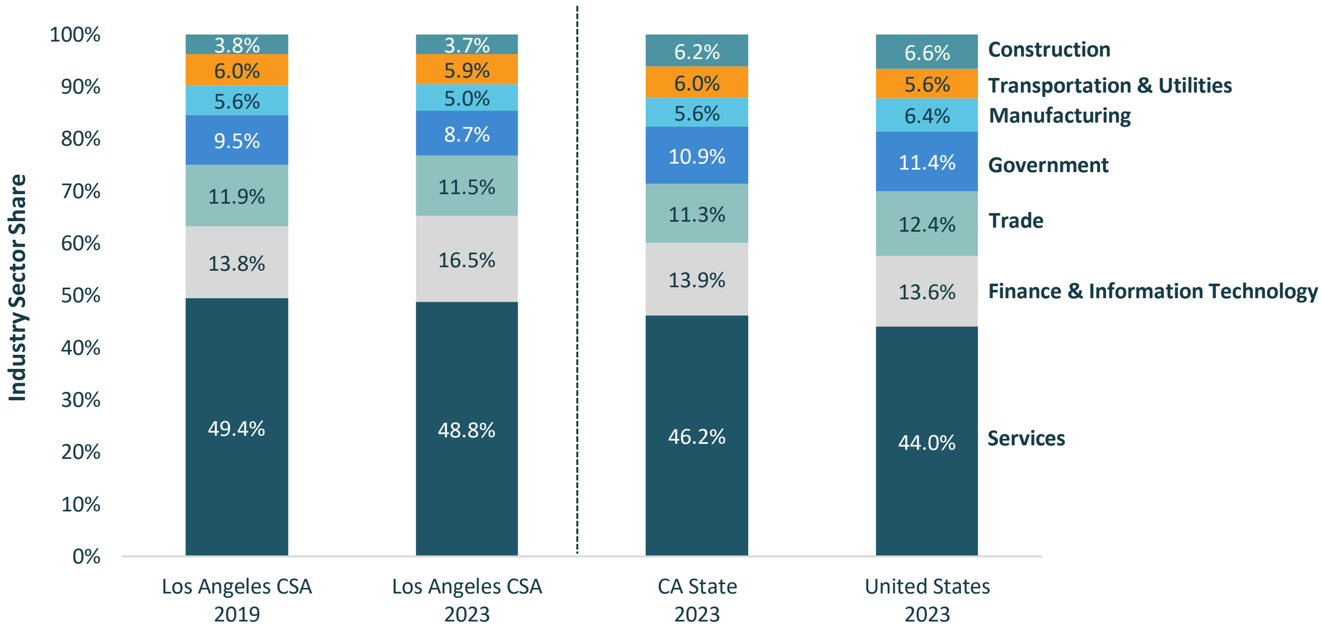
Source: Woods & Poole Economics, Inc., June 2024.

An average annual increase of 1.4% is projected for nonagricultural civilian employment growth in the Los Angeles CSA from 2023 through 2034, higher than the projected increase in both California (1.3%) and the United States (1.2%).

Figure 10 shows the comparative distribution of nonagricultural employment by industry sector in the Los Angeles CSA in 2019 and 2023, and in California and the United States in 2023.

Employment in services (48.8%) which includes health, education, professional, business, leisure, hospitality, and other services, combined with employment in finance, real estate, and information (16.5%), and trade (11.5%) accounted for a combined 76.8% of total nonagricultural civilian employment in the Los Angeles CSA in 2023. This is a higher share than in 2019 (75.1%), as employment in finance increased.

Figure 10
COMPARATIVE DISTRIBUTION OF NONAGRICULTURAL EMPLOYMENT BY INDUSTRY SECTOR
Los Angeles CSA, State of California, and United States



Notes: Construction employment includes mining and forestry. Totals may not add to 100% because of rounding.
Source: Woods & Poole Economics, Inc., June 2024.

While the COVID-19 pandemic resulted in temporary employment shifts in certain industry sectors between 2020 and 2022, employment in local government, finance and information technology, and certain services including professional and business services, education, and healthcare were more resilient because many jobs in these sectors are deemed essential or require tasks that can be performed remotely, and many workers have access to Wi-Fi and internet connections that allow them to work from home.

Major Employers. Table 6 lists the 25 largest private employers in the Los Angeles CSA in 2023. The table reflects the diversity of the companies and industries in the area.

The Los Angeles CSA is the headquarters location of eight Fortune 1000 firms.[20] A recent forecast from the U.S. Travel association expects that domestic business travel spending will

[20] Fortune 500, www.fortune.com, accessed October 2024.

remain below pre-pandemic levels until 2026, while total business travel spending (domestic and international) is not forecast to recover before 2028.[21]

Table 6

25 LARGEST PRIVATE EMPLOYERS IN 2023

Los Angeles

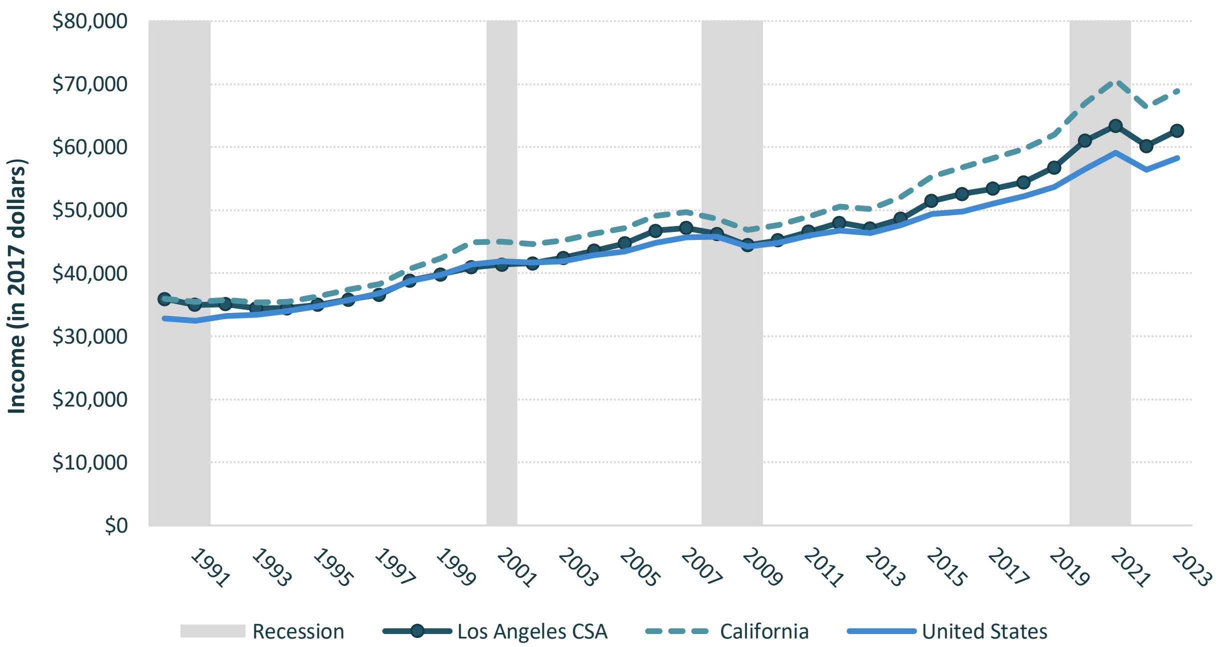
Rank	Company	Industry	Location	Local Employees
1	Kaiser Permanente	Healthcare	Woodland Hills	63,500
2	Walt Disney Co. *(a)*	Media and entertainment	Anaheim/Burbank	47,400
3	Amazon	Online retailer	Santa Monica/Riverside	19,500
4	Northrop Grumman	Aerospace	Redondo Beach	18,700
5	Albertsons	Retail grocer	Various	17,000
6	Boeing Co.	Aerospace	El Segundo/Seal Beach	16,100
7	Home Depot	Retailer	Various	15,600
8	Allied Universal	Security services	Santa Ana	13,000
9	Target	Retailer	Various	12,600
10	United Parcel Service	Logistics/transportation	Anaheim/Los Angeles/Ontario	11,500
11	Bank of America	Finance	Irvine/Los Angeles	10,700
12	Providence	Healthcare	Los Angeles	10,200
13	Costco Wholesale Corp.	Warehouse retailer	Various	9,800
14	NBCUniversal	Media and entertainment	Burbank	8,600
15	California Institute of Technology *(a)*	University/Aerospace	La Canada Flintridge/Pasadena	8,400
16	Capital Group *(a)*	Financial services	Los Angeles	6,600
17	AT&T Inc.	Telecommunications	El Segundo	6,500
18	Amgen *(a)*	Pharmaceuticals	Thousand Oaks	5,500
19	Space Exploration Technologies *(a)*	Aerospace	Hawthorne	5,500
20	Cedar Fair LP	Entertainment	Buena Park	5,400
21	Inter-con Security *(a)*	Security services	Pasadena	5,200
22	Edwards Lifesciences Corp. *(a)*	Medical devices	Irvine	4,900
23	Marie Callender's Inc. *(a)*	Food wholesale	Irvine/Corona	4,400
24	Pechanga Resort & Casino	Casino/resort	Temecula	4,000
25	Applied Medical Research Corp *(a)*	Medical devices	Rancho Santa Margarita	3,600

Note: Excludes hospitals and government organizations.
(a) Companies with headquarters in the Los Angeles CSA.
Sources: "Largest Employers List," Orange County Business Journal, November 13, 2023; "Private-Sector Employers," Los Angeles Business Journal, August 26, 2024; Pacific Coast Business Times, "Major Employers 2024", accessed October 2024; County of Riverside Economic Development, May 1, 2024; accessed October 2024.

[21] "U.S. Travel: Business Travel Spending to Grow, but Slowly," 17 January 2024, *Business Travel News*, https://www.businesstravelnews.com/Procurement/US-Travel-Business-Travel-Spending-to-Grow-but-Slowly; Travel Forecast, 17 January 2024, U.S. Travel Association, https://www.ustravel.org/research/travel-forecasts.

Per Capita Personal Income. Growth in passenger traffic at the Airport and the propensity to travel in a region are closely related to per capita personal income levels, as (1) income tends to reflect the level of education of the workforce, and a more highly educated workforce is likely to concentrate in occupations with a higher propensity to travel, and (2) growth in per capita income translates into increased disposable income, which reflects the potential for growth in the number of trips per person. Historically, per capita personal income (in 2017 dollars) has been consistently lower in the Los Angeles CSA than in the State but higher than the nation, as shown on Figure 11.

Figure 11
PER CAPITA PERSONAL INCOME (IN 2017 DOLLARS)
Los Angeles CSA, State of California, and United States



Note: The Los Angeles CSA consists of Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties.
Source: Woods & Poole Economics, Inc., June 2024.

Real wage and salary income in the Los Angeles CSA decreased 4.5% following the 2020 recession, a smaller decrease than the State and the United States of 20.1% and 11.0%, respectively. Decreasing wages and salary income combined with decreasing population contributed to the decline in personal income growth in the Los Angeles CSA following the 2020 recession. However, average per capita income in the Los Angeles CSA in 2023 increased by 3.3%, a slightly lower increase than the State (3.8%) and the nation (4.1%).

Forecasts of per capita personal income in the Los Angeles CSA in 2034 are based on an average annual growth rate of 1.4% between 2023 and 2034. The 2023-2034 growth in total personal income is projected to be partially driven by the growth in earnings for workers in education, professional and technical services, healthcare and social assistance, leisure and hospitality, and transportation and warehousing.

Household Income above $100,000. The percentage of households with annual income of $100,000 or more is an indicator of potential demand for air travel. According to Consumer Expenditure Survey data from the United States Bureau of Labor Statistics, 55% of airline fare expenditures are made by households with annual income of $100,000 or more.[22] Table 7 shows that in 2022 (the latest data available), the Los Angeles CSA ranked second in the United States with approximately 2.7 million households with annual income above $100,000. In terms of percentage of households with annual income of $100,000 or more, the Los Angeles CSA ranks 11th in the United States with 44.2%.

Table 7
2022 HOUSEHOLDS WITH INCOME OF $100,000 AND ABOVE BY METROPOLITAN REGION

Rank	Combined Statistical Area	Households with Income of $100,000 and Above	Percent of Households in the CSA with Income of $100,000 and Above	Rank of Percent of Households with Income of $100,000 and Above
1	New York-Newark CSA	4,082,000	47.4%	6
2	**Los Angeles-Long Beach CSA**	**2,703,000**	**44.2%**	**11**
3	Washington-Baltimore-Arlington CSA	2,009,000	53.6%	2
4	San Jose-San Francisco-Oakland CSA	1,910,000	56.5%	1
5	Boston-Worcester-Providence CSA	1,609,000	48.7%	4
6	Chicago-Naperville CSA	1,604,000	42.2%	15
7	Dallas-Fort Worth CSA	1,204,000	40.9%	20
8	Philadelphia-Reading-Camden CSA	1,195,000	41.9%	17
9	Atlanta-Athens CSA	1,015,000	39.8%	22
10	Houston-The Woodlands CSA	1,011,000	39.0%	25

Source: U.S. Census, American Community Survey 5-year estimates, 2022.

Visitor Activity

Table 8 summarizes visitor data for Los Angeles County in 2019 and 2023, as provided by the Los Angeles Tourism & Convention Board. In 2019, there were a record 50.7 million visitors to Los Angeles County, approximately 43.3 million of which were domestic visitors and 7.4 million were international visitors. Travel restrictions resulting from the COVID-19 pandemic had a significant impact on the number of visitors to Los Angeles County between 2020 and 2022. In

[22] Source: Who's Buying for Travel 12th edition, New Strategist Publications, 2018. Data in Who's Buying for Travel are based on the United States Department of Labor, Bureau of Labor Statistics' "Consumer Expenditure Survey," an ongoing nationwide survey of household spending.

2023, domestic visitor activity to Los Angeles County recovered to 2019 levels, while international visitors remained 21.6% lower in 2023 than in 2019.

The Los Angeles CSA offers both leisure and business travelers numerous entertainment attractions, cultural institutions, shopping districts, dining selections, recreational options, professional sporting events, and scenic parks and vistas. World-famous attractions in the Los Angeles CSA include Disneyland, Universal Studios, the Hollywood Walk of Fame, the Getty Center, and many others. Additionally, the Los Angeles CSA is home to professional sports teams from all five major U.S. sports leagues, including the National Football League, the National Basketball Association, the National Hockey League, Major League Baseball, and Major League Soccer. In the next four years, Los Angeles will host certain 2026 FIFA World Cup matches, the 2026 NBA All Star Game, Superbowl LXI in 2027, and the 2028 Summer Olympic and Paralympic Games.

Table 8
VISITOR ACTIVITY IN LOS ANGELES COUNTY

	2019	Percent of total	2023	Percent of total	Percent increase/ (decrease) 2019-2023
Visitors					
Domestic	43,300,000	77.7%	43,300,000	88.2%	0.0%
International	7,400,000	22.3	5,800,000	11.8	(21.6)
Total visitors	50,700,000	100.0%	49,100,000	100.0%	(3.2%)
International visitors					
Mexico	1,731,000	23.4%	1,700,000	23.9%	(1.8%)
China (ex. Hong Kong)	1,173,000	15.9	400,000	6.9	(65.9)
Canada	773,000	10.4	780,000	13.4	0.9
Australia	421,000	5.7	266,000	4.6	(36.8)
United Kingdom *(a)*	383,000	5.2	310,000	5.3	(19.1)
Japan	347,000	4.7	230,000	4.0	(33.7)
South Korea	333,000	4.5	269,000	4.6	(19.2)
France	326,000	4.4	264,000	4.6	(19.0)
Germany	242,000	3.3	190,000	3.3	(21.5)
Other overseas	1,671,000	22.6	1,391,000	22.6	(16.8)
Total international visitors	7,400,000	100.0%	5,800,000	100.0%	

(a) Includes England, Wales, Scotland, and Northern Ireland.
Source: Los Angeles Tourism & Convention Board, August 2024.

Convention Business. The Los Angeles Convention Center (LACC) is located in downtown Los Angeles and hosts an average of 350 events annually with approximately 2.0 million visitors. Covering a site of 54 acres, the LACC has 720,000 square feet of exhibit hall space, 147,000 square feet of meeting room space, a 299-seat theater, and parking for over 5,600 vehicles.[23] LACC currently ranks 22nd in terms of available space nationwide.

The LACC can accommodate as many as 30,000 attendees simultaneously in all of the exhibition and meeting halls and draws convention attendees from across the U.S. and the world. LACC meetings and conventions announced for 2025 include the American Heart Association International Stroke Conference, L.A. Art Show, Megabyte Nation Gaming Expo, American Psychiatric Association Annual Meeting, American Society for Microbiology Microbe, Horrorcon 2025, American Alliance of Museums, Coffee Fest LA, Fit Expo LA, 2025 Congress of Neurological Surgeons, Biophysical Society Annual Meeting, and others.[24]

In July 2024, the City of Los Angeles voted to move forward with construction on the expansion of the LACC with AEG and Plenary Group. With an estimated cost of $1.4 billion and a planned completion prior to the 2028 Summer Olympics, LACC's expansion would include a 340,000 square-foot renovation including the construction of a New Hall that will connect the existing South and West Halls, as well as a redesign of Gilbert Lindsey Plaza, which would add public open space. When completed, the LACC would have approximately 1.2 million square feet of usable space. The expanded LACC facility would be able to attract larger conventions, accommodate multiple, large-scale events, and become the centerpiece of a 100-acre entertainment campus in downtown Los Angeles that includes Crypto.com Arena (formerly the Staples Center) and the L.A. Live event center.[25]

The LACC update would be coordinated with an expansion of the neighboring J.W. Marriott and Ritz Carlton hotel complex, which currently features over 1,000 guest rooms and a new planned building that would feature over 860 hotel rooms. In addition, the Lightstone Group opened its dual-branded Moxy and AC Hotels in April 2023 that includes 727 guestrooms across the two hotels and 8,600 square feet of retail and restaurant space.[26]

However, due to the recent wildfires in the Los Angeles CSA in January 2025, the expansion of the LACC is being reevaluated, including, but not limited to, delaying, re-phasing, or cancelling the expansion of the LACC.[27]

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[23] Facility Quick Facts, Los Angeles Convention Center, https://www.lacclink.com/about/lacc-quick-facts/, accessed February 2024.
[24] Calendar, Los Angeles Convention Center, https://www.lacclink.com/events/calendar, accessed November 2024.
[25] "LA City Council Moves LA Convention Center Expansion Project Plans Forward," Los Angeles Convention Center Press Room, https://www.lacclink.com/news/detail/la-city-council-moves-la-convention-center-expansion-project-plans-forward, accessed November 2024.
[26] "Moxy and AC Hotel Downtown Los Angeles," Lightstone Portfolio, https://www.lightstonegroup.com/portfolio/moxy-ac-dtla/ accessed February 2024.
[27] "With LA Focused on Fire Recovery, Convention Center expansion Is Now In Doubt," Los Angeles Times, https://www.latimes.com/california/story/2025-02-04/fire-recovery-convention-center-expansion-in-doubt, accessed February 2025.

International Travel. Visitor activity to the Los Angeles CSA is supported by the activity at the convention center and other local attractions, as well as by the large portion of the population that is foreign born. According to the United States Census Bureau, 29.8% of the population in the Los Angeles CSA is foreign born compared with 13.9% of the United States population as a whole.[28] Of the foreign-born population, 55.0% were born in Latin America, 36.6% were born in Asia, and 5% were born in Europe.[29]

In 2023, the Los Angeles CSA attracted 5.8 million overnight international visitors, approximately 78% of the international visitors in 2019. Of these international visitors, 42.7% were from Mexico and Canada, while the majority of international visitors (57.3%) were from other countries. Visitors from China accounted for the third largest percentage of international visitors from a single country in 2023, despite the decrease in the number of visitors from 1.7 million in 2019 to approximately 400,000 in 2023. This decrease began during the COVID-19 pandemic when many international passenger routes to the Airport were significantly reduced as a result of governmental restrictions. Destinations where service from the Airport was discontinued and has not returned include, but are not limited to, Xiaoshan, Lukou, Jiangbei, Huanghua, and Shuangliu China, likely due to the travel restrictions still in place between China and the United States. Visitors from the top three countries in the Asia-Pacific region (including Australia, Japan, and South Korea) and Europe (including the United Kingdom, France, and Germany) both accounted for approximately 765,000 visitors in 2023.

Economic Outlook

Economic growth in the United States, the State of California, and the Los Angeles CSA influences the demand for passenger and cargo services at the Airport. Global economic trends also influence airline traffic growth. Economic assumptions that underlie the forecasts of enplaned passengers prepared for this 2025A-E Report were based on a review of global, national, State, and regional economic forecasts, as well as analyses of historical socioeconomic trends and airline traffic trends by various passenger markets.

Global Economy. The number of international visitors to the Los Angeles CSA, the outlook for world gross domestic product (GDP) growth, and economic growth within global sub-regions provide insight into the future demand for international leisure and business travel at the Airport. Globalization of the world economy has created linkages between national economies that relate not only to trade, but also to airline travel. The economic growth of world regions, in terms of GDP, is directly related to the growth in airline travel. In emerging economies with a growing middle class, such as Mexico, India, and China, growth in numbers of airline passengers has been significant. As countries and regions experience strong economic growth, the propensity to travel increases, resulting in more leisure travel by residents and

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[28] Source: 2023 American Community Survey 1-Year Estimates, United States Census Bureau, Place of Birth by Nativity and Citizenship Status, accessed October 2024.
[29] Source: 2023 American Community Survey 1-Year Estimates, United States Census Bureau, Place of Birth by Nativity and Citizenship Status, accessed October 2024.

more business travel within those areas and to the United States, including the Los Angeles CSA.

Historical and projected GDP for world regions is shown in Table 9. From 2023 through 2034 (the latest data available), the average annual growth rate of real global GDP is projected to increase 2.7% per year, in line with the average annual rate of growth between 2010 and 2023 of 2.7%. Despite the slowdown in average annual growth from 2019 to 2022 due to the COVID-19 pandemic, world economies have fully recovered their GDP levels and are projected to realize similar growth as they did prior to the pandemic. This would contribute to the underlying demand growth for both business and leisure passenger travel, including airline travel to or from the Los Angeles CSA.

Table 9

HISTORICAL AND PROJECTED GLOBAL REAL GROSS DOMESTIC PRODUCT GROWTH RATES

Region/Country	Historical 2010-2023	Projected 2023-2034
China (including Hong Kong and Macau)	6.4%	4.3%
Middle East	3.4%	3.1%
Asia (excluding China, Hong Kong, and Macau)	2.9%	3.5%
Africa	2.6%	3.7%
Oceania	2.6%	2.2%
United States	2.2%	1.9%
Former Soviet Union	1.8%	2.5%
Canada	1.9%	1.8%
Latin America	1.4%	2.9%
Europe	1.3%	1.3%
World	2.7%	2.7%

Source for historical and projected: U.S Department of Agriculture, Economic Research Service, *International Macroeconomic Data, Projected Real GDP Values*, updated November 15, 2024.

National Economy. With a strong start to 2024, the U.S. economy experienced favorable growth indicators within the number of business engagements, labor markets, sentiment, and inflation trends. However, increasing consumer debt and elevated interest rates may subdue economic growth in the short run, and consumer spending growth is expected to be reduced through early 2025 as households try to balance income, debt, savings, and spending.[30] Consumer spending is expected to resume in 2025, as lower interest rates and inflation grant consumers relief, but may be slowed by the expiration of key provisions of the Tax Cuts and Jobs Act.[31] Further labor market tightening is expected as portions of the labor force reach retirement and businesses become determined to resist massive layoffs. Supply

[30] Forecast for the US Economy, 17 September 2024, The Conference Board Economic, https://www.conference-board.org/research/us-forecast, accessed October 2024.

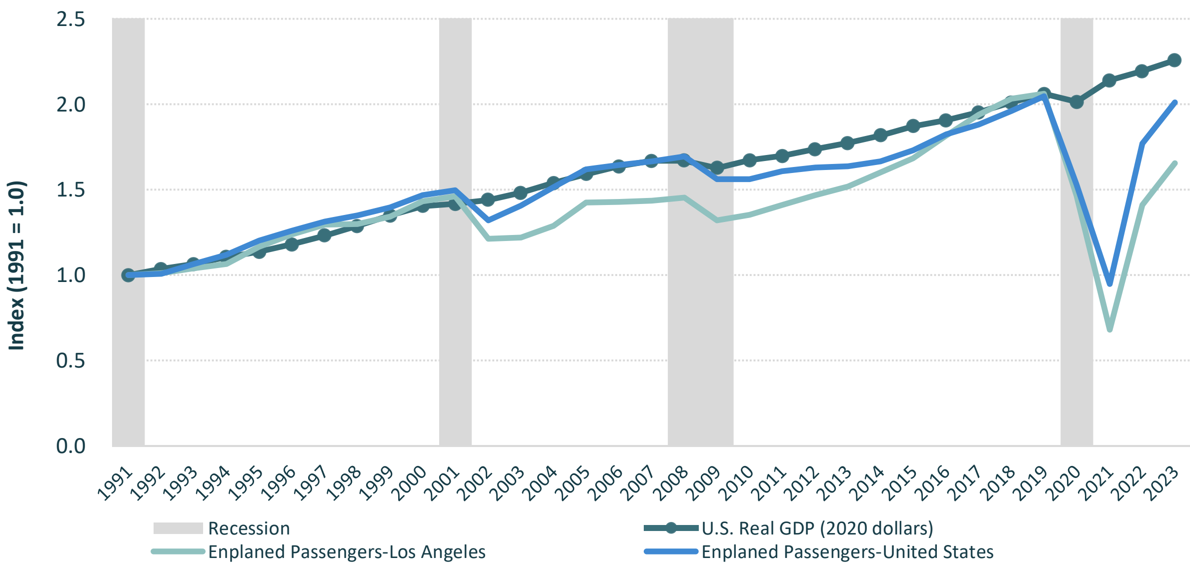
[31] Forecast for the US Economy, 17 September 2024, The Conference Board Economic, https://www.conference-board.org/research/us-forecast, accessed October 2024.

chains continue to recover as price pressures moderate and inflation tracks closer to reaching the U.S. Federal Reserve's year-over-year 2% target.

Figure 12 presents U.S. real GDP trends, measured in 2020 dollars, alongside enplaned passengers at the Airport and in the U.S. from 1989 through 2022, with traffic indexed as 100 in 1989. Since 1989, passenger traffic trends in the U.S. and at the Airport have closely correlated with trends in real GDP, including decreases during the 1990-1991 and 2007-2009 recessions. From 1989 through 2019, prior to the COVID-19 pandemic, U.S. real GDP increased an average of 2.5% per year, while the number of enplaned passengers increased at averages of 2.2% per year in the nation and 4.0% per year at the Airport. In 2020, U.S. real GDP decreased 2.2%; the number of enplaned passengers fell approximately 60.2% in the U.S. and 67.1% at the Airport.

Figure 12

TRENDS IN U.S. REAL GROSS DOMESTIC PRODUCT AND ENPLANED PASSENGERS



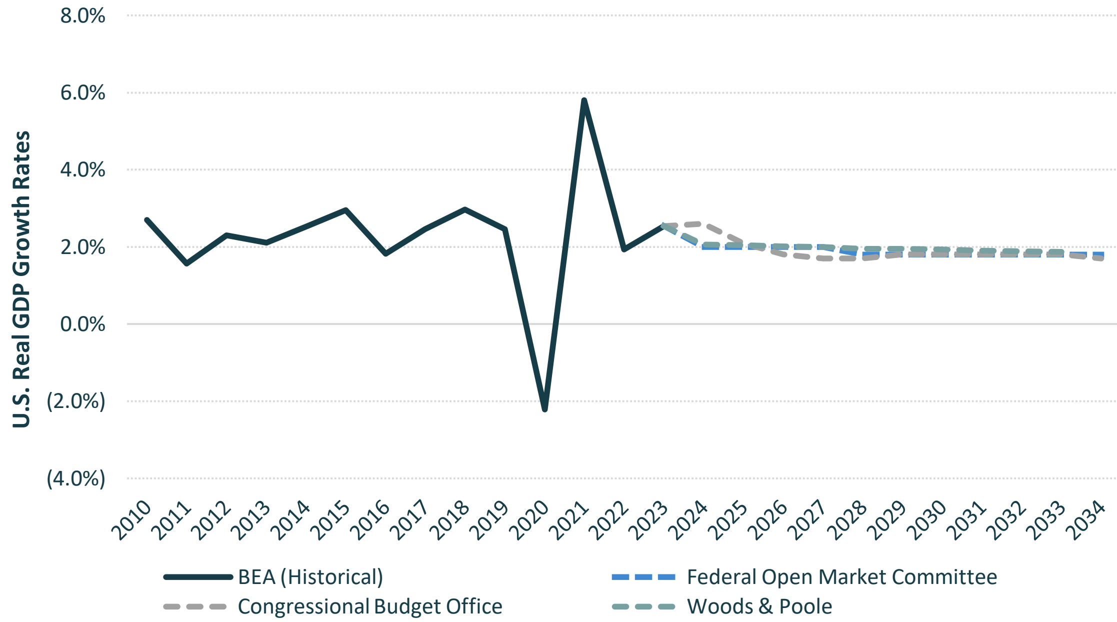
Sources: U.S. Real GDP—U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov, accessed October 2024.
Los Angeles International Airport enplaned passengers—Department management records.
U.S. enplaned passengers—U.S. Department of Transportation, Federal Aviation Administration, Final CY 2023 Passenger Boarding Data.

2024-2034 Real GDP Growth Rate Forecasts. Figure 13 shows historical real U.S. GDP growth from the Bureau of Economic Analysis (BEA) and growth forecasts for the U.S. between 2024-2034 from the Congressional Budget Office (CBO), and Federal Reserve Open Market Committee (FOMC), and Woods & Poole. The decrease in real U.S. GDP in 2020 of 2.2% was a result of the lockdowns, business closures, and extensive unemployment caused by the COVID-19 pandemic.

In 2021, the U.S. real GDP demonstrated a strong recovery with a 5.8% annual growth rate before leveling out at 1.9% and 2.5% in 2022 and 2023, respectively. Based on the various forecast sources indicated above, the U.S. GDP is expected to stabilize around 2025 at a rate of 1.8% to 2.0%.

Figure 13

2023-2034 U.S. REAL GDP GROWTH RATE FORECASTS



Sources: Bureau of Economic Analysis, Annual Real Gross Domestic Product, Chained 2017 Dollars, through December 2023; Congressional Budget Office, Budget and Economic Data, 10-Year Economic Projections, June 2024; Board of Governors of the Federal Reserve System, Federal Open Market Committee, Summary of Economic Projections, September 2024; Woods & Poole CEDDS, June 2024.

California Economy. California has a diverse and vibrant economy that accounts for approximately 14.4% of U.S. GDP and ranks as the fifth largest economy globally (between Germany and India).[32] The California job market has also recovered from the severe disruptions caused by the pandemic, and currently showcases an exceptional level of resilience. The State's unemployment rate reported in the fourth quarter of 2024 was estimated to average approximately 4.5% in 2024, and 3.8% in 2025. In those same two years, non-farm payroll jobs are expected to grow at a 1.8% and 1.7% rate, respectively, with real personal income to increase 1.7% in 2024 and 2.7% in 2025. While Intra-Cal air travel has grown more slowly (relative to historical levels) since FY 2019, the strength of California's economy will continue to support business travel within the State over the long-term in spite of continued work from home practices and video conferencing. Nonetheless, future uncertainty about the State's economic outlook is tied to potential national economic policy conditions, increased military activity abroad, and heightened geopolitical risks.

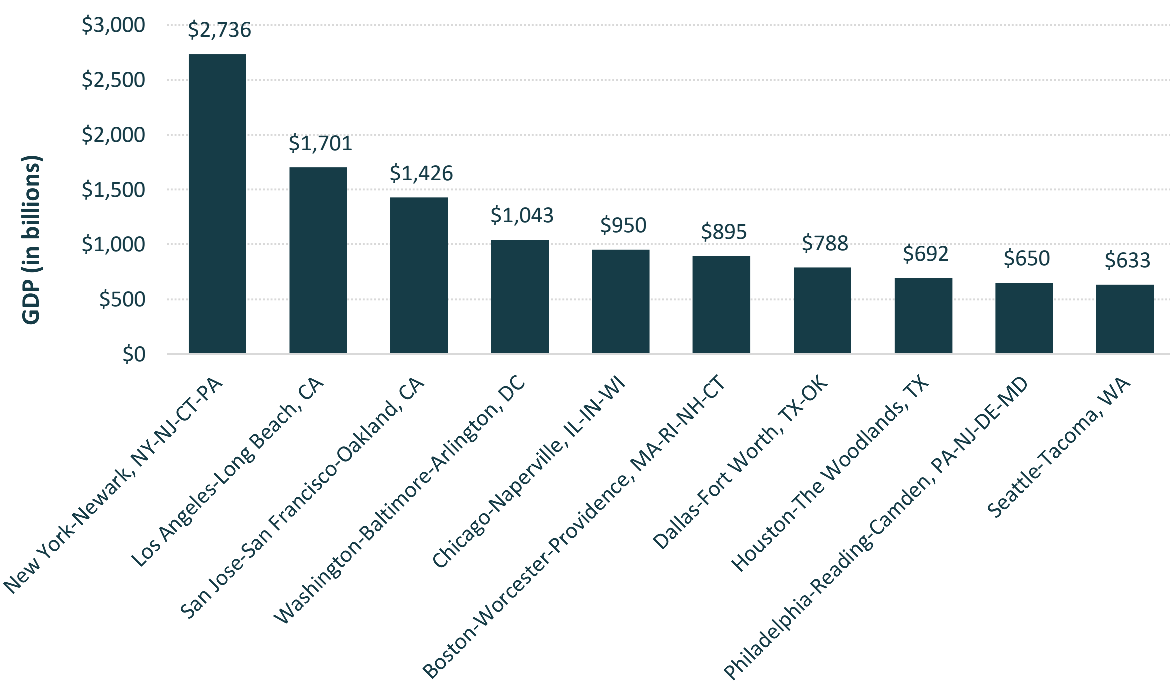
According to a recent Job Market Briefing, California has added over 3.1 million nonfarm jobs over a 39-month expansion from April 2020 through July 2023, where seven of the State's 11 major industry sectors had fully recovered their pandemic-induced job losses, the leisure and

[32] World Development Indicators, The World Bank, https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?most_recent_value_desc=true, accessed January 2024; Woods & Poole Economics, Inc., June 2023.

hospitality industry being a hard-hit one. However, between 2Q 2022 and 2Q 2024, leisure and hospitality, educational services (private), health care and social assistance are projected to grow between 3.6% and 7.3%, faster than California's total employment change of 2.8%.[33]

Los Angeles CSA Economy. Data on Figure 14 shows that in 2023 the Los Angeles CSA economy ranked the second largest among U.S. metro areas with a gross regional product of more than $1.7 trillion.

Figure 14
2023 GROSS REGIONAL PRODUCT FOR TOP 10 METRO REGIONS



Note: Amounts shown in 2024 dollars.
Source: Woods & Poole Economics, Inc., June 2024.

According to the six-county Southern California Association of Governments (SCAG), through the third quarter of 2024, the region's economy continues to feel the effects of persistent high inflation, high nominal interest rates, and workplace behavior changes such as working from home.[34] While the Los Angeles economy had recovered the number of jobs lost during the COVID-19 pandemic by the end of 2022, research from the 2022 American Community Survey indicated that 15.7% of employees in the SCAG region identified as "working from home", more

[33] California Jobs Market Briefing, 04 September 2023, State of California Labor and Workforce Development Agency Employment Development Department Labor Market Information Division, https://labormarketinfo.edd.ca.gov/Publications/LDB/California-Jobs-Market-Briefing-2023.pdf, accessed February 2024.
[34] SCAG Economic Roundtable Update, 01 August 2024, Southern California Association of Governments, https://scag.ca.gov/news/scag-economic-roundtable-update-5, accessed November 2024.

than double the 6% surveyed in 2019 but less than the 19.3% of employees in the SCAG region that were working from home in 2021. Orange County led the region with 17.8% of employees working from home, followed by Los Angeles County (17.0%) and Ventura County (15.4%). Altogether, the region's share of employees working from home is 3.5% lower than the rest of the State of California and 0.5% higher than the U.S. average. A continued decrease in the number of employees working from home is expected as employees have shifted to hybrid work arrangements or fully returned to the office.[35]

A report published by the Los Angeles Economic Development Corporation (LAEDC) Institute of Applied Economics shows that total office vacancy in Los Angeles County had reached a record high of 21.9% in the third quarter of 2024, about 1.5 times greater than the pre-pandemic vacancy rate. In terms of real GDP growth, Los Angeles County was estimated to contract 0.5% in 2023, and expand 1.1% in 2024, slower than LAEDC's projections at the time for the U.S. real GDP growth of +0.8% and +1.5%, annually.[36]

PASSENGER TRAFFIC AND AIRLINE SERVICE TRENDS

Trends in the number of enplaned passengers and airline service at the Airport are discussed in this section. The airlines serving the Airport, airline shares of enplaned passengers, top O&D markets for the Airport, and airline fares and yields are also discussed.

Airlines Serving the Airport

Table 10 lists the passenger airlines serving the Airport as of December 2024. A total of 16 U.S. flag airlines provided scheduled passenger service, including 5 network airlines, 3 regional airlines, and 8 low-cost airlines. Scheduled international passenger service was provided by 52 foreign-flag airlines, including 16 European airlines, 16 Asian airlines, 5 Middle Eastern airlines, 4 South Pacific airlines, 4 Latin American/Caribbean airlines, 3 Mexican airlines, and 4 Canadian airlines. In addition, 17 airlines provided scheduled all-cargo service as of June 2024.

[35] "American Community Survey 2022 Data Release, Shifts and Constants in Post-COVID Southern California", Southern California Association of Governments, https://scag.ca.gov/post/american-community-survey-2022-data-release, accessed November 2024.
[36] "2023 Economic Forecast Moving Beyond the Recovery", February 2023, Los Angeles County Economic Development Corporation, https://laedc.org/research/reports/2023-economic-forecast/, accessed February 2024 (latest report available at the time of this 2025A-E Report).

Table 10
PASSENGER AIRLINES SERVING LOS ANGELES INTERNATIONAL AIRPORT
December 2024

U.S.-flag airlines	Foreign-flag airlines		
Network Airlines	***Asia***	***Latin America***	***Middle East/Africa***
Alaska Airlines *(a)*	Air China	Avianca Airlines *(e)*	El AL Israel
American Airlines	Air Premia	Cayman Airways	Emirates
Delta Air Lines	All Nippon Airways	Copa	Qatar Airways
Hawaiian Airlines *(a)*	Asiana Airlines	LATAM Airlines *(f)*	Saudi Arabian Airlines
United Airlines	Cathay Pacific Airways		Turkish Airlines
	China Airlines	***Europe***	
Regional Airlines	China Eastern Airlines	Aer Lingus	***Mexico***
Horizon Air *(b)*	China Southern Airlines	Air France	Aeroméxico
SkyWest *(c)*	EVA Airways	Austrian Airlines	Viva
Southern Airways Express	Japan Airlines Co. *(d)*	British Airways	Volaris *(i)*
	Korean Air	Condor	
Low-Cost Airlines	Philippine Airlines	Finnair	***Canada***
Allegiant Air	Sichuan Airlines	French Bee	Air Canada
Breeze Airlines	Singapore Airlines	Iberia *(g)*	Porter Airlines
Frontier Airlines	STARLUX Airlines	ITA Airways	Flair Airlines
JetBlue Airways	Xiamen Airlines	KLM	WestJet
JSX		LOT – Polish Airlines	
Southwest Airlines	***South Pacific***	Lufthansa	
Spirit Airlines	Air New Zealand	Norse Atlantic *(h)*	
Sun Country Airlines	Air Tahiti Nui	SAS Scandinavian Airlines	
	Fiji Airways	SWISS	
	Qantas Airways	Virgin Atlantic Airways	

Note: Airlines providing scheduled service are shown.
(a) Alaska Airlines acquired Hawaiian Airlines in September 2024, however, each airline is shown separately above, as they plan to continue to operate under their respective brands.
(b) Horizon Airlines flies for Alaska Airlines.
(c) SkyWest Airlines flies for Alaska Airlines, American Airlines, Delta Air Lines, and United Airlines.
(d) Japan Airlines includes ZIPAIR Tokyo.
(e) Avianca Airlines includes Avianca Costa Rica, Avianca El Salvador, Wamos Air, Vuela El Salvador and TACA International Airlines.
(f) Includes LATAM Peru and LATAM Brazil.
(g) Iberia includes LEVEL.
(h) Norse Atlantic includes Norse Atlantic U.K.
(i) Includes Volaris Costa Rica, Volaris El Salvador, and Vuela El Salvador.
Source: OAG schedules as of December, accessed February 2024.

Enplaned Passenger Trends

Table 11 shows domestic and international enplaned passengers as well as originating and connecting passengers at the Airport from FY 2000 through FY 2024.

From FY 2000 through FY 2013, the growth in the number of enplaned passengers at the Airport has generally been equal to or less than national averages. However, from FY 2014 through FY 2019, growth in the number of enplaned passengers at the Airport increased on

Table 11

HISTORICAL ENPLANED PASSENGERS AND ORIGINATING AND CONNECTING PASSENGERS

	Enplaned Passengers			Annual Percent Change			Enplaned passengers		Percent of Total	
Fiscal Year	Domestic	Int'l	Total	Domestic	Int'l	Total	Originating	Connecting	Originating	Connecting
2000	24,880,727	8,350,995	33,231,722	.-%	.-%	.-%	25,409,525	7,822,197	76.5%	23.5%
2005	22,143,442	8,404,809	30,548,251	4.2	7.2	5.0	24,339,886	6,208,365	79.7	20.3
2006	22,030,697	8,624,449	30,655,146	(0.5)	2.6	0.3	24,253,196	6,401,950	79.1	20.9
2007	22,374,333	8,429,137	30,803,470	1.6	(2.3)	0.5	24,149,520	6,653,950	78.4	21.6
2008	22,427,379	8,714,960	31,142,339	0.2	3.4	1.1	24,633,456	6,508,883	79.1	20.9
2009	20,662,591	7,666,428	28,329,019	(7.9)	(12.0)	(9.0)	22,530,522	5,798,497	79.5	20.5
2010	21,127,610	7,875,532	29,003,142	2.3	2.7	2.4	22,736,952	6,266,190	78.4	21.6
2011	22,151,724	8,128,847	30,280,571	4.8	3.2	4.4	23,304,564	6,976,007	77.0	23.0
2012	23,019,627	8,497,290	31,516,917	3.9	4.5	4.1	24,063,472	7,453,445	76.4	23.6
2013	23,855,876	8,668,302	32,524,178	3.6	2.0	3.2	24,983,829	7,540,349	76.8	23.2
2014	25,016,409	9,316,116	34,332,525	4.9	7.5	5.6	26,213,331	8,119,194	76.4	23.6
2015	26,237,839	9,883,929	36,121,768	4.9	6.1	5.2	27,957,630	8,164,138	77.4	22.6
2016	28,070,161	10,888,408	38,958,569	7.0	10.2	7.9	30,906,141	8,052,428	79.3	20.7
2017	29,510,834	12,091,290	41,602,124	5.1	11.2	6.8	33,045,970	8,556,154	79.4	20.6
2018	30,604,926	12,948,089	43,553,015	3.7	7.1	4.7	35,103,730	8,449,285	80.6	19.4
2019	31,170,044	13,037,420	44,207,464	1.8	0.7	1.5	36,396,546	7,810,918	82.3	17.7
2020	22,483,684	8,945,773	31,429,457	(27.9)	(31.4)	(28.9)	25,884,614	5,544,834	82.4	17.6
2021	12,385,980	2,207,811	14,593,791	(44.9)	(75.3)	(53.6)	12,531,875	2,061,916	85.9	14.1
2022	24,182,639	6,085,173	30,267,812	95.2	175.6	107.4	25,623,177	4,644,635	84.7	15.3
2023	25,554,028	9,971,322	35,525,350	5.7	63.9	17.4	30,265,449	5,259,901	85.2	14.8
2024	26,497,499	11,842,054	38,339,553	3.7	19.0	8.0	32,685,415	5,654,138	85.3	14.7
	Average annual percent increase (decrease)									
2000-2005	(2.3%)	0.1%	(1.7%)				(0.9%)	(4.5%)		
2005-2010	(0.9)	(1.3)	(1.0)				(1.4)	0.2		
2009-2019	4.2	5.5	4.6				4.9	3.0		
2014-2019	4.5	7.0	5.2				6.8	(0.8)		
2019-2024	(3.2)	(1.9)	(2.8)				(2.1)	(6.2)		

Note: Total enplaned passengers for 2017 and 2018 have been revised per Department data record updates.
Sources: Department records; U.S. Department of Transportation O&D Survey Data accessed October 2024 via AirlineData, Inc.

average 5.2% per year. During the same period, the number of enplaned passengers in the U.S. increased an average of 4.2% per year.[37]

From FY 2019 to FY 2021, the Airport experienced an 83.1% decrease in the number of international enplaned passengers, decreasing from 13.0 million in FY 2019 to 2.2 million in FY 2021, and a 60.3% decrease in domestic enplaned passengers, decreasing from 31.2 million in FY 2019 to 12.4 million in FY 2021. By the end of FY 2021, the number of domestic passengers accounted for 84.9% of total enplaned passengers at the Airport, while the number of international passengers accounted for 15.1% of the total. From FY 2021 to FY 2024, the number of enplaned passengers increased 23.7 million, growing to 38.3 million[38] in FY 2024, 5.9 million, or 13.3% less than the number of enplaned passengers in FY 2019.

The slower growth in enplaned passengers following the COVID-19 pandemic is attributable to major changes in scheduled airline service for domestic service (excluding Intra-Cal), Intra-Cal service, and international service, as discussed below.[39]

Domestic service (excluding Intra-Cal). The number of domestic enplaned passengers (excluding Intra-Cal) decreased by approximately 2.6 million or 10.1% from FY 2019 to FY 2024 as American Airlines, Alaska Airlines, and Southwest Airlines all reduced the number of enplaned passengers due to changes to schedule, route network, or gate access, as described below.

- American Airlines enplaned passengers decreased by approximately 1.8 million or 26.6% due to gate closure projects at the Airport terminal where American Airlines operates and changes in American Airlines' route network to concentrate service at its other airport markets including Dallas Fort Worth International Airport, Charlotte Douglas International Airport, and Miami International Airport.
- Alaska Airlines enplaned passengers decreased by approximately 0.9 million or 38.2% due to gate closures at the Airport in Terminal 6 where Alaska Airlines operates. Alaska Airlines' forward looking scheduled flights from November 2024 to June 2025 report a 14.7% increase compared to the same period of the prior year following the completion of its improvements in Terminal 6 and the reopening of its gates.
- Southwest Airlines enplaned passengers decreased by approximately 0.9 million or 26.1%. The decreases are primarily due to shifts in scheduled service from the Airport

[37] U.S. Department of Transportation, T100 Database; represents average annual growth in the total number of U.S. enplaned passengers from the 12-months ended June 2014 through the 12-months ended June 2019.

[38] Source: Department Records. The 38.3 million is based on Department records while the 38.1 million shown earlier in this 2025A-E Report uses U.S. Department of Transportation, T100 database data for enplaned passengers by segment (e.g., intra-Cal).

[39] Domestic enplaned passengers (excluding Intra-Cal) and Intra-Cal enplaned passengers from U.S. Department of Transportation, T100 database, accessed November 2024, and may differ from Department records.

to Long Beach Airport as a result of Southwest Airlines increasing service when JetBlue discontinued service there on October 6, 2020[40].

The above decreases in the number of enplaned passengers from FY 2019 to FY 2024 by American Airlines, Alaska Airlines, Southwest Airlines, and to a lesser extent, United Airlines were partially offset by increases in enplaned passengers by Spirit Airlines, JetBlue Airways, and Delta Air Lines, of 0.6 million, 0.6 million, and 0.2 million, respectively.

Intra-Cal service. Figure 15 shows the five destinations that represent 92.6% of Intra-Cal enplaned passengers traveling to the Airport from other cities in California. The number of Intra-Cal enplaned passengers decreased 1.4 million or 32.9% from FY 2019 to FY 2024. American Airlines, Alaska Airlines, Southwest Airlines, and United Airlines all reported reductions in the number of Intra-Cal enplaned passengers ranging from 30.9% to 74.7%. Delta Air Lines is the only airline to nearly return to the same number of Intra-Cal enplaned passengers in FY 2024 as FY 2019. The reduction in service is a result of work from home practices, video teleconferencing, and shifts in scheduled service to other nearby airports.

International service. The number of international enplaned passengers decreased 1.2 million or 9.2% from FY 2019 to FY 2024. Travel to China accounts for 1.0 million of the international enplaned passenger decrease resulting from air service restrictions and softening economic conditions in China. Direct air service between the U.S. and China is governed by a bilateral agreement between the two countries, which determines a set number of direct flights that U.S. and Chinese carriers can each fly per week. As of the date of this 2025A-E Report, U.S.-China air service bilateral agreement allows 100 weekly roundtrip flights between China and the U.S. compared to 300 weekly roundtrips in FY 2019. Chinese-flag carriers have been quick to respond to increases in the permitted number of weekly roundtrip flights although the forward-looking flight schedules indicate a slight weakening through early 2025 likely due to a softening in the economic conditions in China. U.S. carriers have been slower to increase flight schedules but have shown steady growth after each increase in the permitted number of weekly roundtrip flights. In October 2024, 89 weekly flights were scheduled from across the U.S. to China, of which 22 were operated from the Airport.

In FY 2024, the Airport was the busiest O&D airport in the U.S. with 32.7 million or 85.3% of enplaned passengers beginning or ending their travel at the Airport, reflecting the strength of the local and regional economic drivers discussed earlier in this 2025A-E Report. From FY 2014 through FY 2019, the number of originating passengers increased at an average annual rate of 6.8%, from 76.4% to 82.3%, while the number of connecting passengers at the Airport decreased slightly at an average rate of 0.8%. Although enplaned passenger numbers decreased in FY 2020 and FY 2021 like most other airports in the nation, the share of originating passengers at the Airport continued to increase, growing from 82.3% in FY 2019 to 85.3% in FY 2024. Since FY 2020 the number of connecting passengers has continued to represent

[40] "JetBlue to pull out of Long Beach Airport Starting in October", July 9, 2020, Long Beach Post, https://lbpost.com/news/breaking-jetblue-to-pull-out-of-long-beach-airport-starting-in-october/, accessed November 2024.

approximately 15% of the number of enplaned passengers at the Airport, as carriers focused on connecting passengers at their hub airports elsewhere in the U.S.

Figure 15

FY 2019 TO FY 2024 ENPLANED PASSENGER DECREASES IN TOP 5 INTRA-CAL ROUTES TO THE AIRPORT

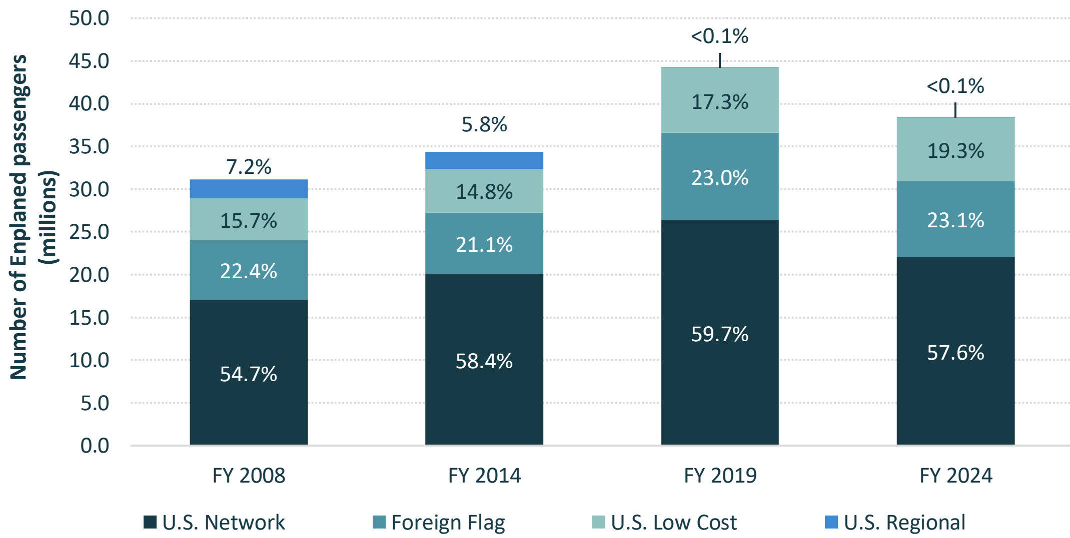
Los Angeles International Airport

	FY 2019	FY 2024	Decrease	% Decrease
Top 5	3,967	2,708	(1,259)	(31.7%)
All Other	393	218	(175)	(44.6%)
Total	4,360	2,925	(1,434)	(32.9%)

Note: Numbers in thousands and may not tie because of rounding.

Enplaned passenger traffic at the Airport by airline type in FY 2008, FY 2014, FY 2019, and FY 2024 is shown on Figure 16. U.S. network airlines continue to account for the largest share of enplaned passengers at the Airport. Between FY 2008 and FY 2019, the U.S. regional airlines' share of enplaned passengers at the Airport decreased from approximately 7.2% to less than 0.1%, reflecting a reduced reliance by the U.S. network airlines on their regional affiliates that provide service for the network airlines using smaller regional aircraft. In FY 2019, the U.S. network and regional airlines accounted for approximately 59.7% of total enplaned passengers, while foreign-flag airlines and U.S. low-cost airlines accounted for 23.0% and 17.3% of total enplaned passengers at the Airport, respectively. In FY 2024, approximately 2.0% of the enplaned passenger market share at the Airport shifted from the U.S. network carriers to the U.S. low-cost airlines, reflecting the increased seat capacity recently added by the U.S. low-cost airlines, Spirit Airlines and JetBlue Airways, while the seat capacity of the U.S. network airlines remained level.

Figure 16
HISTORICAL ENPLANED PASSENGERS BY AIRLINE TYPE
Los Angeles International Airport



Notes: Excludes nonscheduled airlines. Totals may not add to 100% because of rounding.
Prior to FY 2019, the U.S. Regional airline type includes Virgin America, which was later acquired by Alaska Airlines (U.S. network carrier category).
Sources: Department records.

Enplaned Passenger Market Shares

Airline service at the Airport is diverse and highly competitive, with no single airline accounting for more than 19.7% of total enplaned passengers in FY 2024. Table 12 presents a comparison of FY 2019 and FY 2024 enplaned passengers at the Airport by airline.

As shown in Table 12 and on Figure 17, Delta Air Lines was the busiest airline at the Airport in terms of the number of enplaned passengers in FY 2024, increasing its market share at the Airport from 17.2% in FY 2019 to 19.7%, while the market share of American Airlines has declined from 19.2% in FY 2019 to 15.1% in FY 2024. Prior to FY 2021, American Airlines had been the busiest airline at the Airport in terms of numbers of enplaned passengers with approximately 19.0% of total enplaned passengers at the Airport between FY 2014 and FY 2020.

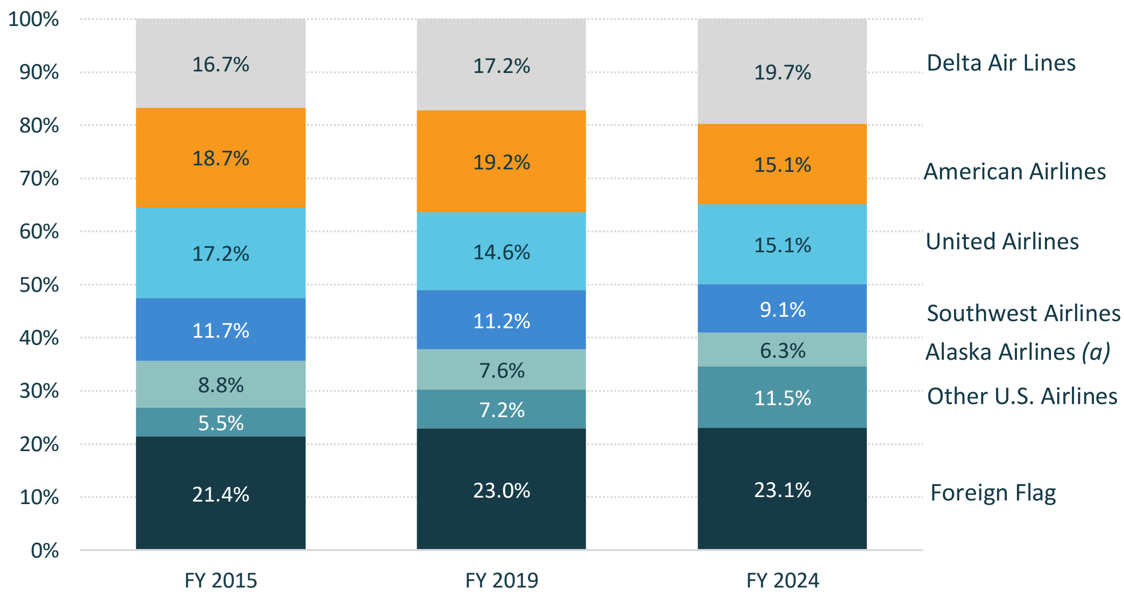
United Airlines has the third largest market share of enplaned passengers at the Airport, accounting for 15.1% of enplaned passengers in FY 2024. U.S. low-cost airline Southwest Airlines is the fourth busiest airline at the Airport, accounting for 9.1% of total enplaned passengers in FY 2024.

Table 12
ENPLANED PASSENGERS BY AIRLINE
Los Angeles International Airport

	Enplaned passengers		Percent of Airport total	
	FY 2019	FY 2024	FY 2019	FY 2024
U.S.-FLAG AIRLINES				
Network and regional airlines				
Delta Air Lines	7,624,050	7,574,865	17.2%	19.7%
American Airlines	8,470,061	5,798,250	19.2	15.1
United Airlines	6,444,715	5,782,680	14.6	15.1
Alaska Airlines	3,343,980	2,419,481	7.6	6.3
Hawaiian Airlines	518,062	505,532	1.2	1.3
All other	14,693	5,729	0.0	0.0
Subtotal – network and regionals	26,415,561	22,086,537	59.8%	57.6%
Low-cost airlines				
Southwest Airlines	4,955,873	3,500,144	11.2%	9.1%
Spirit Airlines	1,257,930	1,842,525	2.8	4.8
JetBlue Airways	920,655	1,647,835	2.1	4.3
Allegiant	229,771	172,487	0.5	0.4
Sun Country Airlines	120,726	124,187	0.3	0.4
All other	146,362	120,620	0.3	0.3
Subtotal – low-cost carriers	7,631,317	7,407,798	17.3%	19.3%
Total – U.S.-flag airlines	34,046,878	29,494,335	77.0%	76.9%
FOREIGN-FLAG AIRLINES				
Air Canada	772,434	691,092	1.7%	1.8%
Volaris	421,391	624,808	1.0	1.6
Air France	309,134	368,806	0.7	1.0
WestJet	371,639	362,589	0.8	0.9
EVA Airways	291,731	314,139	0.7	0.8
Aeroméxico	400,446	306,551	0.9	0.8
Qantas Airlines	519,941	285,103	1.2	0.7
Lufthansa	315,443	279,937	0.7	0.7
British Airways	294,630	278,855	0.7	0.7
Asiana Airlines	265,615	271,694	0.6	0.7
Korean Airlines	251,471	257,725	0.6	0.7
Philippine Airlines	225,634	240,937	0.5	0.6
All other	5,721,077	4,562,982	12.9	11.9
Total – foreign-flag airlines	10,160,586	8,845,218	23.0%	23.1%
Airport total	44,207,464	38,339,553	100.0%	100.0%

Notes: The U.S. network airlines include associated regional affiliates. Columns may not add to totals shown because of rounding.
Source: Department records.

Figure 17
AIRLINE MARKET SHARES OF ENPLANED PASSENGERS
Los Angeles International Airport



Notes: U.S. network airlines include associated regional affiliates. Totals may not add to 100.0% due to rounding.
Source: Department records.
(a) Reflects the consolidation of Virgin America and Alaska Airlines.

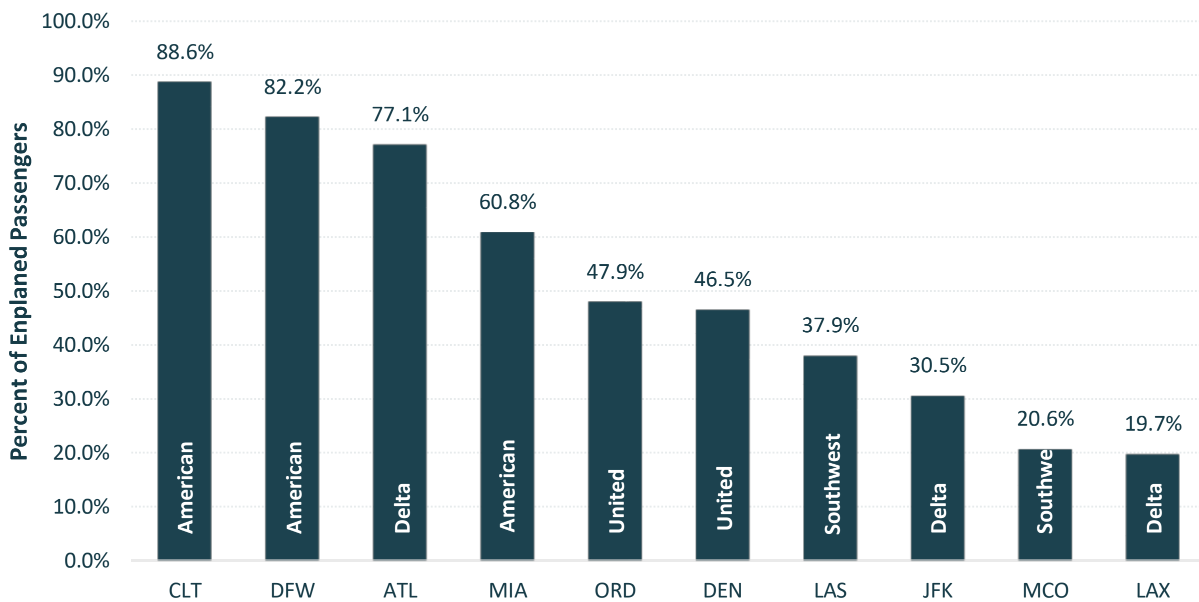
At many large-hub U.S. airports, the airline with the greatest market share of enplaned passengers accounts for more than a third of the enplaned passengers at that airport. As shown on Figure 18, among the Airport's top 10 large hub U.S. airport peers, the Airport has the greatest diversity of air carriers and does not rely solely on a single carrier's hub strategy for growth.

In FY 2024, the share of enplaned passengers carried by the largest airline at the Airport, Delta Air Lines (19.7% share of total enplaned passengers in FY 2024), is less than the market share of the busiest airlines at all of the other top 10 U.S. airports. Charlotte Douglas, Dallas Fort Worth, and Hartsfield-Jackson Atlanta international airports, which are major hub airports for American Airlines and Delta Air Lines, rely on a high number of passenger connections that account for greater than 75% of total enplanements in FY 2024 at each of those airports.

Figure 18

SHARE OF PASSENGERS CARRIED BY LARGEST AIRLINE AT TOP 10 U.S. AIRPORTS

FY 2024



CLT = Charlotte Douglas International
DFW = Dallas Fort Worth International
ATL = Hartsfield-Jackson Atlanta International
MIA = Miami International Airport
ORD = Chicago O'Hare International
DEN = Denver International
LAS = Harry Reid (Las Vegas) International
JFK = John F. Kennedy International
MCO = Orlando International
LAX = Los Angeles International

Notes: Top 10 airports based on total enplaned passengers in FY 2024.
Source: U.S. Department of Transportation, T100 for all other benchmark airports, Fiscal year ending June 2024, accessed September 2024 via AirlineData Inc., for the airports shown.

Domestic Origin-Destination Market

For FY 2024, the top 20 domestic passenger markets accounted for 70.2% of domestic O&D passengers at the Airport, as shown in Table 13. New York and San Francisco were the top two destination markets for O&D passengers accounting for 10.6% and 7.9%, respectively, of domestic O&D passengers at the Airport. Other major markets at the Airport include Chicago, Washington, D.C., and Las Vegas. Each of the top 20 domestic markets has nonstop service offered by at least two airlines, according to OAG scheduled seats in October 2024.

Table 13

DOMESTIC ORIGIN-DESTINATION MARKETS AND AIRLINE SERVICE

Los Angeles International Airport

Rank	Market	O&D passengers (000s) FY 2024	Percent of domestic O&D passengers	Air miles from LAX	Average daily scheduled nonstop departures		Number of airlines providing nonstop service	
					2019	2024	2019	2024
1	New York *(a)*	4,483.8	10.6%	2,469	50	40	6	6
2	San Francisco *(b)*	3,349.2	7.9%	329	50	30	5	6
3	Chicago *(c)*	1,893.4	4.5%	1,746	27	21	5	4
4	Washington, D.C. *(d)*	1,820.7	4.3%	2,305	14	11	4	4
5	Las Vegas	1,691.3	4.0%	236	36	26	6	8
6	Miami *(e)*	1,552.8	3.7%	2,342	8	11	1	3
7	Dallas-Fort Worth *(f)*	1,530.6	3.6%	1,237	30	24	6	4
8	Honolulu/Oahu	1,518.4	3.6%	2,556	17	15	5	6
9	Seattle	1,494.4	3.5%	954	29	19	4	5
10	Houston *(g)*	1,254.6	3.0%	1,382	19	17	4	5
11	Boston	1,243.8	2.9%	2,611	14	11	5	4
12	Atlanta	1,172.4	2.8%	1,946	17	13	5	4
13	Denver	1,058.1	2.5%	862	21	20	5	5
14	Orlando	997.3	2.4%	2,217	9	9	4	4
15	Salt Lake City	991.0	2.3%	590	17	15	5	7
16	Phoenix	850.1	2.0%	370	24	17	4	5
17	Austin	822.3	1.9%	1,242	11	12	4	5
18	Portland (Oregon)	729.0	1.7%	834	17	12	4	3
19	Detroit	671.9	1.6%	1,979	7	6	2	2
20	Philadelphia	666.3	1.6%	2,401	8	6	3	2
	Cities listed	29,791.5	70.2%		423	334		
	Other cities	12,636.2	29.8%		274	190		
	All cities	42,427.7	100.0%		697	524		

Notes: O&D passenger data represent FY 2024. Columns may not add to totals shown because of rounding. Nonstop departure schedules reference March 2024 published schedules.

(a) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.

(b) San Francisco, Oakland, and Mineta San José international airports.

(c) Chicago O'Hare and Chicago Midway international airports.

(d) Ronald Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.

(e) Miami and Fort Lauderdale Hollywood international airports.

(f) Dallas Fort Worth International Airport and Love Field.

(g) George Bush Intercontinental Airport and Houston William P. Hobby Airport.

Sources: U.S. Department of Transportation, O&D Survey; OAG schedules, accessed October 2024.

International Origin-Destination Market

For FY 2024, the busiest 20 international passenger markets accounted for 52.8% of total international O&D passengers at the Airport, as shown in Table 14.

Table 14
INTERNATIONAL ORIGIN-DESTINATION MARKETS AND AIRLINE SERVICE
Los Angeles International Airport

		O&D Passengers (000s)		Variance	Percent of int'l O&D passengers	Average daily scheduled nonstop departures		Number of airlines providing nonstop service	
Rank	Market	FY 2019	FY 2024	(%)	(2024)	2019	2024	2019	2024
1	Tokyo *(a)*	853.8	1,153.6	35.1%	5.4%	9	12	6	7
2	London *(b)*	1,234.5	1,050.2	-14.9%	4.9%	10	10	6	6
3	Guadalajara	851.2	956.2	12.3%	4.5%	9	9	5	4
4	Seoul *(c)*	732.5	736.2	0.5%	3.4%	4	5	2	3
5	Vancouver	752.8	721.8	-4.1%	3.4%	11	8	4	5
6	Mexico City *(d)*	723.3	720.9	-0.3%	3.4%	10	8	5	4
7	Cancun	583.7	664.2	13.8%	3.1%	5	5	4	4
8	Toronto *(e)*	653.8	642.4	-1.7%	3.0%	5	5	2	3
9	San Jose del Cabo	522.3	614.4	17.6%	2.9%	6	7	6	5
10	San Salvador	335.4	546.2	62.9%	2.5%	5	7	3	4
11	Paris *(f)*	715.7	532.9	-25.5%	2.5%	4	4	4	3
12	Manila	625.9	496.1	-20.7%	2.3%	2	2	1	1
13	Puerto Vallarta	365.3	436.6	19.5%	2.0%	5	5	6	5
14	Guatemala City	283.4	400.9	41.5%	1.9%	2	5	3	5
15	Sydney	412.3	377.7	-8.4%	1.8%	5	5	5	4
16	Taipei *(g)*	384.5	321.5	-16.4%	1.5%	4	5	2	3
17	Hong Kong	394.6	276.4	-30.0%	1.3%	5	3	3	2
18	Calgary	213.1	249.5	17.1%	1.2%	4	3	2	2
19	Rome	308.5	223.3	-27.6%	1.0%	0	1	2	1
20	Shanghai	554.4	214.6	-61.3%	1.0%	5	1	4	1
	Cities Listed	11,501.0	11,335.8	-1.4%	52.8%	109	110		
	Other cities	12,060.5	10,122.6	-16.1%	47.2%	58	47		
	All cities	23,561.5	21,458.4	-8.9%	100.0%	167	157		

Notes: O&D passenger data for FY 2019 and FY 2024. Data are for international O&D passengers. Columns may not add to totals shown because of rounding. Nonstop departure schedules reference March published schedules for both 2019 and 2024.
(a) Tokyo International Airport/Haneda and Tokyo Narita International Airports.
(b) Heathrow, Gatwick, Stansted, Luton, and London City airports.
(c) Incheon and Gimpo international airports.
(d) Mexico City (Benito Juarez) and (Felipe Ángeles), and Toluca international airports
(e) Pearson, Billy Bishop, Hamilton, and Waterloo Airports
(f) Charles de Gaulle and Orly international airports.
(g) Taiwan Taoyuan International and Taipei Songshan Airports
Sources: International Air Transport Association Airport; OAG schedules, accessed September 2024.

In FY 2024, Tokyo was the busiest international O&D market accounting for 5.4% of total international O&D passengers, followed by London (4.9%) and Guadalajara (4.5%). In addition to Guadalajara, an additional four of the top 10 international markets are located in Mexico and Central America, including Mexico City (3.4%), Cancun (3.1%), San Jose del Cabo (2.9%), and San Salvador (2.5%). Most of the nearby Latin American markets are expected to return to or exceed the 2019 number of average daily nonstop service, given the faster pace of growth in air traffic evidenced in those markets. The number of average daily nonstop departures to European destinations including London, Paris, and Rome has returned to or exceeded the same level as in 2019, while the number of O&D passengers to European destinations in FY 2024 remains approximately 20% below FY 2019 due to the use of smaller aircraft, lower load factors, and the bankruptcy of European low-cost carrier, Norwegian Air Shuttle.

Airfares

Table 15 provides a comparison of average domestic one-way airfares[41] paid by passengers using the Airport and the four closest commercial service airports in the Los Angeles CSA, using data for the 12 months ended June 2024.

While the Airport's overall domestic airfare for all cities on a weighted average basis is the highest among the Los Angeles CSA airports, this higher average fare is primarily driven by the high fares and large passenger numbers in the premium Los Angeles–New York O&D passenger market, likely the result of business travel between those two markets. When comparing fares in other top domestic passenger markets, the Airport's airfares are competitive to airline service offered at other Los Angeles CSA airports.

[41] The airfares that airlines report to the U.S. Department of Transportation are exclusive of many ancillary charges (fees for checked baggage and preferred aircraft seating, for example) and may understate the passenger's actual cost of airline travel given the increased implementation of such fees beginning in 2008.

Table 15

COMPARISON OF AIRFARES IN LOS ANGELES' TOP 20 DOMESTIC O&D MARKETS

Los Angeles CSA Air Carrier Airports

						Average one-way domestic airfare paid				
Rank	Market	LAX O&D passengers (000s)	Air miles from LAX	Length of haul	LAX Share of Los Angeles CSA	LAX	John Wayne	LA/ Ontario	Burbank	Long Beach
1	New York *(a)*	4,483.8	2,469	Long	68%	$343	$332	$205	$215	$176
2	San Francisco *(b)*	3,349.2	329	Short	51%	$100	$141	$100	$109	$85
3	Chicago *(c)*	1,893.4	1,746	Long	45%	$211	$244	$180	$200	$145
4	Washington, D.C. *(d)*	1,820.7	2,305	Long	75%	$254	$290	$239	$238	$167
5	Las Vegas	1,691.3	236	Short	20%	$77	$69	$70	$82	$68
6	Miami *(e)*	1,552.8	2,342	Long	86%	$248	$276	$216	$182	$134
7	Dallas-Fort Worth *(f)*	1,530.6	1,237	Medium	29%	$184	$223	$172	$212	$134
8	Honolulu/Oahu	1,518.4	2,556	Long	56%	$238	$243	$255	$206	$201
9	Seattle	1,494.4	954	Medium	21%	$145	$158	$138	$158	$106
10	Houston *(g)*	1,254.6	1,382	Medium	45%	$171	$220	$189	$162	$129
11	Boston	1,243.8	2,611	Long	76%	$315	$296	$265	$218	$183
12	Atlanta	1,172.4	1,946	Long	48%	$264	$328	$249	$233	$157
13	Denver	1,058.1	862	Medium	18%	$147	$122	$101	$133	$93
14	Orlando	997.3	2,217	Long	55%	$222	$219	$159	$209	$133
15	Salt Lake City	991.0	590	Medium	27%	$117	$184	$138	$149	$135
16	Phoenix	850.1	370	Short	14%	$123	$114	$108	$96	$82
17	Austin	822.3	1,242	Medium	38%	$166	$167	$160	$160	$113
18	Portland (Oregon)	729.0	834	Medium	21%	$159	$166	$146	$149	$112
19	Detroit	671.9	1,979	Long	60%	$263	$310	$264	$242	$202
20	Philadelphia	666.3	2,401	Long	62%	$299	$290	$235	$252	$179
	Cities listed	29,791.5			39%	$210	$175	$151	$132	$118
	Other cities	12,636.2			26%	$223	$181	$184	$127	$127
	All cities	42,427.7			34%	$214	$177	$165	$130	$122

Note: Short-haul flights are 500 miles or less, medium-haul flights are 501 to 1,500 miles, and long-haul flights are more than 1,500 miles. Data reflects the fiscal year ending June 2024.

(a) Newark Liberty International, LaGuardia, and John F. Kennedy International airports.

(b) San Francisco, Oakland, and Mineta San José international airports.

(c) Chicago O'Hare and Chicago Midway international airports.

(d) Ronald Reagan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.

(e) Miami and Fort Lauderdale Hollywood international airports

(f) Dallas Fort Worth International Airport and Love Field

(g) George Bush Intercontinental Airport and William P. Hobby Airport.

Sources: U.S. Department of Transportation, O&D Survey via AirlineData, Inc., Fiscal year ending June 2024, accessed October 2024.

As shown in Table 16, in FY 2024, the Airport accounted for 79.5% of Los Angeles CSA domestic O&D passengers for all of its top long-haul markets (1,500 miles or more), remaining the largest provider of long-haul services in the Los Angeles CSA. The Airport accounted for 52.6% of domestic O&D passengers in medium-haul markets in the Los Angeles CSA. In short-haul markets, the Airport accounted for approximately 50.8% of Los Angeles CSA domestic O&D passengers.

Table 16
AIRPORTS IN LOS ANGELES CSA: DOMESTIC O&D PASSENGERS MARKET SHARE BY DISTANCE IN FY 2024

Travel Distance (miles) / O&D Passengers (000s)		LAX	John Wayne	LA / Ontario	Burbank	Long Beach	Total
1,501 +	Long	24,273	2,693	1,908	703	965	30,542
501-1,500	Medium	11,042	4,290	2,301	2,179	1,163	20,976
< 500	Short	7,113	2,389	1,231	2,156	1,107	13,995
	Total	42,428	9,373	5,440	5,037	3,235	65,512
Airport Share for Each Distance (%)							
	Long	79.5%	8.8%	6.2%	2.3%	3.2%	100.0%
	Medium	52.6%	20.5%	11.0%	10.4%	5.5%	100.0%
	Short	50.8%	17.1%	8.8%	15.4%	7.9%	100.0%
	Total	64.8%	14.3%	8.3%	7.7%	4.9%	100.0%

Notes: O&D passengers listed in thousands. Data are for domestic O&D passengers. Columns may not add to totals shown because of rounding.
Sources: U.S. Department of Transportation, O&D Survey

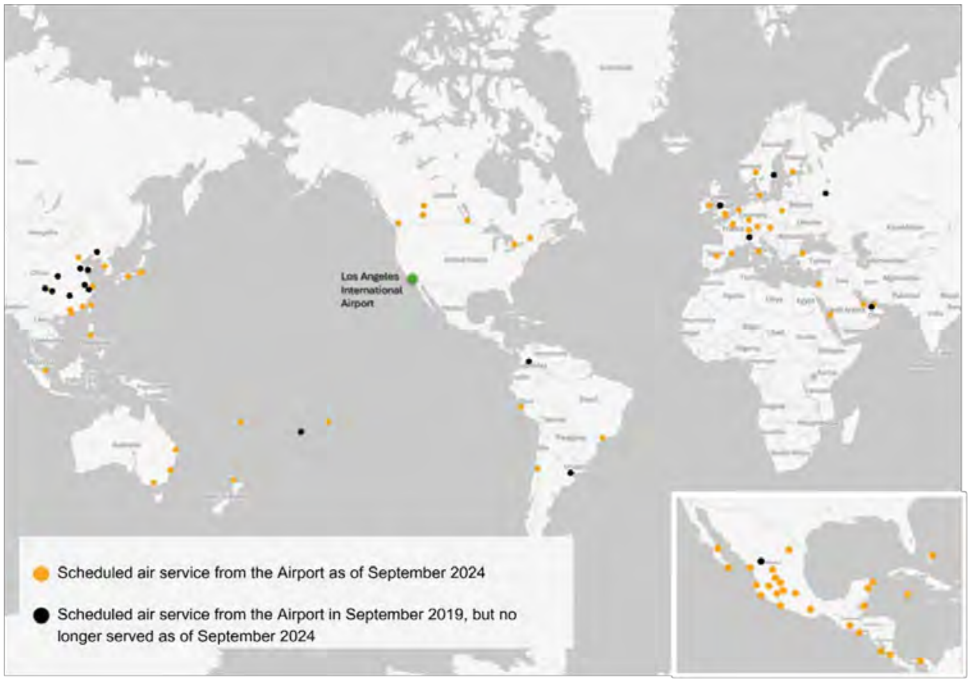
Scheduled Airline Service

In September 2024, the airlines serving the Airport provided scheduled service to 96 domestic destinations and 75 international destinations. This compares to 98 domestic destinations and 87 international destinations in September 2019. On average, 680 daily departures were scheduled, which includes 529 daily domestic departures and 151 daily international departures. International service was provided to seven international regions—Europe, the Middle East, Asia, the South Pacific, Canada, Mexico, and Latin America/the Caribbean—as shown on Figure 19.

Figure 19

SCHEDULED INTERNATIONAL AIRLINE SERVICE IN SEPTEMBER 2024

Los Angeles International Airport



ASIA

China
- Beijing
- Chengdu
- Guangzhou
- Hong Kong
- Shanghai
- Shenzhen
- Xiamen

Japan
- Osaka
- Tokyo (Haneda)
- Tokyo (Narita)

Philippines – Manila
Singapore – Singapore
South Korea – Incheon
Taiwan – Taipei

MIDDLE EAST

Israel – Tel Aviv
Qatar – Doha
Saudi Arabia – Jeddah
United Arab Emirates – Dubai

SOUTH PACIFIC

Australia
- Brisbane
- Melbourne
- Sydney

Fiji – Nadi
French Polynesia – Tahiti
New Zealand – Auckland

LATIN AMERICA

Costa Rica – San Jose
Belize – Belize City
Brazil – Sao Paulo
Chile – Santiago
El Salvador – San Salvador
Guatemala – Guatemala City
Panama – Panama City
Peru – Lima

NORTH AMERICA

Canada
- Calgary
- Edmonton
- Montreal
- Toronto
- Vancouver
- Winnipeg

Mexico
- Aguascalientes
- Cancun
- Guadalajara
- Ixtapa/Zihuatanejo
- Leon/Guanajuato
- Loreto
- Manzanillo
- Mazatlán
- Mexico City
- Monterrey
- Morelia
- Oaxaca
- Puerto Vallarta
- San Jose del Cabo
- Uruapan
- Zacatecas

Cayman Islands
Bahamas

EUROPE

Austria – Vienna
Denmark – Copenhagen
Finland – Helsinki
France – Paris
France – Orly

Germany
- Frankfurt
- Munich

Ireland – Dublin
Italy – Rome
Netherlands – Amsterdam
Norway – Oslo
Poland – Warsaw

Spain
- Barcelona
- Madrid

Switzerland – Zurich
Turkey – Istanbul
United Kingdom
- London
- London Gatwick

Source: OAG schedules, accessed October 2024.

FARE REVENUE AT LARGE HUB AIRPORTS

The Airport is a highly desirable market for both domestic and international airlines. Table 17 shows that during the 12-month period ending June 2024, the airlines serving the Airport generated $9.1 billion in fare revenue, which is 31.7% more fare revenue than the next largest airport (Hartsfield-Jackson Atlanta International Airport or ATL) and the most fare revenue of all the large hub U.S. airports.

Table 17
DOMESTIC AIRLINE FARE REVENUE AT LARGE HUB U.S. AIRPORTS

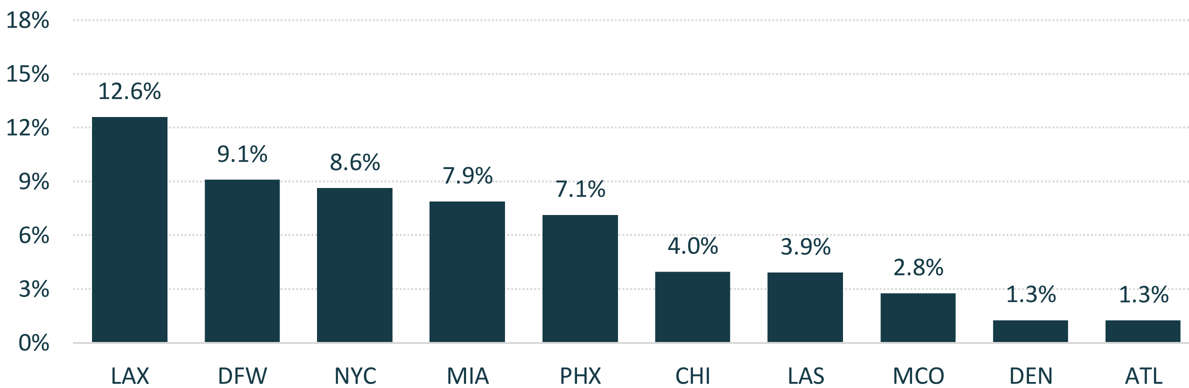
Revenue rank	Domestic O&D passengers rank	Airport	Fare revenue ($ millions)	Revenue rank	Domestic O&D passengers rank	Airport	Fare revenue ($ millions)
1	2	Los Angeles - LAX	9,061	15	15	San Diego - SAN	4,195
2	5	Atlanta - ATL	6,932	16	19	Houston - IAH	4,063
3	6	Chicago - ORD	6,810	17	18	Minneapolis - MSP	4,048
4	3	Las Vegas - LAS	6,611	18	20	Miami - MIA	3,692
5	4	Denver - DEN	6,557	19	22	Detroit - DTW	3,686
6	13	San Francisco - SFO	6,422	20	21	Philadelphia - PHL	3,682
7	9	Dallas Ft Worth - DFW	6,349	21	24	Salt Lake City - SLC	3,524
8	1	Orlando - MCO	6,322	22	14	Ft Lauderdale - FLL	3,416
9	8	Seattle - SEA	6,234	23	17	Tampa - TPA	3,400
10	7	Phoenix - PHX	6,118	24	26	Charlotte - CLT	3,210
11	10	Boston - BOS	6,085	25	23	Nashville - BNA	2,949
12	11	New York - EWR	5,874	26	25	Baltimore - BWI	2,593
13	16	New York - JFK	5,004	27	29	Washington - IAD	2,304
14	12	New York - LGA	4,687	28	27	Chicago - MDW	1,721

Source: U.S. Department of Transportation, O&D Survey, Fiscal year ending June 2024 through AirlineData Inc., for the airports shown, accessed December 2024.

Premium airline revenue, which includes fare revenue generated by passengers that traveled in business class or first class, is a desirable and profitable market to serve and is a very large segment of the market served at the Airport.

Figure 20 shows that the Airport ranks first among the busiest 10 U.S. large hub airport O&D markets in terms of the percent of total domestic fare revenues that each airport generated from domestic premium fare revenues. The combination of a large O&D passenger market and large percentage of premium fare passengers makes the Airport one of the most valuable airports to serve in the U.S.

Figure 20
DOMESTIC PREMIUM FARE REVENUES AS A PERCENT OF TOTAL DOMESTIC FARE REVENUE AT THE BUSIEST 10 U.S. LARGE HUB AIRPORT O&D MARKETS



LAX = Los Angeles International
DFW = Dallas Fort Worth International
NYC = Newark Liberty International, and John F. Kennedy International, and LaGuardia
SEA = Seattle-Tacoma International
PHX = Phoenix Sky Harbor International
CHI = O'Hare International and Midway International
LAS = Harry Reid (Las Vegas) International
MCO = Orlando International
DEN = Denver International
ATL = Hartsfield-Jackson Atlanta International

Note: Domestic premium fare revenues include fare revenue generated by passengers that traveled in business and first class.
Source: U.S. Department of Transportation O&D Survey Data represent fiscal year ending June 2024 through AirlineData Inc., for the airports shown, accessed December 2024.

KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

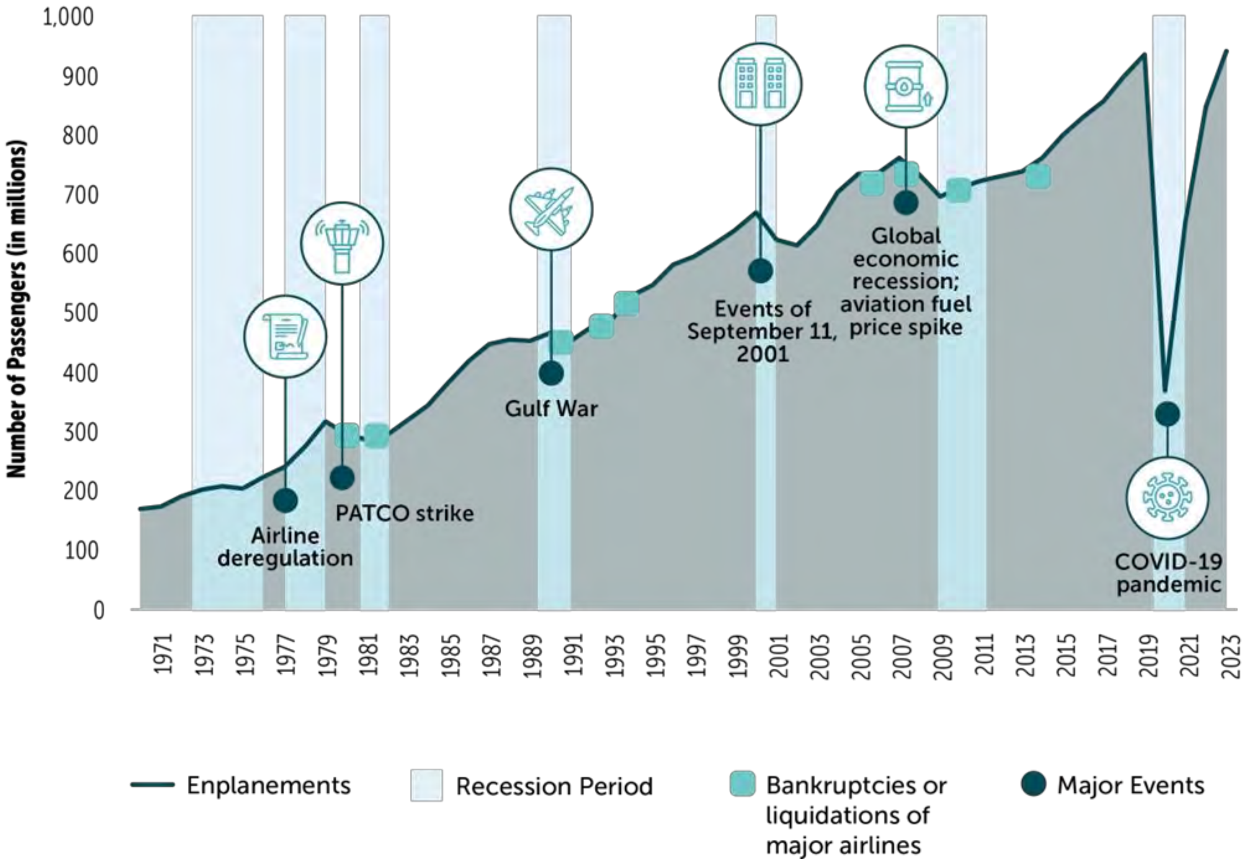
Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. As shown on Figure 21, recessions in the U.S. economy in 2001, 2008-2009, and 2020 contributed to a reduction in airline travel in those years, likely as a result of high unemployment, reduced discretionary income, and changing passenger travel behaviors. However, the aviation industry has recovered from prior recessions and exogenous events (e.g., the terrorist attacks of September 11, 2001) and passenger traffic has continued to increase. From 1970 through 2023 (the latest data available), the total numbers of domestic and international enplaned passengers in the United States increased an average of 3.3% per year. From 2019 to 2020, the total number of passenger traffic in the United States decreased 60.3% as a result of the negative effects on air travel from the COVID-19 pandemic, which was the largest single year decrease in passenger traffic since 1970.

The Airport has consistently rebounded from exogenous events and periods of weak demand in aviation activity. After the events of September 11, 2001, similar to other airports across the nation, the Airport was affected by significant seat capacity reductions associated with airline bankruptcy reorganizations and sharply rising fuel prices. By FY 2008, seven years after the events of September 11, 2001, the number of enplaned passengers at the Airport was 33.8 million, approximately 90.0% of the enplaned passengers pre-September 11, 2001. However, in

FY 2009, the number of enplaned passengers at the Airport decreased to 28.3 million as the financial crisis in 2008-2009 resulted in decreasing airline travel demand at the Airport, the nation, and internationally. As a result of the 2008-2009 financial crisis and the recovery from that event, the number of enplaned passengers at the Airport did not reach pre-September 11, 2001, numbers at the Airport until FY 2014.

Figure 21

TOTAL U.S. ENPLANED PASSENGERS



Note: PATCO = Professional Air Traffic Controllers Organization.
Source: Airlines for America (formerly Air Transport Association of America) through 1997; thereafter, U.S. Department of Transportation Bureau of Transportation Statistics.

The number of enplaned passengers at the Airport in each year from FY 2012 through FY 2020 exceeded the number of enplaned passengers at the Airport during the financial crisis in 2008-2009, in part due to a strong O&D market and continued growth in the numbers of domestic and international passengers using the Airport.

As a result of the COVID-19 pandemic starting in or around March 2020, significant decreases in aviation activity and seat capacity occurred at the Airport, in the United States, and globally as a result of widespread travel restrictions, border closures, quarantines, and concerns regarding the exposure to and transmission of COVID-19. From 2019 to 2020, the number of enplaned passengers at the Airport decreased by 67.4%, as compared to 60.3% for the nation. In the first eight months of 2024, enplaned passengers at the Airport were 14.2% lower than during the same period of 2019, while enplaned passengers for the U.S. as a whole were 6.3% higher than during the same period of 2019.[42]

In January 2025, severe wildfires broke out across certain areas in the Los Angeles CSA, destroying more than 16,000 homes, schools, businesses, and other commercial properties[43] and temporarily displacing at least 100,000 residents[44]. While the long-term economic effects of the wildfires are not known as of the date of this Series 2025A-E Report, the population in the affected area represents a small portion of the total population of the Los Angeles CSA and the wildfires are not expected to have a significant impact on airline service and passenger traffic at the Airport during the Forecast Period.

The availability of airline and commercial pilots is another key factor that can play a role in the ability of air traffic to grow. From 2023 to 2033, airline and commercial pilot employment is expected to grow 5%, in line with the growth of all occupations.[45]

Growth in enplaned passenger numbers has been slower at the Airport than the U.S. due to structural changes in the Intra-Cal, domestic excluding Intra-Cal, and international passenger markets, as discussed previously. Certain other factors that continue to affect the airline industry and that are expected to influence airline service and traffic levels at the Airport during the Forecast Period are discussed below.

Airline Bankruptcies and Consolidation, Alliances, and New Entrants

Over the past 20 years, American Airlines, Delta Air Lines, Southwest Airlines, and United Airlines have transformed their business models through a combination of bankruptcy, mergers, and the formation of new or strengthening alliances with domestic and global airlines. The domestic airline industry will continue to evolve as it emerges from the negative effects of the COVID-19 pandemic through, potentially, higher airfares, limited domestic seat capacity growth, or by focusing on premium business and leisure passengers to generate more revenue.

U.S. Airline Bankruptcies and Consolidation. Over the past twenty years, the U.S. airline industry has been consolidating, with many high-profile mergers and acquisitions. Mergers among the U.S. network airlines have included: Delta Air Lines and Northwest Airlines (October 2008), United Airlines and Continental Airlines (August 2010), and American Airlines

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[42] United States Department of Transportation, Bureau of Transportation Statistics, accessed December 2024.
[43] "The Los Angeles Wildfires Are Fully Contained," https://www.nytimes.com/2025/02/01/us/los-angeles-fire-contained.html, accessed February 2025.
[44] "LA Fire Victims Have Become 'Dysregulated', Making It Hard to Focus and Make Decisions," https://insideclimatenews.org/news/28012025/los-angeles-fire-victims-therapy, accessed February 2025.
[45] United States Department of Transportation, Bureau of Transportation Statistics, "Occupational Outlook Handbook – Airline and Commercial Pilots," https://www.bls.gov/ooh/transportation-and-material-moving/airline-and-commercial-pilots.htm#tab-6, accessed February 2025.

and US Airways (December 2013). Other mergers included low-cost airline Frontier Airlines and regional airline Midwest Airlines in April 2010, Southwest Airlines and AirTran Airways in April 2011, and Alaska Airlines and Virgin America in December 2016.

As a result of airline mergers, seat capacity has become more concentrated among fewer airlines. The three largest U.S. network airlines, as measured by numbers of enplaned passengers (Delta Air Lines, American Airlines, and United Airlines), have also been the largest three carriers at the Airport since 2014, with enplaned passenger market shares in FY 2024 of 19.7%, 15.1%, and 15.1%, respectively.

In July 2022, JetBlue Airways announced its plan to acquire Spirit Airlines. The U.S. Department of Justice blocked the merger in mid-January 2024, citing concerns about its legality and potential impact on market competition. The merger plan ended in early March 2024 after it was blocked by a federal judge on the grounds that it would hurt consumers who depend on Spirit Airline's lower fare options.

On November 18, 2024, Spirit Airlines filed for Chapter 11 bankruptcy protection. The airline has announced plans to reduce its routes, furlough pilots and sell aircraft, but continues to operate during the bankruptcy process. In September 2024, Spirit Airlines ended its service from the Airport to Louisville International Airport, and in November 2024, the airline ceased service from the Airport to Oakland, Pittsburg, San Antonio, and Salt Lake City international airports. As of the date of this 2025A-E Report, the forward-looking schedules show that Spirit Airlines will continue to operate approximately 160 flights per week from the Airport to 14 destinations.

Additionally, Alaska Airlines completed the acquisition of Hawaiian Airlines on September 18, 2024. The two airlines plan to operate under their respective brands while having one combined operating platform. The merger will give Alaska Airlines passengers access to international long-haul destinations flown on Hawaiian Airlines' fleet of widebody aircraft that include destinations in Osaka and Tokyo, Japan and Seoul, South Korea, as well as American Samoa, the Cook Islands, French Polynesia, and Australia. Alaska Airlines' market share at the Airport in FY 2024 was 6.3%, ranked as the fifth largest airline. Combined with Hawaiian Airlines, the two airlines would have a market share of 7.6% of total enplaned passengers at the Airport and retain Alaska Airlines' rank as the fifth largest airline. Even with the acquisition of Hawaiian Airlines and the completion of the Alaska Airlines renovations in Terminal 6, it is unlikely that Alaska Airlines will surpass Southwest Airlines, who reported market share of 9.1% in FY 2024.

A number of domestic and international airlines have filed for bankruptcy protection (e.g., Virgin Australia, Avianca Holdings, LATAM and others) or have ceased operations (Miami Air International, Trans State Airlines, Compass Airlines, and others) as a result of substantial decreases in air travel resulting from the COVID-19 pandemic.

Given the Airport's diverse air service market and large O&D market, any future U.S. airline consolidation caused by bankruptcies or mergers, or airlines ceasing operations is not anticipated to have a negative long-term effect on airline service at the Airport and any introduction of new airline service at the Airport will strengthen an already diverse and competitive air service market.

Airline Alliances. Airlines worldwide have increasingly sought to increase revenues, share costs, and expand the reach of their networks by developing international partnerships through multilateral alliances or joint ventures. Three major global alliances were created between 1997 and 2000: Star Alliance, SkyTeam and **one**world. These three busiest airline alliances accounted for approximately 67.3% of total enplaned passengers at the Airport in FY 2019 (prior to the COVID-19 pandemic), which increased to 71.7% in FY 2024. In recent years, antitrust immunity has been granted to several joint venture global alliances, allowing airlines to more closely coordinate operations, including pricing, and increased cost savings in international markets.

In March 2021, Alaska Airlines (the fourth busiest network and regional affiliate airline at the Airport as measured by the number of enplaned passengers in FY 2024) joined the **one**world alliance with American Airlines and passengers on Alaska Airlines will have reciprocal mileage earning benefits with American and **one**world partners.

New Entrants. In 2021, Avelo Airlines and Breeze Airways began service in markets that have been largely ignored or underserved by larger airlines. In September 2024, Avelo Airlines had 332 total scheduled departures per week across its overall network utilizing Boeing 737-700/800 aircraft and Breeze Airways had 674 total scheduled departures per week with Embraer E190/195 aircraft and A220-300 jet. Breeze Airways added seven new routes from the Airport bringing the total destinations served to 10 destinations in September 2024 compared to two destinations served when the airline entered the market in June 2022. Avelo Airlines does not currently provide service from the Airport, however, it provides nonstop services from Hollywood Burbank Airport, its main hub on the U.S. west coast, as well as Palm Springs and Ontario international airports within the Los Angeles CSA.

Airline Capacity Discipline

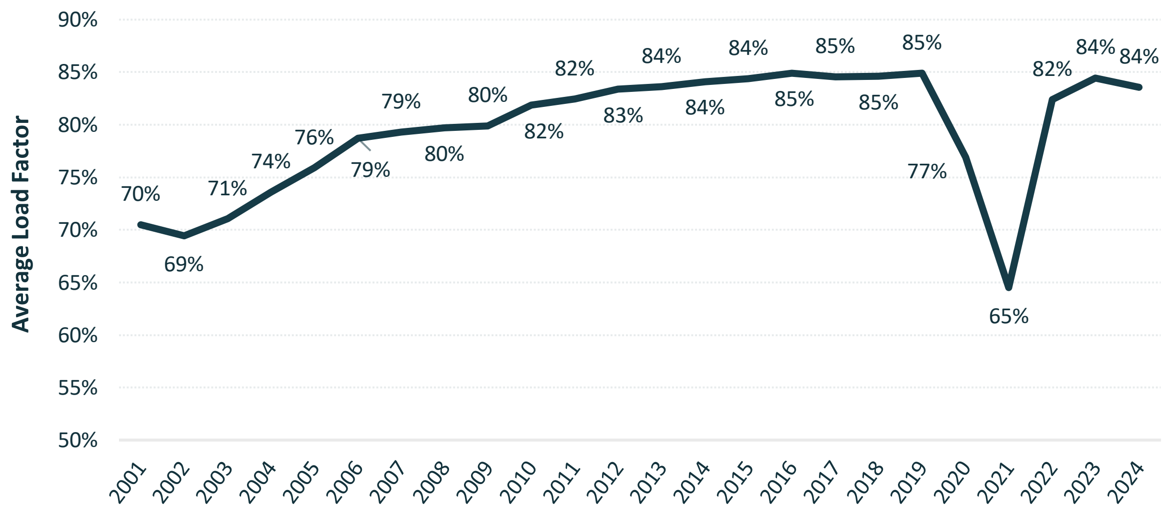
During times of national economic and financial crises, U.S. airlines focus heavily on capacity discipline, reducing seat capacity and withdrawing service from less profitable and low passenger demand markets. Airline emphasis has shifted from increasing market share to managing supply-and-demand on specific routes. Airlines are expected to maintain capacity discipline in the near term, emphasizing slower capacity growth and the use of right-sized aircraft to serve their markets.

Figure 22 shows the upward trend in U.S. domestic airline aircraft load factors since 2000. The average domestic airline aircraft load factor was approximately 70% in 2000. The decrease in the average load factor in 2001 occurred as passenger traffic decreased faster than the airlines could reduce capacity to adjust to the effects of September 11, 2001. Following 2001, load factors in the United States rose steadily to approximately 85% in 2016 and remained level through 2019. From FY 2014 through FY 2019, the average domestic load factors at the Airport were slightly higher than the national averages for the same years.

Seat capacity reductions in the U.S. decreased load factors to 65% in 2021 as a result of the economic closures, travel restrictions, border closures, and public health concerns associated with the COVID-19 pandemic. By 2023, load factors in the U.S. had increased back to 84%, nearly equal to the load factors prior to the COVID-19 pandemic.

Figure 22

HISTORICAL U.S. DOMESTIC AIRLINE SERVICE AIRCRAFT LOAD FACTORS



Note: Includes scheduled airline service only.

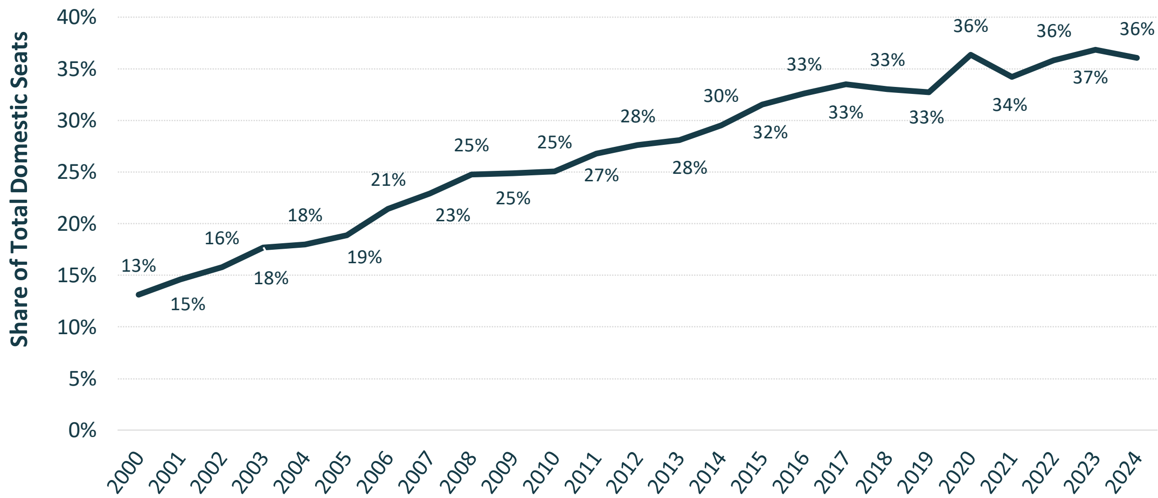
Sources: U.S. Department of Transportation, T100 Onboard Data via AirlineData Inc., accessed October 2024.

Low-Cost Airline Growth

In the early 2000s, U.S.-flag low-cost airlines (e.g., Allegiant Air, Frontier Airlines, JetBlue Airways, Southwest Airlines) expanded rapidly and increased their market shares of passenger traffic in the U.S.

As shown on Figure 23, low-cost airlines provided approximately 13% of U.S. domestic seat capacity in 2000. In FY 2024, the low-cost airlines accounted for approximately 36% of overall U.S. domestic seat capacity, which includes new market entrants like Avelo Airlines and Breeze Airways.

Figure 23
LOW-COST AIRLINE SHARES OF TOTAL U.S. DOMESTIC AIRLINE AIRCRAFT SEATS



Sources: Official Airline Guides schedules; Innovata schedules.

While rising fuel prices and the economic downturn forced U.S. network airlines to reduce domestic seat capacity and focus on more profitable international routes, the low-cost airlines increased their domestic market shares of passengers. Since March 2020, when the negative effects of the COVID-19 pandemic started to occur, low-cost airlines including Allegiant Air, JetBlue Airways and Southwest Airlines expanded service in their route systems while U.S. network airlines Delta Air Lines, American Airlines, and United Airlines reduced their overall seat capacity to manage both O&D and connecting traffic passengers. From 2019 to 2020, low-cost airlines reduced total seat capacity by 31%, while network airlines such as Delta Air Lines, American Airlines, and United Airlines reduced total seat capacity by 41%. Through the first half of 2024, U.S. low-cost airlines offered 17% more domestic nonstop seat capacity than they did in 2019, while network airlines such as Delta Air Lines, American Airlines, and United Airlines remain about 0.5% below their 2019 capacity levels.[46]

In recent years, there have been fewer distinctions between the low-cost airlines and the U.S. network airlines. The lowering of the U.S. network airline cost structures and consolidation of airline networks has allowed the U.S. network airlines to compete more effectively with the low-cost airlines. In addition, most of the U.S. network airlines have begun to offer fare classes that directly compete with the low-cost airlines. With these fare classes, the U.S. network airlines are able to offer a similar level of service to the low-cost airlines in their existing mainline aircraft and compete at a similar price point.

In July 2024, Southwest Airlines announced plans to end its open seating plan and begin offering assigned seats for all passengers as well as premium seats with additional legroom.

[46] OAG Schedule Analyser, accessed October 2024

Additionally, the airline will begin adding red-eye flights to enable 24-hour operations to further compete with the route networks and connecting operations of the U.S. network airlines.

The low-cost airlines have also expanded into international markets as they diversify their network. JetBlue Airways has built a strong presence in the Caribbean and Latin America, and recently started to serve London (Heathrow and Gatwick airports), Paris, and Amsterdam from John F. Kennedy International Airport in New York (where JetBlue Airways is based), and Boston Logan International Airport. In February 2024, JetBlue also started operating summer travel to and from Dublin and Edinburgh.

Southwest Airlines started serving Caribbean and Mexican routes in 2014 and continues to expand the number of international destinations it serves, flying to 14 destinations in 12 countries in Mexico, the Caribbean and Central America in December 2024.

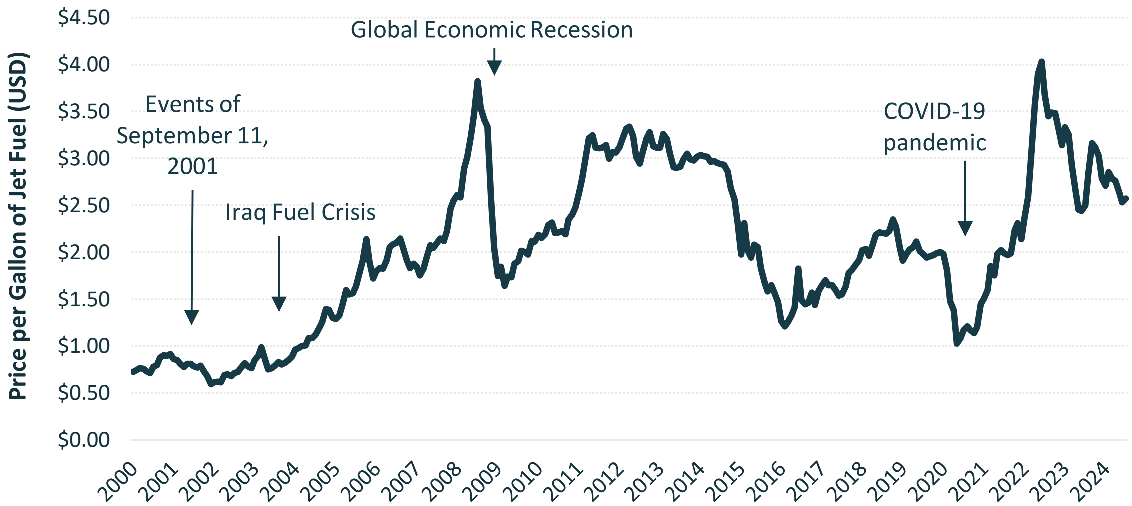
The market share of enplaned passengers on low-cost airlines at the Airport continued to increase during the COVID-19 pandemic from approximately 17.3% in FY 2019 to 19.6% in FY 2024 (see Table 12), due, in part, to increases in service by Spirit Airlines and JetBlue Airways.

In October 2020, JetBlue Airways moved its base of operations from Long Beach Airport to Los Angeles International Airport where it was looking to significantly increase the number of domestic destinations served from the Airport as well as to start international service. The market share of enplaned passengers at the Airport on JetBlue increased from 2.1% in FY 2019 to 4.6% in FY 2024, after its relocation to the Airport. Spirit Airlines, another low-cost airline, has also increased its market share from 2.8% in FY 2019 to 4.8% in FY 2024.

Fuel Cost Implications

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainty. Figure 24 shows the historical fluctuation in fuel prices since 2000. Beginning in 2003, fuel prices rapidly increased from political unrest in Iraq and other oil-producing countries, as well as other factors influencing the demand for and supply of oil. In 2008, a spike in crude oil prices drove up jet fuel prices to an unprecedented high of $3.82 per gallon, forcing many airlines to introduce fuel surcharges. Fuel prices fell sharply in the second half of 2008 but rose again in 2011. The price of fuel increased to such high levels that fuel represented the largest operating expense for airlines, accounting for between 30% and 40% of expenses for most airlines in 2011 through 2014.

Figure 24
HISTORICAL AVIATION FUEL PRICES



Sources: U.S. Department of Transportation, Bureau of Transportation Statistics, Airline Fuel Cost and Consumption (U.S. Carriers Scheduled), January 2000-July 2024, www.transtats.bts.gov.

From June 2014 to June 2017, the average price of aviation fuel decreased by approximately 50%, reflecting continued growth in U.S. oil production, strong global supply, and weakening outlooks for growth in the global economy and oil demand.

From August 2017 through the end of 2019 aviation fuel prices rose steadily but remained below the highs in 2008 and between 2011 and 2015. Beginning in January 2020, aviation fuel prices began to decrease as demand was reduced because of the economic slowdown caused by the COVID-19 pandemic. Aviation fuel prices reached a low point in May 2020 at $1.03 per gallon and has continued sharply increasing and peaked at $4.03 per gallon in June 2022 as a result of supply disruptions and uncertainty stemming from Russia's invasions of Ukraine in early 2022.

Reduced global refining throughput from unplanned power malfunctions and heavy refinery maintenance, alongside disrupted fuel trade transport flows due to low water levels in the Panama Canal, also impacted jet fuel prices. These factors led to prices of $2.79 per gallon at the end of 2023. In 2024, aviation fuel prices continued to decrease, ending September 2024 at $2.07 per gallon.

Fuel prices have been and will likely continue to be volatile and may increase over the long term as global energy demand increases in the face of finite oil supplies.

Aircraft Trends

Airlines regularly assess the type of aircraft used on each route based on passenger demand, fuel efficiency, and technological or engineering advancements. As certain types of aircraft become less efficient, airlines renew their fleet and transition towards more efficient aircraft. The introduction of aircraft with new technology likely will result in new nonstop service around the world, as aircraft such as the next-generation Boeing 777s, the Boeing 787, and the Airbus A350 incorporate new airframe, engine, and wing designs for significant improvements in aircraft range and fuel efficiency.

Trends in nonstop service continue to emerge in the narrow body aircraft segment as well, with improved economics of service on smaller routes. In early 2019, Airbus began delivering their small narrow body jet aircraft, the Airbus A220 (previously known as Bombardier's CSeries), providing fuel efficient and comfortable aircraft that serve the 100-135 seat market with the -100 and -300 variants. The Airbus A321LR and A321XLR aircraft provide fuel-efficient longer-range operations in the 180-220 seat market. JetBlue Airways uses the A321LR in its flights from John F. Kennedy International Airport to London Heathrow Airport, which started in August 2021.

After the accidents on foreign carriers Lion Air in 2018 and Ethiopian Airlines in 2019 involving the Boeing 737 MAX, the FAA and world aviation regulators grounded all Boeing 737 MAX aircraft, impacting U.S. carriers that rely on this aircraft, including Southwest Airlines, United Airlines, and American Airlines. After the 737 MAX was recertified to fly commercial, Boeing deliveries resumed in December 2020 in the United States and January 2021 in Europe and Canada.

Increased FAA scrutiny and stricter certification procedures implemented after the 737 MAX groundings have caused delays for various Boeing airplanes. The impact on the 777x, 777-300ERF conversion programs and the yet-to-be-certified MAX-7 and MAX-10 variants varies. The first 777x delivery, originally set for 2020, has been postponed until 2025 due to the COVID-19 pandemic disruptions and rigorous FAA certification processes. Technical challenges during testing and development have necessitated additional engineering solutions and regulatory approvals.

The January 2024 incident involving an Alaska Airlines 737 MAX, where a door plug blew out, also raised concerns and prompted scrutiny by the NTSB and FAA. The investigation focuses on potential manufacturing defects, quality control issues, and maintenance procedures at Boeing and key suppliers. Pending investigation results, if significant changes are required by regulators or additional inspections, modifications, or training is needed, this could temporarily disrupt 737 MAX aircraft deliveries again. As a result of the current scrutiny, Boeing withdrew its request to expedite the certification of the 737 MAX-7 in January 2024. The request was primarily due to safety concerns surrounding the 737 MAX's engine anti-ice system.

Additionally, the recent strike by the Boeing machinist union that began September 13, 2024, and ended November 4, 2024, has affected both production and delivery schedules across Boeing's commercial aircraft, including the 737 MAX and the 787 programs.

Overall, airlines are currently experiencing delays and cancellations due to supply chain disruptions and workforce mechanic shortages, worsened by issues with new generation engines and aircraft. Aircraft orders for Alaska Airlines and United Airlines rely primarily on delivery of Boeing aircraft while American Airlines relies on a mix of Boeing and Airbus aircraft, and Delta Air Lines primarily relies on Airbus deliveries. Groundings due to lack of spare parts, FAA airworthiness directives, or safety concerns have prompted airlines to extend the lifespan of older planes instead of retiring or dismantling them. This has resulted in reduced availability of spare parts despite rising demand to travel, leading to longer maintenance periods where aircraft are unavailable for commercial flight.

Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control system, future growth in airline traffic at the Airport will also depend on the capacity of the Airport itself. The forecasts in this 2025A-E Report are based on the assumptions that, during the Forecast Period, neither available airfield, terminal capacity, nor demand management initiatives will constrain traffic growth at the Airport.

AIRLINE TRAFFIC FORECASTS

The forecast of aviation activity in this section has been based on analyses of historical trends in airline service and traffic at the Airport, historical and forecast socioeconomic growth in the Los Angeles CSA, forecast GDP growth in the United States and other world regions, and expected future trends in airline traffic, as discussed in earlier sections.

It was assumed that airline service at the Airport will not be constrained by the availability or cost of aviation fuel, long-term limitations in airline aircraft fleet capacity, limitations in the capacity of the air traffic control system or the Airport, or government policies or actions that restrict growth.

Underlying Assumptions

During the Forecast Period, it was assumed that:

General Assumptions

- The U.S. economy will experience sustained GDP growth averaging approximately 1.9% per year.[47]
- There will be no major disruption of airline service or passenger travel behavior as a result of airline bankruptcies or liquidations, international hostilities, terrorist acts or threats, or public health crises such as, but not limited to, pandemics similar to COVID-19.
- The use of video technology during and after the COVID-19 pandemic for business purposes will continue but will not have a material effect on business travel beyond the adoption that has already occurred through FY 2024.
- Aviation fuel prices will remain stable and will not reach record prices seen in mid-2008 and mid-2022.
- Certain airlines may be constrained by short-term limitations in aircraft fleet and seat capacity through FY 2028.
- Growth in air traffic will not be constrained by the availability of airline and commercial pilots.

Airport-Specific Assumptions

- The Los Angeles CSA will continue to be a major destination market for U.S. leisure and business travelers and a top global destination for tourism, meetings, and conventions.
- Los Angeles will remain a major economic center, and the Airport will maintain its role as a leading O&D passenger airport and one of the largest international gateway airports in the U.S., which will attract additional domestic and international airline service and passenger traffic.
- Competition among the airlines serving the Airport will ensure the continued availability of competitive airfares, with no significant increase in airline concentration.
- The mix of airlines serving the Airport will continue to be diverse and sufficient to accommodate O&D passenger demand at the Airport and in the Los Angeles CSA.
- Average one-way airfares charged by airlines at the Airport on major routes will continue to be lower than or competitive with the fares at competing airports within the Los Angeles CSA.

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[47] U.S Department of Agriculture, Economic Research Service, *International Macroeconomic Data, Projected Real GDP Values*, updated November 15, 2024.

- The percentage of passengers connecting at the Airport will not change materially.
- Airlines providing scheduled service at the Airport will continue to add seat capacity to meet increasing passenger demand at the Airport and industry trends reflecting increased aircraft load factors and the use of larger aircraft will continue.
- The number of enplaned passengers traveling on intra-Cal routes has stabilized and will return to the long-term average annual growth in intra-Cal enplaned passengers during the Forecast Period.
- Domestic enplaned passengers (excluding intra-Cal) will follow airline specific growth strategies in the near-term (through FY 2028) followed by a return to the long-term average annual growth in domestic enplaned passengers (excluding intra-Cal) during the Forecast Period.
- Growth in the number of enplaned passengers in certain terminals will be constrained by construction through the end of the construction period (FY 2028) and return to the number of unconstrained passengers within two-years (by FY 2030).
- Strong growth in the numbers of international enplaned passengers will moderate through FY 2027 and will resemble GDP growth in each world region.
- The effect of the January 2025 wildfires is limited to a small portion of the population in the Los Angeles CSA and will not have a significant impact on airline service and passenger traffic at the Airport.

Table 18
AIRLINE TRAFFIC FORECASTS
Los Angeles International Airport

	Historical	Forecast										Average annual growth FY 2024 – FY 2034
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	
ENPLANED PASSENGERS												
Domestic	26,497	26,203	27,100	27,806	28,542	29,851	31,388	32,315	32,879	33,456	34,045	2.5%
International	11,842	12,261	12,935	13,331	13,584	13,954	14,332	14,723	15,128	15,542	15,964	3.0%
Total enplaned passengers	38,340	38,464	40,035	41,137	42,126	43,805	45,720	47,038	48,007	48,998	50,009	2.7%
Annual percent increase (decrease)		0.3%	4.1%	2.8%	2.4%	4.0%	4.4%	2.9%	2.1%	2.1%	2.1%	

Notes: For Fiscal Years ending June 30. Columns may not add to totals shown because of rounding.
Sources: Historical: Department records. Forecast: WJ Advisors LLC.

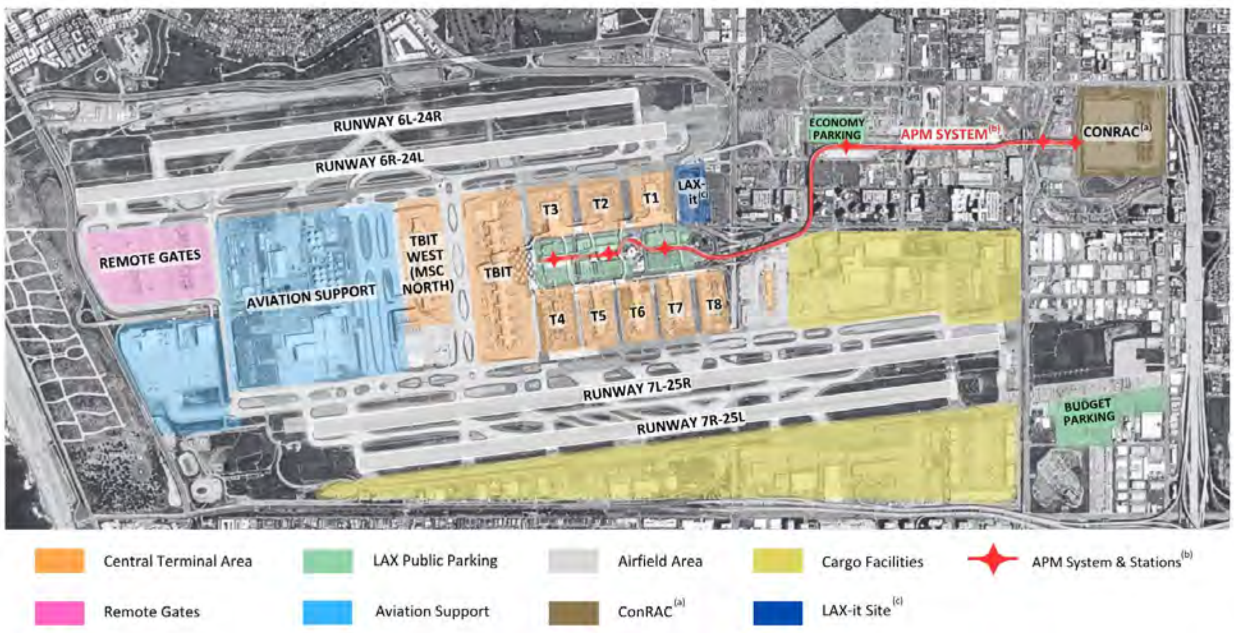
SECTION 2

AIRPORT FACILITIES AND CAPITAL PROGRAM

AIRPORT FACILITIES

The Airport occupies approximately 3,800 acres of land and is located approximately 15 road miles from downtown Los Angeles. The primary Airport facilities, as shown on Figure 25, include: nine passenger Terminals (collectively, the CTA), public parking facilities, the Airfield Area, the aviation support area, remote gates, and cargo facilities. Figure 25 also reflects the new ConRAC and the new APM System which have been constructed and are in the process of being completed.

Figure 25
PRIMARY FACILITIES
Los Angeles International Airport



(a) In October 2024, Avis Budget Car Rental, LLC (Avis Budget Group) moved into and began rental car operations from the ConRAC. The Avis Budget Group transports passengers to and from the ConRAC and the CTA using its own shuttle buses until the APM System becomes operational. The Department expects that all on-Airport rental car companies will operate from the ConRAC (customer and non-customer facing operations) once the APM System becomes operational.
(b) The Department currently estimates that the APM System and stations will be operational in the second quarter of 2026.
(c) The LAX-it site is the centralized area for arriving passengers to pick up a taxi or ride service (such as Uber, Lyft). Arriving passengers walk to or take a shuttle bus from each Terminal (arrivals level) to LAX-it. Taxi and ride service passengers being dropped off at the Airport are currently dropped off at Terminal curbs on the departures level.

LAX

FACILITY FACTS

TERMINAL FACILITIES

- 9 passenger terminals with 148 aircraft gates
- 9 additional remote aircraft gates
- 9 additional commuter aircraft gates
- Upper and lower roadways in the Central Terminal Area (CTA)

RUNWAYS

- 4 east-west parallel runways
- Length ranges: 9,000 to 12,000 feet

PUBLIC PARKING FACILITIES

- 8 parking garages in CTA with ~6,900 spaces
- 2 remote parking facilities (~6,600 spaces)
  - Economy Parking garage
  - Budget Parking surface lot
- Cell phone waiting surface lot (~130 spaces)

GROUND TRANSPORTATION

- **LAX-it Site**: Located east of Terminal 1 for taxis, rideshares, buses, shuttles
- **Consolidated Rental Car Facility (ConRAC)**
- **Automated People Mover (APM):**
  - Operational January 2026
  - Connects to 3 CTA stations and additional stops at ITF-West, ITF-East, and ConRAC

OTHER FACILITIES

- **Cargo Facilities:** ~2 million sq. ft. of storage and handling space
- **Aviation Support Area**: Includes aircraft maintenance, department buildings, FAA facilities

FUTURE PROJECTS AND FACILITIES (BY FY 2034)

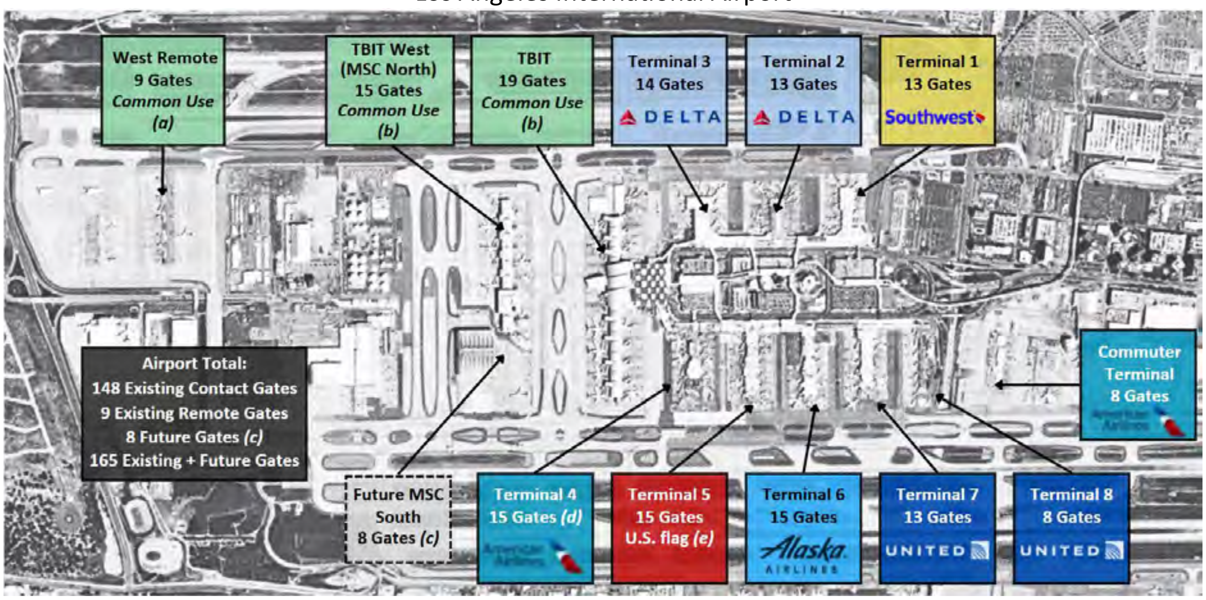
- Midfield Satellite Concourse South with 8 gates
- Various Terminal improvements
- Runway and taxiway improvements
- Additional runway exits and taxiway extensions
- Roadway improvements
- New curbs at ITF West/East for taxis, rideshares, buses

As discussed later in this section and shown on Figure 26, the Department is in the process of constructing a new MSC-South located south of the existing Midfield Satellite Concourse – North (MSC-North, also referred to as TBIT West).

The CTA is accessed via upper- and lower-level roadways. As shown on Figure 26, eight of the nine Terminals primarily accommodate domestic airline service while TBIT and TBIT West accommodate international and domestic airline service.

West of the aviation support area are nine remote gates used by airlines when no gates are available in the CTA. Passengers are bused between the remote gates and certain Terminals.

Figure 26
AIRPORT TERMINALS AND GATES
Los Angeles International Airport



Note: As of November 2024.
(a) Does not include hard stand positions without boarding bridges.
(b) Includes foreign and domestic airline operations. For certain airlines, such as Allegiant Air, Frontier Airlines, and Sun Country Airlines, passengers check in at other terminals and are bused to TBIT for departing flights.
(c) The Department expects MSC-South gates to open by the end of FY 2026.
(d) Five gates are currently closed for construction and are expected to re-open at the start of FY 2028.
(e) Includes American Airlines, JetBlue Airways, and Spirit Airlines. One gate is currently closed for construction. The Department expects that Terminal 5 will be closed for construction in November 2025 and will re-open by the end of FY 2028, with the potential for a partial re-opening by the end of FY 2027. The Department expects that American Airlines, JetBlue Airways, and Spirit Airlines will operate from other Airport terminals during construction.
Source: Department records.

Public parking facilities at the Airport include close-in and remote parking, as listed on Table 19.

Table 19
EXISTING PUBLIC PARKING FACILITIES
Los Angeles International Airport

Public parking facility	Spaces
Close-in parking	
Central Terminal Area garages	6,916
Remote parking	
Economy Parking garage	4,300
Budget Parking surface lot	2,300
Cell phone waiting surface lots *(a)*	131
Remote parking total	6,731
Airport total	**13,647**

Note: This table does not reflect 3,009 parking spaces at Van Nuys Airport (VNY) that serve LAX Flyaway Bus operations.
(a) Includes two separate lots.
Source: Department records, October 2024.

As shown on Figure 25, the Airport has four east-west parallel runways, configured in two pairs. Runways 6L-24R and 6R-24L are located north of the CTA and Runways 7L-25R and 7R-25L are located south of the CTA. Each of the four runways is equipped with an instrument landing system for arrivals.

Cargo facilities are located in two primary areas at the Airport: east of the CTA and south of Runway 7R-24L. These facilities provide more than 2 million square feet of storage and cargo handling space for the all-cargo airlines and for the passenger airlines that provide belly cargo services. Directly west of the CTA is the aviation support area consisting of miscellaneous aircraft maintenance facilities, Department buildings, and FAA facilities.

AIRPORT CAPITAL PROGRAM AND FUNDING SOURCES

Department management periodically develops and updates its Airport capital program for the redevelopment, improvement, and expansion of Airport facilities. The Airport capital program is developed based on strategic priorities, anticipated facility needs (if any), current and forecast airline traffic, available funding sources, project priorities, and other relevant information that is available to the Department when the Airport capital program is developed.

The Airport Capital Program is currently comprised of the Existing Airport Capital Program and the Next Airport Capital Program, as described below. Estimated capital program costs discussed below are in future dollars.

The financial forecasts included in this 2025A-E Report (including changes in key financial metrics such as debt service coverage) incorporate changes in Pledged Revenues, LAX M&O

Expenses, Debt Service, and certain availability payments associated with both the Existing Airport Capital Program and the Next Airport Capital Program.

Existing Airport Capital Program. In FY 2016, the Department started the Existing Airport Capital Program to modernize and transform the Airport into a world class facility by updating Airport infrastructure, rehabilitating facilities, adding new Terminal gates, changing the way passengers access the Terminals with a new APM System, constructing a new ConRAC, and enhancing the customer experience. The Department currently expects that the Existing Airport Capital Program, which includes projects described below, will cost approximately $15.1 billion[48] and will be completed by the end of FY 2026, except for the Terminal 4 Projects – American Airlines, which is expected to be completed by the end of FY 2028. According to the Department, approximately $13.4 billion, or approximately 89% of the total Existing Airport Capital Program cost has been spent through FY 2024, and the remaining $1.7 billion will be paid from Department cash, the net proceeds of previously issued Bonds, and certain grant funds, but no additional Bonds are expected to be issued by the Department to fund Existing Airport Capital Program costs.[49]

Each of the major projects included in the Existing Airport Capital Program Projects, with the exception of the Terminal 4 Projects – American Airlines, has been substantially completed or is estimated by the Department to be completed by the end of FY 2026, including:

Projects completed or substantially completed:

- Airport Police Station & Facilities
- Intermodal Transportation Facility (ITF-West Phase 1)
- MSC-North (also referred to as TBIT West)
- MSC-North/Bradley West Baggage Project
- North Terminal Improvement Program – Delta Air Lines (Terminals 2 & 3)
- Taxiway P Construction
- Terminal 1.5 Project
- Terminal 6 Project – Alaska Airlines
- TBIT Core and APM System Interface
- Terminal 5 Core and APM System Interface

[48] In prior reports of the Airport Consultant (such as the Series 2023AB Letter Report), the Existing Airport Capital Program was presented as $12.1 billion of estimated costs excluding $3.0 billion of project costs associated with APM System Developer milestone payments, ConRAC Developer milestone payments, VNY projects, Facility Maintenance Program projects, and projects already completed. The total Existing Airport Capital Program cost is $15.1 billion when such developer costs and other projects are included.
[49] The net proceeds of the Series 2025A-E Bonds will not be used to fund any costs of the Existing Airport Capital Program; they will only be used to fund the costs of certain projects in the Next Airport Capital Program.

Projects estimated to be completed by the end of FY 2026:

- APM System[50]
- ConRAC
- Power Distribution Facility

The Department currently estimates that the APM System will be tested and completed by the APM System Developer in February 2026 and will be operational in the second quarter of 2026. Costs associated with the APM System have increased as a result of project change orders, prior payments to the APM System Developer for delay-related relief events, and a settlement with the APM System Developer in August 2024. The additional costs associated with the APM System are included in the Next Airport Capital Program and are discussed below.

Next Airport Capital Program. With the expected completion of the Existing Airport Capital Program and the modernization and transformation of the Airport during the Forecast Period, Department management is now focused on identifying future Airport capital improvements to be included in the Next Airport Capital Program based on, but not limited to, current Department strategic priorities and the following other factors:

- The near- and long-term maintenance, rehabilitation, and the renewal of Airport infrastructure
- Recent actual trends and forecast growth in the number of enplaned passengers using the Airport
- Customer service and experience enhancements
- Department facilities improvement planning (e.g., offices, operations center)
- Individual projects identified in the Airfield & Terminal Modernization Project (ATMP), including but not limited to
  - Airfield improvements to increase operational efficiency
  - Roadway improvements

Other than the eight new Terminal gates to be added at the Airport with the completion of the MSC-South Project, Department management does not currently expect to construct any other new Terminal gates at the Airport during the Forecast Period as a result of slowing passenger traffic growth, even though two gate expansion projects[51] were identified in the ATMP.

As of the date of this 2025A-E Report, Department management currently expects that approximately $15.0 billion of projects in the Next Airport Capital Program would be completed in or around FY 2033—approximately four years later than initially expected and that:

- Certain projects totaling approximately $1.6 billion are currently underway, including the MSC-South Project ($428.7 million), the Intermodal Transportation Facility (ITF) Auxiliary

[50] According to the Department, additional costs associated with the APM System (relative to APM System costs included in the Existing Airport Capital Program) are included in the Next Airport Capital Program discussed later in this section.

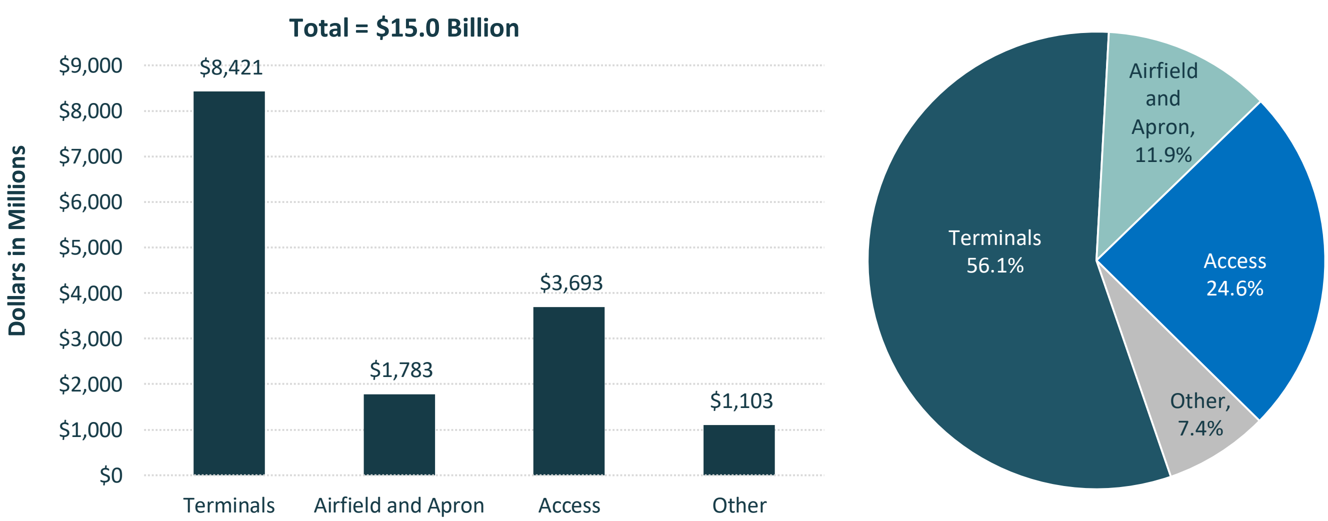
[51] The two projects identified in the ATMP were Concourse Zero and Terminal 9.

Curbs Project ($295.2 million), the Baggage Optimization Project Phase 2 ($263.9 million), the ATMP North Airfield Exit Taxiways Project ($245.4 million), the ATMP Taxiway D Project ($136.5 million), the ATMP Real Estate Program ($100.4 million), the Department Offices Renovation Project – Skyview Center ($79.5 million), and the LAXFuel Facility Relocation Project ($39.9 million).

- Additional APM System costs associated with a settlement with the APM System Developer would be paid to the Developer.
- Certain projects totaling approximately $4.2 billion have been partially approved and are currently in the planning stage, including the ATMP Roadway Improvements ($2.2 billion), the Terminal 5 Renovation and Reconstruction Project ($1.7 billion), and the Other LAX Roadway Improvements ($327.2 million).
- As other individual projects are identified, the Department would refine each project's scope, cost estimate, phasing, and method of project delivery.
- The forecast change in key financial metrics (e.g., average airline cost per enplaned passenger) resulting from implementation of the Next Airport Capital Program will continue to be reviewed and analyzed.

Exhibit A, provided at the end of this 2025A-E Report along with all financial exhibits, and Figure 27 present the estimated $15.0 billion Next Airport Capital Program by major Airport area and reflects the Department's current estimates of funding by project.

Figure 27
NEXT AIRPORT CAPITAL PROGRAM BY AREA
Los Angeles International Airport



Note: Pie chart may not total 100% because of rounding.
Source: Department records.

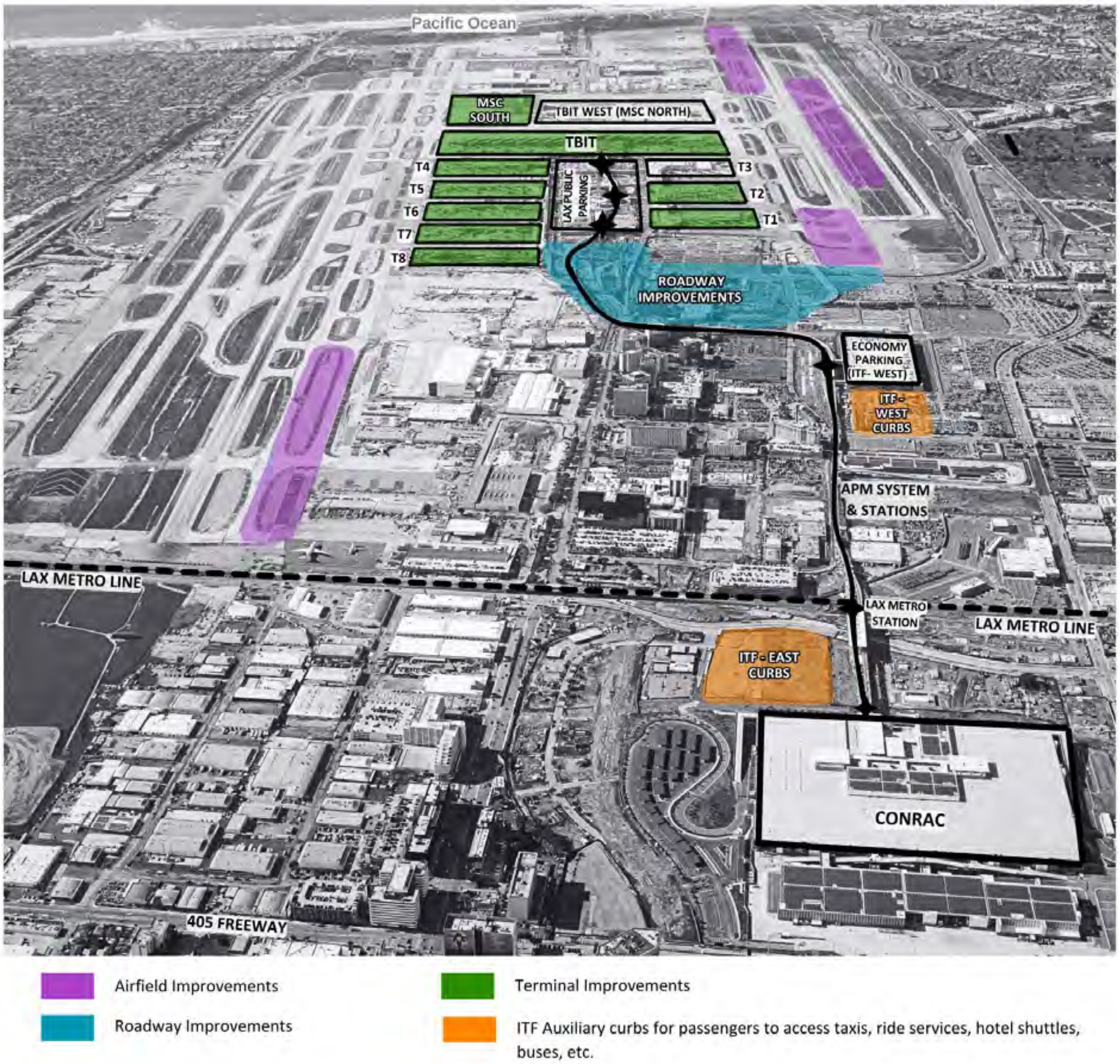
Figure 28 shows the location of key projects included in the Next Airport Capital Program, and descriptions of Next Airport Capital Program projects are presented below by major Airport area.

Terminals

- **Terminal 5 Renovation and Reconstruction Project.** This project includes: (1) reconstruction of Terminal 5 to meet seismic and sustainability objectives, (2) new airside connectors to Terminal 4 and Terminal 6, (3) replacement of outdated systems and facilities with newer and efficent systems and facilities, and (4) improvements of passenger experience. Terminal 5 currently has 15 gates, and no new gates will be added as part of this project. The Terminal 5 Renovation and Reconstruction Project is estimated to cost approximately $1.7 billion; approximately $32.8 million of this cost is expected to be funded with net proceeds from the sale of the proposed Series 2025A-E Bonds. This project is expected to be completed by the end of FY 2028.

  This project to be funded in part with proposed Series 2025A-E Bond proceeds

Figure 28
KEY PROJECTS INCLUDED IN NEXT AIRPORT CAPITAL PROGRAM
Los Angeles International Airport



- **Midfield Satellite Concourse – South.** This project is an extension of MSC-North, including approximately 150,000 square feet of terminal space and 8 aircraft gates that will serve domestic airline operations. The MSC-South project is depicted on Figure 29 and is estimated to cost approximately $428.7 million; approximately $371.2 million of this cost is expected to be funded with net proceeds from the sale of the

This project to be funded in part with proposed Series 2025A-E Bond proceeds

proposed Series 2025A-E Bonds. This project is expected to be completed by the end of FY 2026.

Figure 29
DEPICTION OF FUTURE MIDFIELD SATELLITE CONCOURSE - SOUTH
Los Angeles International Airport

Source: Department records.

- **Baggage Optimization Project Phase 2.** This project includes improvements to checked baggage inspection, sortation, and conveyor systems in TBIT. The Baggage Optimization Project Phase 2 is estimated to cost approximately $263.9 million; approximately $209.2 million of this cost is expected to be funded with net proceeds from the sale of the proposed Series 2025A-E Bonds. This project is expected to be completed by the end of FY 2027.

This project to be funded in part with proposed Series 2025A-E Bond proceeds

- **Other Terminal Projects.** These projects consist of the TBIT Optimization Project, the Wayfinding Enhancement Program, Guest Experience Improvements, Infrastructure Upgrades, long-term Terminal planning projects, and other miscellaneous terminal renovation and modernization projects. These projects are estimated to cost $6.0 billion and are expected to be completed during the Forecast Period.

Airfield and Apron

- **ATMP North Airfield Exit Taxiways Project.** This project includes four new angled taxiways from Runway 6L-24R that will connect to Taxiway E, removal of certain existing taxiways, and rehabilitation and reconstruction of certain portions of Runway 6L-24R. This project is estimated to cost $245.4 million, approximately $211.4 million of this cost is expected to be funded with net proceeds from the sale of the proposed Series 2025A-E Bonds. This project is expected to be completed by the end of FY 2025.

  This project to be funded in part with proposed Series 2025A-E Bond proceeds

- **ATMP Taxiway D Project.** This project includes the extension of Taxiway D. This project is estimated to cost $136.5 million, approximately $68.0 million of this cost is expected to be funded with net proceeds from the sale of the proposed Series 2025A-E Bonds. This project is expected to be completed by the end of FY 2025.

  This project to be funded in part with proposed Series 2025A-E Bond proceeds

- **LAXFuel Facility Relocation.** This project includes the relocation of the LAXFuel facility to accommodate the ATMP Taxiway D Project. This project is estimated to cost $39.9 million, approximately $30.1 million of this cost is expected to be funded with net proceeds from the sale of the proposed Series 2025A-E Bonds. This project is expected to be completed by the end of FY 2025.

  This project to be funded in part with proposed Series 2025A-E Bond proceeds

- **Other Airfield and Apron Projects.** These projects consist of various runway and taxiway reconstruction and extension projects, hangar demolition, aircraft rescue and firefighting improvements, and other miscellaneous Airfield and Apron improvements. These projects are estimated to cost $1.4 billion and are expected to be completed during the Forecast Period.

Access Projects

- **ATMP Roadway Improvements Project.** This project includes demolition of existing roadways and facilities, construction of new roadways, ramps, bridges, intersections, traffic signals and controls, traffic monitoring and management equipment, street lighting, signage and striping, landscaping and sidewalks, utilities, and infrastructure. This project will provide a roadway system configuration that will better centralize vehicular entrance to the LAX Central Terminal Area and will help keep airport-related traffic congestion and vehicular back-ups off public streets. It will also integrate and build upon prior roadway system improvements in the Existing Airport Capital Program. The ATMP Roadway Improvements Project is estimated to cost approximately $2.2 billion and is expected to be completed by the end of FY 2030.

- **Additional APM System Costs.** This project includes additional APM System costs related to prior change orders, prior payments to the APM System Developer for delay-related relief events, and a settlement with the APM System Developer in August 2024. The Department currently expects that:

  This project to be funded in part with proposed Series 2025A-E Bond proceeds

  - Additional costs associated with the APM System project will be $801.2 million.
  - The APM System will be completed by the APM System Developer in February 2026 and will be operational in the second quarter of 2026.
  - To fund the additional costs associated with the APM System project, it will use approximately $685.4 million from the net proceeds of the proposed Series 2025A-E Bonds and approximately $115.5 million from the issuance of Future Bonds.
- **Other Roadway Improvements Project.** This project includes various roadway improvements other than those included in the ATMP Roadway Improvements Project described above. The Other Roadway Improvements Project is estimated to cost approximately $327.2 million and is expected to be completed by the end of FY 2030.
- **ITF Auxiliary Curbs Project.** This project includes construction of curbs and staging areas at ITF West and future ITF East and adjacent roadway improvements, as depicted on Figure 30. Once the APM System is operational, the curbs and staging areas at ITF West and ITF East will collectively serve as the main connection points for passengers arriving at or departing the Airport using public transportation, taxi, ride services, or shuttle buses.[52] This project is estimated to cost $295.2 million and is expected to be completed in the second half of FY 2026.
- **ATMP Real Estate Program.** This project includes property acquisition associated with the ATMP Roadway Improvements. This project is estimated to cost $100.4 million and is expected to be completed by the end of FY 2029.
- **Other Access Projects.** These projects include other roadway improvements. These projects are estimated to cost $13.5 million and are expected to be completed during the Forecast Period.

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[52] Passengers at the Airport will travel to and from the CTA, ITF West, and ITF East using the APM System.

Figure 30
DEPICTION OF FUTURE ITF WEST AND ITF EAST AUXILIARY CURBS
Los Angeles International Airport

View of ITF West Auxiliary Curbs looking Northwest

View of ITF East Auxiliary Curbs looking Northwest

Source: HNTB Corporation.

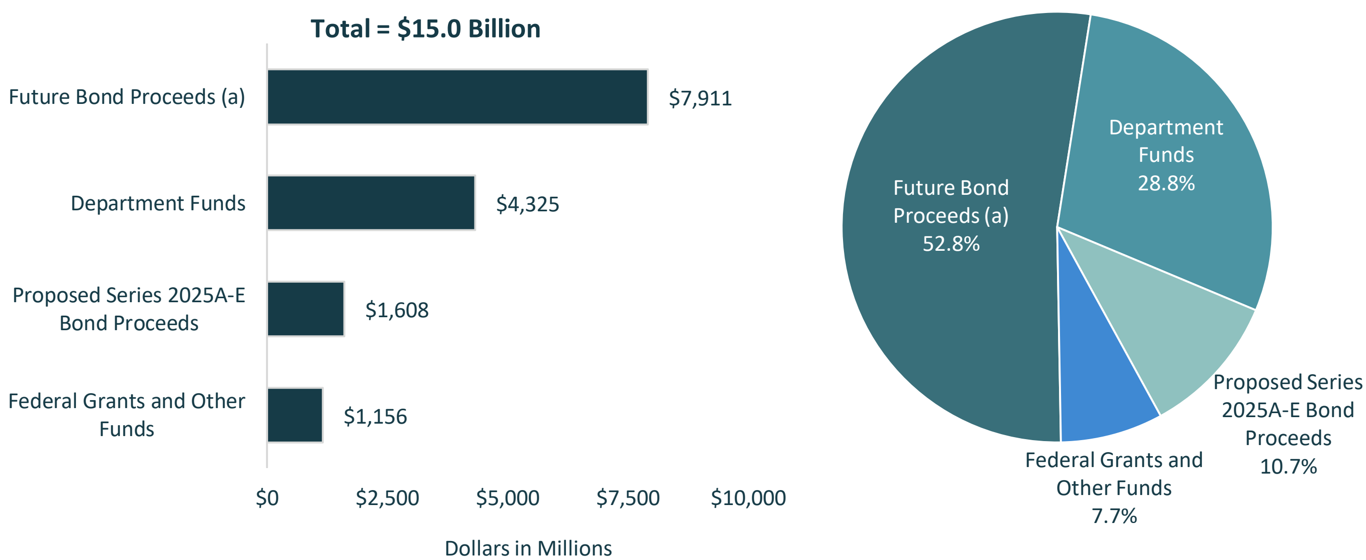
Other Projects

- **Department Offices Renovation Project – Skyview Center:** This project includes renovations to Department Offices at the Skyview Center. This project will increase Department office space at the Skyview Center to accommodate approximately 1,000 Department employees and eliminate the need for certain Department employees to be located at the Admin West location. This project is estimated to cost $79.5 million and is expected to be completed by the end of FY 2027.
- **Other Projects:** These projects include the LAX Maintenance Yard Project, Lot F Rehabilitation Project, LAWA Operations Headquarters Exterior Project, employee parking improvements, and other projects estimated to cost $1.0 billion and are expected to be completed during the Forecast Period.

FUNDING THE AIRPORT CAPITAL PROGRAM

The Department expects to pay the estimated costs of the Next Airport Capital Program using the funding sources shown on Exhibit A and Figure 31, as discussed below. To the extent that the Department does not receive the funding reflected below, the Department would (1) defer projects or reduce project scopes, as appropriate, (2) issue additional Airport revenue bonds, or (3) use additional Department funds.

Figure 31
FUNDING THE NEXT AIRPORT CAPITAL PROGRAM
Los Angeles International Airport



Note: See Exhibit A for additional Information.
(a) Other than proposed Series 2025A-E Bond Proceeds.
Source: Department records.

Airport Revenue Bonds

As shown in Exhibit A, the net proceeds of the proposed Series 2025A-E Bonds and Future Bond proceeds are expected to fund $9.5 billion or 63.5% of Next Airport Capital Program project costs. Details of the proposed Series 2025A-E Bonds and Future Bond proceeds are discussed below. Exhibit B presents the estimated sources and uses of the proposed Series 2025A-E Bonds, as provided by the Department's Co-Financial Advisor.

Proposed Series 2025A-E Bond Proceeds. As shown in Exhibit A, approximately $1.6 billion of the proposed Series 2025A-E Bond proceeds are expected to be used to fund certain Next Airport Capital Program project costs and reimburse the Department for certain project expenditures previously paid with Department Funds.

In addition to funding a portion of the costs of the Next Airport Capital Program, the net proceeds from the sale of the proposed Series 2025A-E Bonds would also be used to:

- Refund or refinance $386.7 million of outstanding Commercial Paper Notes (AMT and Non-AMT) and Subordinate Revolving Obligations
- Make a deposit to the Subordinate Debt Service Reserve Fund
- Refund Series 2015 Bonds and Series 2009C Bonds
- Pay capitalized interest
- Pay the costs of issuance, including underwriters' discount and financing, legal, and other costs for issuance of the proposed Series 2025A-E Bonds

Future Bond Proceeds. As shown in Exhibit A, approximately $7.0 billion of future Senior Bond proceeds and approximately $918.8 million of future Subordinate Obligation proceeds (for a total of approximately $7.9 billion) are expected to be used to fund a portion of Next Airport Capital Program project costs.

Exhibit B presents the estimated sources and uses of funds for Future Bonds, as provided by the Department's Co-Financial Advisor—based on the assumption that Future Bonds issued to fund projects in the Airfield or Apron cost centers will be Subordinate Bonds and that Future Bonds issued for all other projects in the Next Airport Capital Program will be Senior Bonds. The Department may use any combination of Senior Bonds and Subordinate Obligations to fund these or other projects in the Next Airport Capital Program.

The net proceeds of Future Bonds are assumed to be used to:

- Pay certain Next Airport Capital Program costs.
- Pay capitalized interest.
- Refund or refinance approximately $10.9 million of Subordinate Commercial Paper.
- Make deposits to the Senior Debt or Subordinate Debt Service Reserve Funds.
- Pay the issuance costs of Future Bonds.

See the "Financial Performance" section of this 2025A-E Report for interest rate and bond term assumptions incorporated in the financial forecasts.

Department Funds

As reflected in Exhibit A, Department Funds are expected to fund approximately $4.3 billion or 28.8% of Next Airport Capital Program project costs.

The Department generates cash each year from the operation of the Airport, after all obligations under the Senior Revenue Bond Indenture and the Subordinate Revenue Bond Indenture have been met. Department funds can be used for any lawful purpose.

The estimated use of Department funds reflected in Exhibit A is based on an internal Department policy that unrestricted cash plus the balance in the Maintenance and Operation Reserve Fund must be greater than or equal to 18 months of LAX M&O Expenses.

Federal Grants

The Department receives varying amounts of FAA grants-in-aid under the federal Airport Improvement Program (AIP) and the Bipartisan Infrastructure Law (BIL) for the costs of eligible projects. As shown in Exhibit A, the Department expects to receive approximately $1.1 billion in federal grant funds, which is expected to fund approximately 7.5% of Next Airport Capital Program project costs.

Other Funds

As reflected in Exhibit A, approximately $32.0 million of other funding (including CFC revenues) is expected to be used to fund the Next Airport Capital Program.

SECTION 3

FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

FINANCIAL FRAMEWORK

The Department accounts for Airport financial operations and results according to generally accepted accounting principles for governmental entities and the requirements of the Senior Revenue Bond Indenture and the Subordinate Revenue Bond Indenture. Other key documents that influence Airport financial operations and results are the agreements with the airlines for their use and lease of Airport facilities.

The financial forecasts presented in this 2025A-E Report reflect the Department's expected course of action during the Forecast Period to generate Pledged Revenues sufficient to meet the Senior Bond Rate Covenant and the Subordinate Obligations Rate Covenant.

An overview of recent historical Airport financial results is provided in this section as well as a discussion of the assumptions used as the basis for forecasting Pledged Revenues, LAX M&O Expenses, debt service on Senior Bonds and Subordinate Obligations, and deposits to funds and accounts established under the Senior and Subordinate Revenue Bond Indentures.

PLEDGED REVENUES

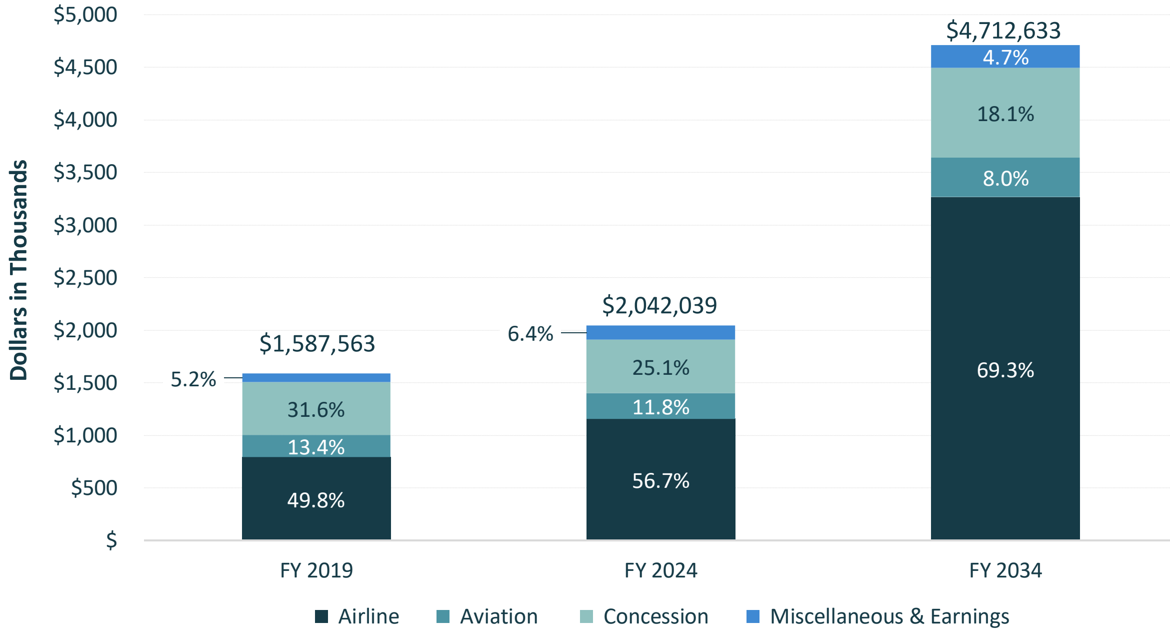
Exhibit C presents actual and forecast Pledged Revenues for the Airport. Actual FY 2024 results presented in this 2025A-E Report are based on the Department's audited Annual Financial Report for the Fiscal Years ended June 30, 2024, and 2023**.**

Figure 32 presents the major sources of Pledged Revenues for the Airport from FY 2019, FY 2024 and forecast from FY 2034. These sources include:

- **Airline Revenues** – Terminal building rentals, landing fees, and apron fees paid by airlines
- **Aviation Revenues** – Land and building rentals on aircraft maintenance and cargo facilities and other revenues from non-public areas of the airfield
- **Concessions Revenues** – Public parking fees, rental car concession fees, Terminal concession revenues and other concession revenues
- **Miscellaneous Revenues** – Airport sales and services, TSA revenues, other miscellaneous categories of revenue
- **Investment Earnings** – Interest on airport cash reserves

Pledged Revenues totaled approximately $1.6 billion in FY 2019 and $2.0 billion in FY 2024 and are forecast to increase to approximately $4.7 billion by FY 2034, an average annual increase of 8.7% per year between FY 2025 and FY 2034.

Figure 32
ACTUAL FY 2019, FY 2024, AND FORECAST FY 2034 PLEDGED REVENUES
Los Angeles International Airport
(dollars in thousands)



Notes: Percentages reflect shares of total Pledged Revenues. Percentages for Investment Earnings and Miscellaneous Revenues are not shown, but they accounted for 3.9% and 1.3% of Pledged Revenues, respectively, in FY 2019, 5.4% and 1.0%, respectively, in FY 2024 and are forecast to account for 2.2% and 2.4%, respectively, in FY 2034. Columns may not total 100% because of rounding.

As discussed later in this section, the forecast increase in Pledged Revenues is the result of increases in:

- Airline Revenues given the cost recovery nature of the airline rate-making methodology and the continued investment by the Department in airline areas (e.g., Airfield, Terminals) assumed as part of the Next Airport Capital Program.
- Aviation Revenues from assumed increases in building and ground rentals from existing tenants, but no material change in existing vacancy rates during the Forecast Period.
- Concession Revenues from forecast increases in passengers and inflation adjustments for spend per passenger.
- Miscellaneous Revenues and Investment Earnings, which includes an allowance for general increases from sources included in these categories.

Each of the major categories of Pledged Revenues discussed above are forecast to increase for different reasons, resulting in year-to-year changes in forecast Pledged Revenues that are stable and resilient, especially Airline Revenue and Aviation Revenues, which together represented approximately 68.5% of total Pledged Revenues in FY 2024, a significant majority of Pledged Revenues. The importance of Airline Revenues and Aviation Revenues to the Pledged Revenues can be demonstrated as follows: in FY 2024, the revenue remaining after total LAX M&O Expenses are deducted from Airline Revenues and Aviation Revenues equaled approximately 108% of total Airport Debt Service, meaning that the Airport's most resilient and predictable revenue sources were sufficient to pay both Airport operating expenses and debt service obligations in FY 2024.

RESILIENCY OF AIRPORT PLEDGED REVENUES

Resiliency in the Department's largest sources of Pledged Revenues is a result of changes to the Terminal rate-making methodology Department management initiated and completed between 2008 and 2013. These changes and continued enhancements through FY 2024 in connection with its plans to make substantial capital investments in Airport infrastructure, equipment, and facilities resulted in two key outcomes:

- A new rate-making methodology with the airlines established by the LAX Passenger Terminal Tariff (the Tariff) and the Rate Agreement (both as amended) in 2012 to use a unified Terminal Buildings rental rate and other cost recovery rates and charges, which resulted in higher levels of Terminal Building cash flow (after paying Terminal Buildings M&O Expenses and debt service) and has enabled sustained and significant investments in Terminal infrastructure. In FY 2024, approximately 74.7% of all Terminal Buildings M&O Expenses, debt service, and amortization charges (recovery of capital investments paid for from Department Funds) are recovered from the passenger airlines using those facilities pursuant to the Tariff and Rate Agreement, as amended. More recent enhancements to the Rate Agreement included an extraordinary coverage protection mechanism, providing the Department with the ability to always collect total LAX Pledged Revenues sufficient to meet 140% debt service coverage.

  Along with landing and apron fees, which are based on a cost recovery rate-making approach pursuant to the Air Carrier Operating Permit (ACOP), approximately 56.7% of Pledged Revenues are from airline rates and charges that are not sensitive to changes in passenger traffic.

- Enhancements to non-airline revenues were made by re-competing or amending concession agreements (e.g., food and beverage, duty free), rental car agreements, and more recently, implementing public parking rate increases for Airport parking facilities. While these and other individual sources of Concession Revenues move with changes in the number of passengers using the Airport, changes are mitigated by minimum annual guarantees (MAGs) in concession and rental car agreements and implementation of dynamic pricing strategies for auto parking to balance supply and demand. As shown on Figure 32, all sources of Concession Revenues represented only 25.1% of total Pledged Revenues in FY 2024.

As stated previously, the remaining sources of Pledged Revenues—Aviation, Miscellaneous Revenues, and Investment Earnings—are not sensitive to changes in passenger traffic and vary based on other factors including, but not limited to, demand for facilities on Airport property (market rental rates for land and building space), interest rates on Department Funds and government programs for reimbursement of security services. When combined with revenues from airline rates and charges, approximately 74.9% of Pledged Revenues are not sensitive to changes in passenger traffic.

Table 20 below illustrates the potential reduction in forecast Pledged Revenues based on a hypothetical 1.0% reduction in the forecast growth in the number of annual enplaned passengers shown in Exhibit C-1 in each year through FY 2034. Table 20 shows that the decline in forecast enplaned passengers from 50.0 million to 45.8 million in FY 2034, an 8.4% decrease, only results in a decline in Pledged Revenues of $60.1 million, or 1.3%. The stability in forecast Pledged Revenues is the result of the diversity of individual sources of Pledged Revenues and the significant amount of Pledged Revenues coming from Airline Revenues and Aviation Revenues.

Table 20

ESTIMATED CHANGE IN MAJOR SOURCES OF PLEDGED REVENUES FROM HYPOTHETICAL CHANGES IN THE FORECAST OF ENPLANED PASSENGERS

Los Angeles International Airport

(in millions)

	Forecast FY 2034 *(a)*	Hypothetical 1% reduction in forecast annual Enplaned Passenger growth rate through FY 2034	Percent increase (decrease)
Airline Revenues	$3,264.7	$3,274.1	0.3%
Aviation Revenues	375.9	375.0	(0.2%)
Concession Revenues	852.3	788.4	(7.5%)
Miscellaneous Revenues	114.8	114.8	0.0%
Investment Earnings	105.	100.3	(4.5%)
Total Pledged Revenues	$4,712.6	$4,652.6	(1.3%)
Forecast Enplanements	50.0	45.8	(8.4%)

Note: For purposes of this analysis, the hypothetical reduction in enplaned passengers does not assume any revisions to funding for the Airport projects.

(a) See Exhibit F.

As shown above, the assumed lower enplaned passenger growth rate from FY 2025 through FY 2034 results in a decrease in forecast Pledged Revenues which is primarily attributable to lower Concessions Revenues and Investment Earnings and is equal to a reduction in forecast total debt service coverage in FY 2034 from 171% to 167%, further demonstrating resiliency in Airport Pledged Revenues.

AIRPORT PLEDGED REVENUES

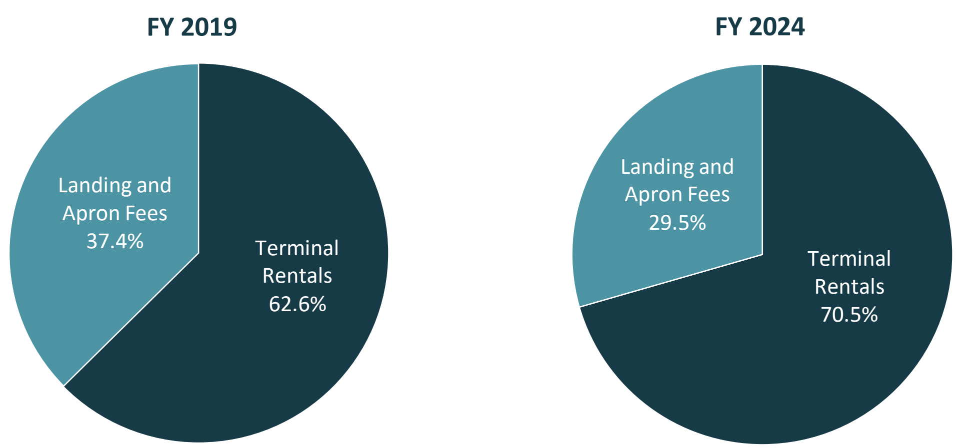
The following sections provide a description of the underlying factors and assumptions used to forecast Airline Revenues, Aviation Revenues, Concession Revenues, and Miscellaneous Revenues and Investment Earnings. Unless otherwise specified, a 2.7% rate of annual inflation was used when forecasting Pledged Revenues during the Forecast Period.

Airline Revenues

Overview. Forecast airline Terminal Building rentals, landing fees, and apron fees, in total and expressed on a per enplaned passenger basis, are shown on Exhibit C-1. Airline revenues (including airline lounge payments) totaled approximately $794.6 million in FY 2022 (accounting for 60.1% of Pledged Revenues), $1.0 billion in FY 2023 (accounting for 59.3% of Pledged Revenues), $1.2 billion in FY 2024 (accounting for 56.7% of Pledged Revenues), and are forecast to be approximately $3.3 billion in FY 2034 (accounting for 69.3% of Pledged Revenues).

Figure 33 below shows the distribution of Airline Revenues between Landing and Apron Fees and Terminal Rentals between FY 2019 and FY 2024.

Figure 33
SHARE OF FY 2019 AND FY 2024 AIRLINE REVENUES
Los Angeles International Airport



Forecasts of airline Terminal Building rentals, landing fees, and apron fees incorporated in this 2025A-E Report were calculated pursuant to the methodologies in the Tariff, Rate Agreement, prior Terminal leases, and the ACOP, all as amended[53], as discussed in the following paragraphs.

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[53] In FY 2022, LAWA implemented changes to the Tariff and Rate Agreement that were mostly related to transitioning the calculation of certain airline rates, fees, and charges to be based on a calendar year rather than on a fiscal year and to use budgeted LAX M&O Expenses, certain Pledged Revenues, and aviation activity each Fiscal Year rather than data from the prior year. These changes became effective on July 1, 2022.

LAX Passenger Terminal Tariff. Airlines occupy and use Terminal space at the Airport under the terms of the Tariff that became effective on January 1, 2013. The Tariff has no term or expiration date but is subject to change from time to time by the LAWA Board. The Tariff applies to all terminals at the Airport.

Terminal rates under the Tariff are designed to reflect recovery of all costs, including administrative and access costs, allocable to airline and concession revenue-producing space in the Terminal. The fees and charges established under the Tariff are as follows:

- **Terminal Buildings Rate** – An equalized rate per square foot calculated by the Department by dividing the total of all capital costs and LAX M&O Expenses allocated to the Terminals by the total rentable areas in the Terminals.
- **Federal Inspection Services (FIS) Rate** – An equalized rate calculated by the Department by dividing the total of all capital costs and LAX M&O Expenses allocated to FIS areas at the Airport by the number of international passengers passing through the FIS facilities.
- **CU Area Rates and Charges** – Rates and charges calculated by the Department based on certain airlines' use of common areas and systems in the Terminals, such as baggage claim systems, holdrooms, outbound baggage systems, passenger boarding bridges, and ticket counters.
- **Terminal Special Charges** – Charges calculated by the Department for use by the Aeronautical Users of certain equipment and services at the Airport that are not otherwise billed to aeronautical users through the rates and charges described above, such as certain custodial services and terminal airline support systems.

Rate Agreement. All airlines currently serving the Airport have entered into the Rate Agreement with the Department, as discussed more fully below. Airlines that do not enter into a Rate Agreement will be subject to the Tariff described above and will not participate in the credits for concession revenues and other benefits described below.

In addition to the Terminal rates and charges described under the Tariff, the Rate Agreement also (1) provides a credit to the airlines for a portion of the Concession Revenues generated in the Terminals in the calculation of the Terminal Buildings Rate and the FIS Fee, and (2) established the Terminal Renewal and Improvement Fund (TRIF) which is funded with annual net revenues from the Terminals at the Airport and provides the following benefits:

- Amounts deposited in the TRIF are required to be used by the Department to fund, together with debt and grant funding, Terminal related capital improvements or the paydown of bonds or interim financing principal related to Terminal projects.
- Defers certain amortization charges in the Terminal rate calculation for Terminal costs funded from the TRIF prior to 2022.
- Deposits to the Tier Two Revenue Sharing Fund are funded from approximately 50% of the amount in the TRIF which is not otherwise committed to projects or used to pay down bond and interim financing principal and is in excess of the TRIF limits described above, with the remaining 50% retained by the Department. Amounts deposited in the Tier Two Revenue Sharing Fund are required to be distributed to airlines executing the Rate Agreement as a credit against amounts due.

Air Carrier Operating Permit. Airlines operating at the Airport use airfield and apron facilities pursuant to a 10-year ACOP scheduled to expire on June 30, 2032. The ACOP can be terminated with a 30-day notice from the airlines or the Department. The ACOP sets forth how landing and apron fees are to be calculated each year and various terms and conditions related to the use of airfield and apron facilities, including, but not limited to, insurance requirements and indemnification provisions.

Forecast of Airline Revenues. The forecast of airline revenues and the calculation of the average airline cost per enplaned passenger is presented in Exhibit C-1. The forecast of airline revenues is based on:

- The rate-setting principles in the Tariff, Rate Agreement, and the ACOP.
- The forecast of LAX M&O Expenses, debt service on Senior Bonds and Subordinate Obligations, and other costs that are allocable to airline cost centers and included in the annual calculation of airline rates and charges. The forecast of LAX M&O Expenses allocable to all Airport cost centers including airline areas includes (1) the APM System M&O APs to the APM System Developer, (2) the ConRAC M&O APs to the ConRAC Developer, and (3) any estimated additional M&O Expenses associated with Terminal, Airfield, and Apron projects included on Exhibit D.
- Assumptions regarding the amount of new Terminal space associated with the completion of certain projects in the Next Airport Capital Program during the Forecast Period.

During the Forecast Period, it was assumed that there would be no annual amounts deposited to the Tier Two Revenue Sharing Fund and credited against airline rates and charges. The Department would seek to use any such amounts prior to the end of each Fiscal Year to (1) fund costs of projects in the Next Airport Capital Program, (2) pay down bond or interim financing principal, or (3) a combination of both. None of these uses have been assumed in the forecasts presented in this 2025A-E Report.

Exhibit C-2 presents forecast airline Terminal rentals through FY 2034 for airlines that lease space from the Department and CU rates and charges.

Exhibit C-3 presents forecast landing and apron fee revenues calculated according to the ACOP under which (1) the cost requirements of the Airfield Area cost center are recovered through landing fees assessed per 1,000-pound unit of total aircraft landed weight and (2) the cost requirements of the Apron Area cost center are recovered through apron fees assessed per 1,000-pound unit of passenger airline aircraft landed weight.

Aviation and Other Revenues

Aviation Revenues at the Airport (other than airline revenues discussed above) include building rent, land rentals, aircraft parking fees, fuel fees, and other aviation revenues. Aviation Revenues in FY 2022, FY 2023, and FY 2024 accounted for 16.2%, 12.8%, and 11.8% of Pledged Revenues, respectively.

Land Rentals. The Department leases land to aviation and non-aviation users of the Airport. Uses of the land include aircraft maintenance, cargo facilities, automobile parking,[54] and the ConRAC, starting on the ConRAC date of beneficial occupancy (DBO). Land rentals in FY 2022, FY 2023, and FY 2024 accounted for 8.5%, 6.9%, and 6.0% of Pledged Revenues, respectively. Land rentals increased from $112.0 million in FY 2022 to $121.6 million in FY 2023 and $122.5 million in FY 2024.

Land rental revenue for FY 2025 through FY 2034 is forecast based, in part, on the Department's estimates of changes to existing land rental agreements and expected new land rental agreements other than new ground rent from the rental car Concessionaires using and occupying the new ConRAC when it opens. Land rental revenue (excluding revenue from the new ConRAC) is estimated to increase at an average annual rate of 3.2% between FY 2025 and FY 2034.

Starting at ConRAC DBO, additional land rent revenue has been included in the financial forecasts presented in this 2025A-E Report and is based on the following assumptions: (1) the estimated square footage of the ConRAC site, (2) the forecast land rent rate, and (3) increases in the land rent rate to account for inflation and fair market value assessments.

Total land rental revenue is forecast to increase at an average annual rate of 4.7% between FY 2025 and FY 2034.

Building Rentals. The Department leases buildings, other than the Terminals, to multiple aviation users, including the passenger and cargo airlines. Uses of the space include aircraft maintenance, cargo facilities, and administrative offices. Building rentals also include Terminal Building rents from entities other than airlines. Building rentals in FY 2022, FY 2023, and FY 2024 accounted for 7.3%, 5.6%, and 5.0% of Pledged Revenues, respectively. Building rentals increased from $97.0 million in FY 2022, increased to $98.3 million in FY 2023, and increased to $102.6 million in FY 2024.

Building rental revenue for FY 2025 through FY 2034 is forecast based, in part, on the Department's estimates of changes to existing building rental agreements and expected new building rental agreements. Building rental revenue is estimated to increase at an average annual rate of 4.7% between FY 2025 and FY 2034.

Other Aviation Revenues. This category includes other miscellaneous revenues generated from aviation users of the Airport, including revenues from aircraft parking, fuel flowage fees, and the TSA. Other aviation revenues in FY 2022, FY 2023, and FY 2024 accounted for 0.4%, 0.3%, and 0.8% of Pledged Revenues, respectively. Other aviation revenues are forecast to increase with inflation, except for aircraft parking, fuel flowage fees, and other sources of revenues, which are assumed to increase with inflation plus the forecast growth in landed weight.

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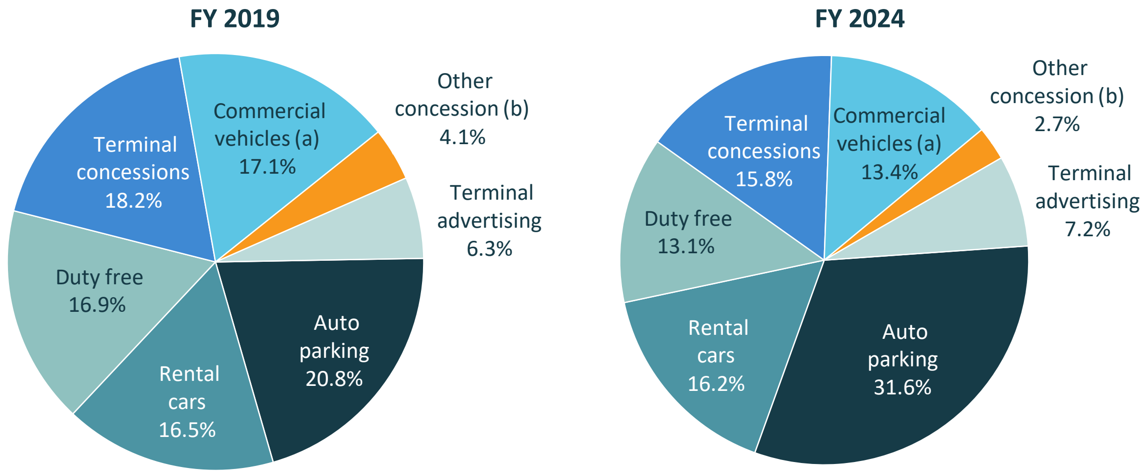
[54] The Department owns the Skyview Center parking facilities and collects rent from the operator of the facilities. All other revenue associated with automobile parking is reflected in Automobile Parking in Exhibit C.

Concession Revenues

Concession revenues totaled $366.3 million in FY 2022 (accounting for 27.7% of Pledged Revenues), $447.5 million in FY 2023 (accounting for 25.4% of Pledged Revenues), and $512.4 million in FY 2024 (accounting for 25.1% of Pledged Revenues). Concession revenues are forecast to reach approximately $852.3 million in FY 2034 as presented in Exhibit C (accounting for 18.1% of Pledged Revenues).

Figure 34 below shows the detail breakdown of actual Concession Revenue sources between in FY 2019 and FY 2024.

Figure 34
SHARES OF FY 2019 AND FY 2024 CONCESSION REVENUES
Los Angeles International Airport



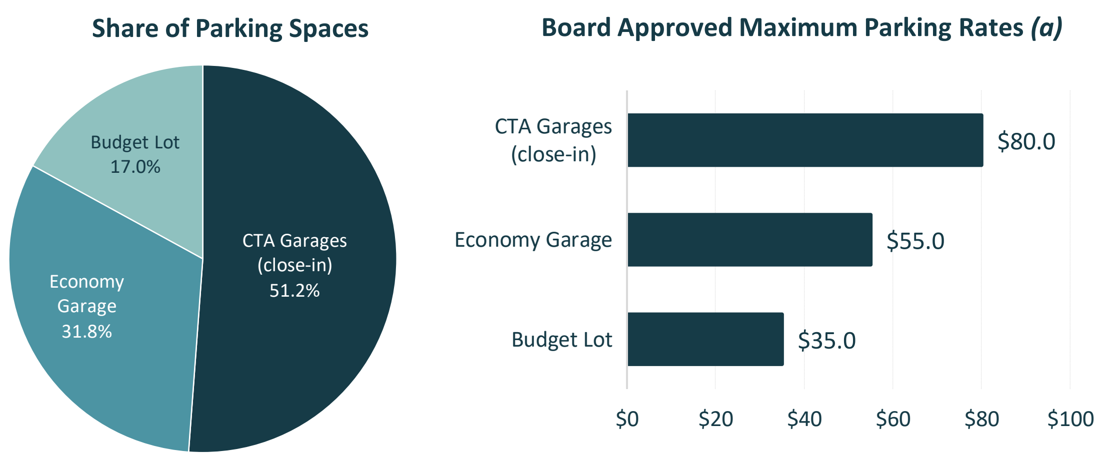
(a) Includes bus, limousine, taxicab, and transportation network company (e.g., Uber/Lyft) revenues.
(b) Includes, among other items, luggage carts and automated teller machine revenue.
Source: Department records.

Automobile Parking Revenues. Automobile parking is currently provided in the CTA garages, the ITF West, an economy lot, at the Van Nuys FlyAway bus terminal and a cell phone waiting lot. Parking facilities in the CTA are operated for the Department by ABM Onsite Services-West under a 7-year management contract that became effective June 1, 2021, and has two one-year extension options. Under this contract, the Department receives 100% of the gross parking revenues from these facilities and compensates ABM Onsite Services-West for certain expenses it incurs in operating the facilities. Under this contract, the Department also implemented a series of enhancements including, but not limited to, use of smart parking technologies that were focused on enhancing customer service and experience when using Airport parking facilities.

The LAWA Board approved a Smart Parking program in September of 2021 with maximum daily and hourly rates and Chief Executive Officer (CEO) authority to implement certain maximum levels of discount off posted rates depending on the stay duration, arrival day of the week, arrival month, and booking lead time. The goals and objectives of this program include (1) optimizing parking revenue and increasing market share, (2) promoting efficient use of parking facilities by managing parking demand capacity, and (3) enhancing the guest experience as a world class airport. Maximum daily and hourly rates and maximum discount levels were most recently updated by the Board in November of 2024. As authorized by the CEO, the Department expects initially to set rates lower than the Board authorized maximum levels and incrementally increase those rates over time beginning with the opening of the APM System.

Figure 35 lists the Airport's public parking facilities[55] and share of the 16,525 Department operated public parking spaces by facility as well as current Board approved maximum parking rates for each facility.

Figure 35
DEPARTMENT OPERATED PUBLIC PARKING FACILITIES
Los Angeles International Airport



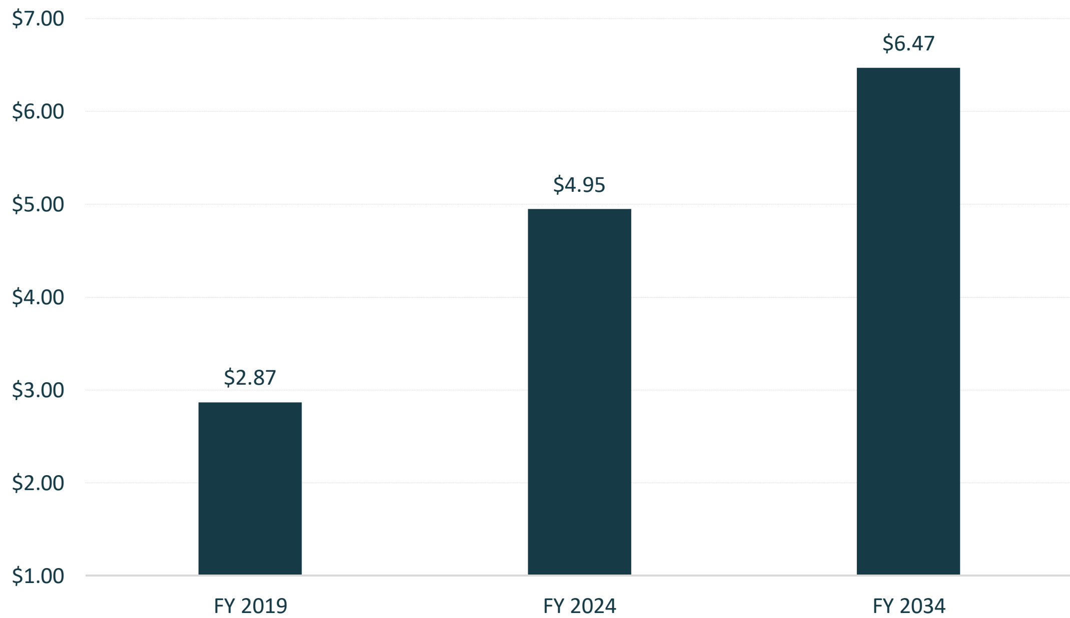
(a) LAWA Board approved rates as of November 7, 2024.
Source: Department records.

Automobile Parking revenue at the Airport was $121.8 million in FY 2022, $149.6 million in FY 2023 and $162.0 million in FY 2024, representing 9.2%, 8.5%, and 7.9% of Pledged Revenues, respectively. Public parking revenue per originating passenger was $4.75 in FY 2022, $4.96 in FY 2023, and $4.98 in FY 2024. Figure 36 shows average automobile parking revenue per originating passenger for actual FY 2019, FY 2024, and forecast FY 2034. The combination of the Department's new rate structures and enhancements to its public parking facilities have resulted in significant increases to parking revenues per originating passenger and total parking revenues at the Airport. While originating passengers at the Airport are still below FY 2019

[55] The Department owns the Skyview Center parking facilities; however, these facilities and associated rate setting is managed under a separate operating agreement and the revenue is recorded under Land Rent in Exhibit C.

numbers by 10.6%, total public parking revenue in FY 2024 was 55.4% higher than FY 2019 revenues.

Figure 36
ACTUAL FY 2019, FY 2024, AND FORECAST FY 2034
AUTOMOBILE PARKING REVENUE PER ORIGINATING PASSENGER
Los Angeles International Airport



Source: Department records.

In addition to the 13,516 parking spaces described on Figure 35, the Airport owns and operates a remote parking facility in conjunction with its FlyAway bus operation with approximately 3,000 spaces located adjacent to Van Nuys Airport. Parking revenue from this facility are included in Automobile Parking revenue but represent less than 3% of the total. The Airport also maintains approximately 12,300 employee parking spaces in Department operated lots, separate from public parking lots and outside of the CTA. Approximately 10% of FY 2024 Automobile Parking Revenue comes from the sale of monthly parking passes for these lots, which are available to badged employees working at the Airport.

Multiple facilities near the Airport also provide parking for Airport patrons. The Department does not impose a privilege fee on these off-Airport parking facilities operated by private companies but does impose a trip fee for the shuttle bus operations of off-Airport parking companies.

The forecast of public parking revenues is based on information provided in the Department's forecast of public parking revenues and the following assumptions: (1) no change to the number of available parking spaces by public parking facility during the Forecast Period, (2) the historical and forecast amount of revenue per parking space, (3) assumed annual inflation starting in FY 2026 to account for expected future increases in public parking rates.

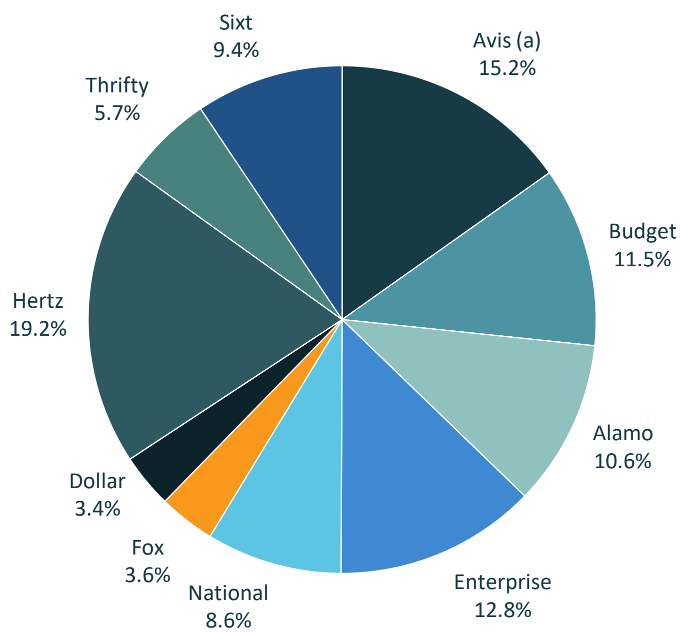
Automobile Parking revenues are forecast to increase from $166.9 million in FY 2025 to $275.9 million in FY 2034.

Rental Car Revenues. The Department has executed rental car concession agreements (Existing Rental Car Agreements) with 11 rental car companies serving the Airport (Existing Rental Car Concessionaires). The Department has exercised its right to extend the Existing Rental Car Agreements through the ConRAC DBO.

The Existing Rental Car Agreements require each Existing Rental Car Concessionaire to pay the Department a concession fee equal to 10% of its annual gross revenues or the MAG, whichever is greater. The rental car concession revenues are shown in the Concession Revenues section of Exhibit C at the end of this 2025A-E Report. In FY 2024, rental car concession revenues accounted for 4.1% of Pledged Revenues.

Figure 37 presents the Existing Rental Car Concessionaires' market shares of gross revenues in FY 2024.

Figure 37
ON-AIRPORT RENTAL CAR COMPANY SHARES OF FY 2024 GROSS REVENUES
Los Angeles International Airport



Notes: The sector shares may not total 100% because of rounding.
(a) Avis includes Zipcar.
Source: Department records.

The following companies and their brands have Existing Rental Car Agreements with the Department: Alamo, Avis,[56] Budget, Dollar, Enterprise, Fox, Hertz, National, Sixt, and Thrifty.

[56] Avis also operates the brand Zipcar.

These companies operate rental car facilities on and off-Airport property and transport their passengers to and from the CTA on their own branded shuttle buses.

Certain other rental car companies provide rental car services to Airport passengers, but do not have Existing Rental Car Agreements with the Department. These off-Airport companies are required to have a license agreement with and pay a 10% of gross sales privilege fee to the Department.

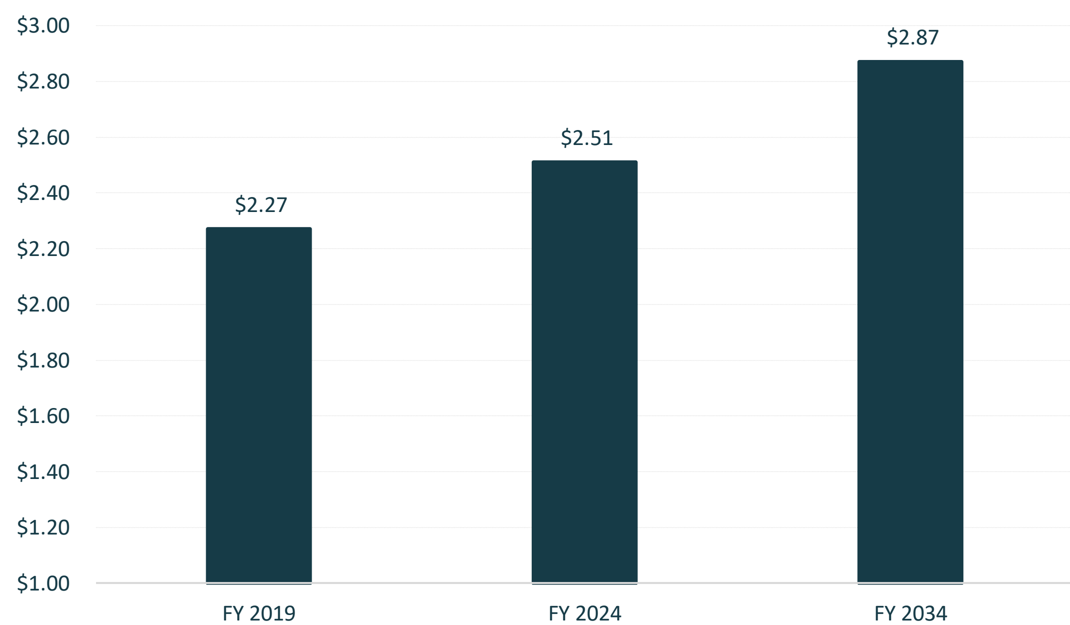
In FY 2022, rental car concession revenues totaled $78.2 million, and accounted for 5.9% of Pledged Revenues. Revenues increased in FY 2023 to $83.8 million, accounting for 4.8% of Pledged Revenues, but decreased by 1.2% to $82.8 million in FY 2024 (4.1% of Pledged Revenue).

Figure 38 presents rental car concession revenue per originating passenger for actual FY 2019, FY 2024, and forecast FY 2024. Rental car concession revenue per originating passenger was $2.27 in FY 2019, $2.51 in FY 2024, and forecast to be $2.87 in FY 2034.

Figure 38

ACTUAL FY 2019, FY 2024, AND FORECAST FY 2034
ON-AIRPORT RENTAL CAR CONCESSION REVENUES PER ORIGINATING PASSENGER

Los Angeles International Airport



Source: Department records.

The Department executed a concession lease and agreement (the CLA) in 2018 with each of the Airport rental car concessionaires (the Concessionaires) that provides, among other things, for the use and occupancy of the ConRAC when ConRAC DBO is reached, as well as to make the following payments to the Department starting at ConRAC DBO: Concession Fees, Land Rent, M&O Fees, common transportation system (CTS)[57] Contributions, and other payments.

Certain business arrangements in the CLA start on ConRAC DBO and include, but are not limited to, the following:

1. The payment by the Concessionaires to the Department of the greater of the MAG or a 10% Concession Fee of rental car gross revenues.
2. The payment of ConRAC site Land Rent by Concessionaires to the Department.
3. The payment of an M&O Fee by Concessionaires to the Department for ConRAC M&O costs.
4. The payment of an annual Concessionaire CTS Contribution to the Department to pay up to 41.0% of the annual APM System M&O Costs and APM System Capital Costs.

Forecast revenues from items 1 through 4 above have been included in the financial forecasts presented on Exhibit C starting at ConRAC DBO. Rental car concession revenues are included in the Concession Revenues section of Exhibit C. ConRAC land rental revenues are included in the Land Rentals line in the Aviation Revenues section of Exhibit C. Revenues associated with items 3 and 4 are included in the Miscellaneous Revenues section of Exhibit C.

In addition to the payments described above, the Existing Rental Car Concessionaires (and the Concessionaires under the CLA) are required to collect a CFC that is approved by the LAWA Board and remit the revenues to the Department. The Department currently imposes a $9.00 CFC on rental car customers per rental car transaction day (up to a 5-day maximum). See the section of this 2025A-E Report titled “CFC Revenues” regarding the use of CFC revenues prior to and after ConRAC DBO.

For companies that did not sign the CLA, the Department would (subject to LAWA Board approval) require off-Airport companies to (1) pick up and drop off their customers at the new ConRAC and use the APM System and (2) pay a transportation fee to the Department, that would be established to cover their customers’ prorated use of the APM System. Transportation fee revenue from off-Airport companies would be included in Pledged Revenues and used to pay annual APM System operating and capital costs. Because the amount of the Transportation fee has not been established by the Department, no such forecast Transportation fee revenue has been included in the financial Forecasts presented in this 2025A-E Report.

The forecast of concession fees under the Existing Rental Car Agreement and new CLA was based on the following assumptions:

- The estimated number of arriving passengers, which was based on the forecast of enplaned passengers presented earlier in this 2025A-E Report.

[57] In the CLA, the CTS is the portion of the APM System that is expected to be used by rental car customers, which is approximately 41% of total ridership on the APM System.

- The estimated number of transactions per arriving passenger was assumed to be flat during the Forecast Period with the exception of a 5.0% annual increase starting in the second quarter of 2026 (the point at which both the ConRAC and APM System are fully operational).
- The estimated amount of concession fees per transaction was assumed to be flat through ConRAC DBO, increasing with inflation thereafter.

Rental car concession fees are forecast to increase from $82.2 million in FY 2025 to $122.4 million in FY 2034**.**

Revenues pursuant to the new CLA other than concession fees were forecast on the basis of:

- **Land Rent** – The land rent rate was assumed to increase at 2.5% per year (the minimum annual adjustment in the CLA) with an assumed fair market value adjustment every 5 years. The square footage of the ConRAC site was assumed to remain unchanged during the Forecast Period.
- **M&O Fee** – The M&O Fee was assumed to be equal to annual ConRAC M&O Costs, which, for purposes of this 2025A-E Report, is equal to the annual ConRAC M&O AP plus variable expenses of the ConRAC Developer (such as ConRAC utility expenses) plus Department M&O allocable to the ConRAC (e.g., security staffing).
- **Concessionaire CTS Contribution** – The annual Concessionaire CTS Contribution was assumed to increase by 2.5% per year, as stipulated in the CLA. Other adjustments to the amount of the annual Concessionaire CTS Contribution are included in the new CLA but were not considered in this 2025A-E Report since the adjustments would occur beyond the Forecast Period.

Two of the Concessionaires that executed the CLA filed for Chapter 11 bankruptcy following the COVID-19 pandemic: Hertz, including its brands Dollar/Thrifty; and Advantage, including its brand EZ Rent A Car. Hertz emerged from bankruptcy on June 30, 2021, and has assumed the CLA and will use and lease space in the ConRAC starting on ConRAC DBO. In February 2020, Advantage ceased operations at the Airport.

The CLA's initial term expires on the 20-year anniversary of the ConRAC DBO, with one option to extend the CLA for 5 years by the Department through written notice to the Concessionaires, or automatically if certain Concessionaire transaction day targets are achieved pursuant to the CLA.

Duty Free Revenues. The Department has entered into a duty-free merchandise concession agreement with DFS Group L.P. (DFS) that included the design, construction, development, and operation of duty-free merchandise concessions in all Terminals. The agreement with DFS is scheduled to expire in June 2034. Under the agreement with DFS, the Department receives a certain percentage of the concessionaire's gross sales at the Airport, subject to the MAG, plus 10% of any gross sales in excess of $175 million. On October 21, 2021, the Department amended the MAG payment commencing in Fiscal Year 2023 to reflect an amount equal to the greater of: (i) an annual amount equal to approximately $35.9 million subject to CPI adjustments based on a recovery ratio; or (ii) the total number of international enplaned passenger in the TBIT (including the West Gates at the TBIT, formerly referred to as the Midfield Satellite Concourse) multiplied by $6.80.

Duty free revenues increased from $22.0 million in FY2022 to $37.6 million in FY2023. The number of international enplaned passengers using the Airport in FY 2024 increased by 18.8%, leading to an increase in duty free revenues of 79.0% to $67.4 million (3.3% of Pledged Revenues) in FY 2024. Duty Free revenues per international enplaned passenger were $3.62, $3.78, and $5.69 in FY 2022, FY 2023, and FY 2024, respectively.

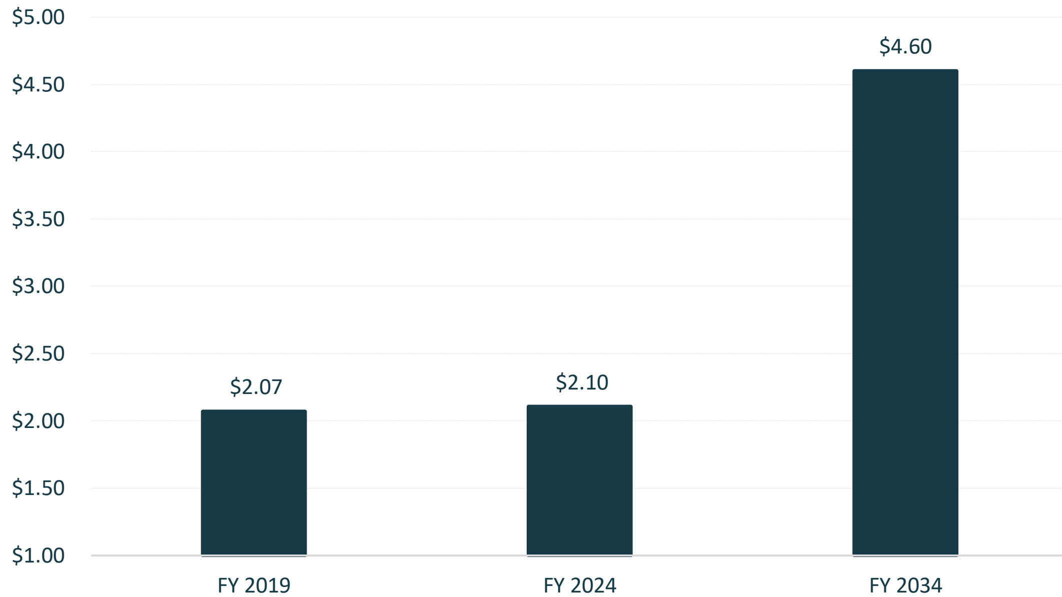
Duty free revenues are forecast to increase from FY 2025 to FY 2034 at an average annual growth rate of 6.1% based, in part, on growth in the number of international passengers at the Airport and inflation.

Terminal Concession Revenues. Terminal concession revenues include fees paid by retail and food and beverage concessionaires in the Terminals. The Department has entered into multiple agreements for the provision of Terminal concessions. These agreements are organized into two groups:

- **Retail and Food and Beverage Concessions** – The Department directly manages the concession programs in Terminals 4, 5, 7, and 8 and has entered into several agreements with companies to provide retail and food and beverage concessions in these terminals. Under these agreements, the Department receives the greater of a percentage of gross receipts or the MAG. The agreements for retail concessions and food and beverage Concessions are scheduled to expire in June 2029.
- **Terminal Commercial Manager Concessions** – These concessions are operated under two separate concession agreements that the Department entered into with URW Airports, LLC (URW) (formerly Westfield Airports, LLC) that are scheduled to expire in June 2034. One agreement is for Terminal 2, TBIT, and MSC North. The second agreement is for Terminals 1, 3, and 6. URW serves as the master developer and manager of the concessions in these terminals. Under these agreements, the Department receives the greater of the MAG or rent (consisting of a base percentage of URW's revenues plus a contingent percentage additional rent if gross sales exceed certain benchmarks).

Terminal concession revenues increased from $57.6 million in FY 2022 to $76.3 million in FY 2023, and further increased to $80.7 million in FY 2024, or 4.0% of Pledged Revenues. Figure 39 shows average Terminal concession revenue per enplaned passenger for actual FY 2019, FY 2024, and forecast FY 2034. Terminal concession revenue per enplaned passenger was $2.07 in FY 2019, $2.10 in FY 2024, and forecast to be $4.60in FY 2034.

Figure 39
ACTUAL FY 2019, FY 2024, AND FORECAST FY 2034
TERMINAL CONCESSION REVENUE PER ENPLANED PASSENGER
Los Angeles International Airport



Source: Department records.

The forecasts of retail and food and beverage concession revenues and Terminal commercial management revenues were developed together based, in part, on the Department's FY 2025 budget and combined per passenger spend rates for the two categories along with passenger traffic recovery. It was assumed that as its existing retail and food and beverage concession agreements expire during the Forecast Period, new agreements would be executed with similar terms and conditions and financial performance.

Terminal Advertising. The Department has entered into a Terminal Media Operator concession agreement with JCDecaux Airport, Inc. (JCDecaux) for advertising sponsorship and other media throughout the Terminals. Under the agreement, the Department receives revenue based on either a series of contract-defined percentage of gross receipts formulas or the MAG. Terminal advertising revenue in FY 2022, FY 2023, and FY 2024 accounted for 2.2%, 1.7%, and 1.8% of Pledged Revenues, respectively. The agreement with JCDecaux is scheduled to expire in December 2026.

For purposes of this 2025A-E Report, it was assumed that following expiration of the agreement with JCDecaux, a new agreement would be executed with similar terms and conditions and financial performance. Terminal advertising revenues are forecast to increase with 2.7% inflation.

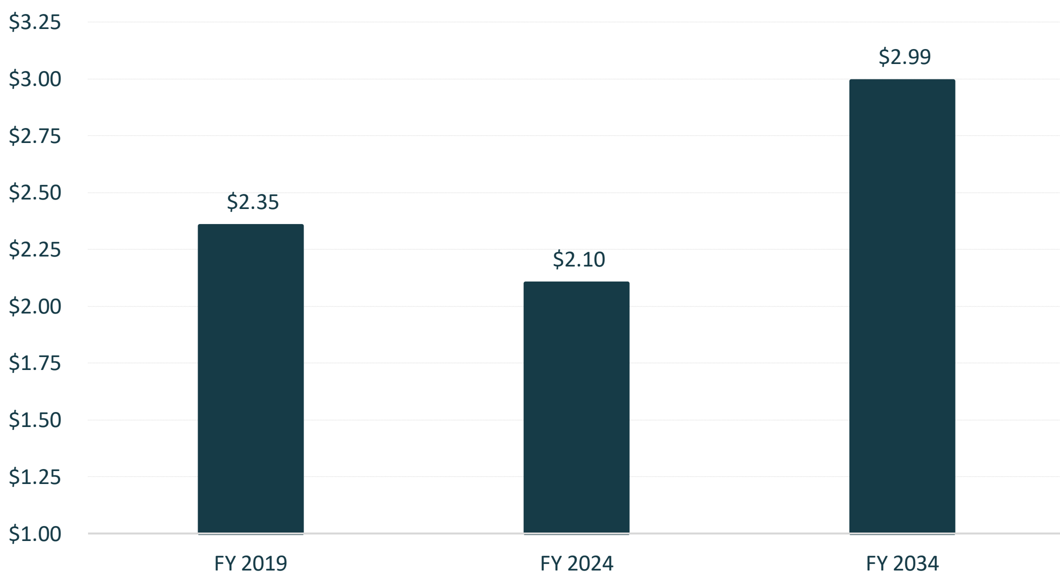
Commercial Vehicle Revenues. The Department generates revenues from a per trip fee on all bus, limousine, and taxicab operators, as well as TNCs such as Uber and Lyft.

Commercial vehicle revenues benefited from the introduction of TNC's at the Airport when the Department entered into agreements with Lyft, Inc. (December 2015) and Raiser-CA, LLC (doing business as Uber) (January 2016) to allow each company access to the Airport. Under those agreements, it receives a $4.00 fee for each drop-off or pick-up at the Airport.

Commercial vehicle revenues increased by $11.0 million, from $45.0 million in FY 2022 to $56.0 million in FY 2023. In FY 2024, commercial vehicle revenues increased by $12.8 million to $68.8 million and accounted for 3.4% of Pledged Revenues.

Figure 40 presents the trend of commercial vehicle revenues paid to the Department per originating passenger at the Airport for actual FY 2019, FY 2024, and forecast FY 2034. Commercial vehicle revenue per originating passenger was $2.35 in FY 2019, $2.10 in FY 2024 and forecast to be $2.99 in FY 2034.

Figure 40
ACTUAL FY 2019, FY 2024, AND FORECAST FY 2034
COMMERCIAL VEHICLE REVENUES PER ORIGINATING PASSENGER
Los Angeles International Airport



Source: Department records.

Commercial vehicle revenues, including revenues from Uber and Lyft, are forecast to increase with inflation and passenger growth.

Other Concession Revenue. Revenues in this category primarily include fees generated from foreign exchange, telecommunications, luggage carts, and automated teller machine transactions. Other concession revenue in FY 2022, FY 2023, and FY 2024 accounted for 1.0%, 0.8%, and 0.7% of Pledged Revenues, respectively. Other concession revenue is forecast to increase with inflation and passenger growth.

Investment Earnings

Investment earnings on moneys held in the LAX Revenue Fund, Reserve Fund, and M&O Reserve Fund (funds defined under the Senior Revenue Bond Indenture) are defined as Pledged Revenues under the Senior Revenue Bond Indenture. Investment earnings in FY 2024 accounted for 5.4% of Pledged Revenues. The forecast of investment earnings is based on a stable investment earnings rate and estimated increases in LAX Revenue Fund, Debt Service Reserve Fund, and M&O Reserve Fund balances during the Forecast Period.

Miscellaneous Revenues

Miscellaneous Revenues include (1) federal subsidies associated with the Series 2009C and Series 2010C Subordinate Build America Bonds (BABs), (2) certain Airport sales and services, and (3) starting with ConRAC DBO, Concessionaire CTS Contributions and the M&O Fee described in the "Rental Car Revenues" section of this 2025A-E Report. Miscellaneous revenues accounted for 1.3%, 1.1%, and 1.0% of Pledged Revenues in FY 2022, FY 2023, and FY 2024, respectively.

The forecast of the BABs subsidies is based on (1) the assumption that federal sequestration will continue, (2) debt service schedules for the associated BABs, and (3) historical subsidies.

The forecast of Concessionaire CTS Contributions for FY 2025 through FY 2034 was based on the forecast Concessionaire CTS Contribution at ConRAC DBO and 2.5% growth in FY 2025 through FY 2027, each as specified in the CLA. The M&O Fee is assumed to be equal to annual ConRAC M&O Costs, which for purposes of this 2025A-E Report is equal to the annual ConRAC M&O AP. All other miscellaneous revenues are forecast based on assumed rates of inflation.

LAX M&O EXPENSES

Exhibit D presents LAX M&O Expenses by expense type and by Airport cost center. As defined in the Senior Revenue Bond Indenture, LAX M&O Expenses are substantially all maintenance and operating expenses of the Airport, excluding (1) depreciation, (2) administrative costs allocated to other airports operated and maintained by the Department, and (3) any expenses of the Airport paid from sources other than Pledged Revenues.

FY 2025 Budgeted LAX M&O Expenses

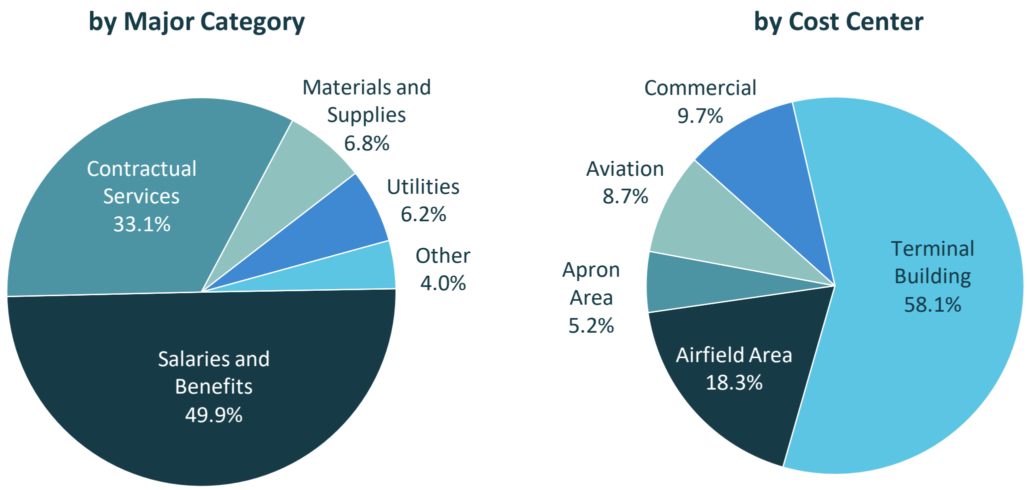
The Department's LAX M&O Expenses budget for FY 2025 was used as the basis for forecasting LAX M&O Expenses.

Historically, salaries and benefits have represented the single largest category of expense at the Airport, which is typical of most U.S. airports, and is expected to be the case in FY 2025 (approximately 49.9% of the total budget) and during each Fiscal Year of the Forecast Period at the Airport. The next largest category of expense at the Airport is contractual services, which includes expenses associated with various technical, professional service, management, and other contracts. Other categories of LAX M&O Expenses include materials and supplies, utilities, and other operating expenses.[58]

The major categories of budgeted FY 2025 LAX M&O Expenses and the allocation to Airport cost centers are shown on Figure 41.

The Department's LAX M&O Expenses budget for FY 2025 includes expenses related to the transition of the operation and management of certain CU Equipment from an airline consortium to the Department.

Figure 41
FY 2025 BUDGET LAX MAINTENANCE AND OPERATION EXPENSES
Los Angeles International Airport



Notes: The percentages by major category in this figure are prior to adjustments to exclude M&O Expenses associated with administrative expenses allocated to other airports operated by the Department and LAX M&O Expenses paid from grants. The sector shares may not add to 100.0% because of rounding.
Source: The Department's FY 2025 budget.

Forecast LAX M&O Expenses

Forecast LAX M&O Expenses in FY 2026 through FY 2034 are based on (1) the Department's FY 2025 budget and its plans for operating Airport facilities throughout the Forecast Period, (2) assumed inflationary and real (net of inflation) increases in the costs of labor, services, utilities, and supplies, and (3) estimates of additional expenses associated with new or expanded Airport facilities included in the Next Airport Capital Program to be placed in service during the Forecast Period (as described below).

[58] Includes expenses associated with administrative services and advertising and public relations.

LAX M&O Expenses are forecast to increase to approximately $2.0 billion in FY 2034, which amount includes:

1. Approximately $1.8 billion of M&O Expenses or 90% of total M&O Expenses for existing Airport facilities and CU systems and Equipment in the Terminals that the Department now directly manages and fully recovers through rates and charges paid by CU airlines, plus
2. Approximately $165.1 million of additional M&O Expenses or 10% of total LAX M&O Expenses for new facilities included in the Next Airport Capital Program and expected to be completed during the forecast period.

In this Report, it was assumed that both (1) and (2) above would increase at an annual rate of increase of approximately 6.0% from FY 2024 through FY 2034. The effective annual increase is equal to 7.9% as a result of the additional M&O Expenses from new facilities. The forecast of LAX M&O Expenses includes the APM System M&O APs to the APM System Developer and the ConRAC M&O APs to the ConRAC Developer.

Federal Aid

In addition to Department actions during COVID to manage costs, the federal government passed the following legislation which, among other things, includes the award of certain grants to the operators of all U.S. airports to assist with managing the financial effects of the COVID-19 pandemic: the CARES Act, the Coronavirus Response and Relief Supplemental Appropriation Act (the CRRSA Act), and most recently, the American Rescue Plan Act (the ARP Act) and collectively, the Coronavirus Relief Grants). In total, it was awarded $699.7 million in Coronavirus Relief Grants.

Under the Revenue Bond Indentures, the Coronavirus Relief Grants are not included in the definition of Pledged Revenues. However, any LAX M&O Expenses and Debt Service paid using grants, including Coronavirus Relief Grants, can be excluded from the calculation of Debt Service coverage pursuant to the Revenue Bond Indentures.

The Department was awarded and used a total of $323.6 million CARES Act Grants which were used to pay operating expenses and Debt Service between FY 2020 and FY 2021, costs that would have otherwise been paid by the airlines or by other operating revenues of the Airport. This helped to (1) substantially reduce airline costs at the Airport and (2) replace lost nonairline revenues due to reductions in the number of passengers using the Airport.

The Department received awards of $72.3 million and $303.8 million of CRRSA Act and ARP Act grants, respectively. These grants were used in FY 2022 and FY 2023 and FY 2024 to (1) substantially reduce airline costs at the Airport, (2) replace lost nonairline revenues due to reductions in passengers, (3) reduce near-term costs of certain airline CU equipment, and (4) pay certain LAX M&O Expenses and/or Debt Service. The remaining $9.1 million of outstanding CRRSA Act grants were drawn down in FY 2025.

DEBT SERVICE

Exhibit E presents Senior Bond Aggregate Annual Debt Service and Subordinate Aggregate Annual Debt Service for outstanding Senior Bonds and Subordinate Obligations, respectively, as well as for the proposed Series 2025A-E Bonds and Future Bonds.

Principal of and interest on Senior Bonds or Subordinate Obligations paid with PFC revenues, CFC revenues, and Coronavirus Relief Grants are excluded from Senior Bond Aggregate Annual Debt Service and Subordinate Aggregate Annual Debt Service for purposes of meeting the Senior Bond and Subordinate Obligations Rate Covenants. Exhibit E reflects PFC revenues, CFC revenues, and Coronavirus Relief Grants expected to be used by the Department each Fiscal Year to pay debt service. The actual amount of PFC revenues, CFC revenues, and Coronavirus Relief Grants that it will use to pay debt service may vary from year to year.

As shown in Exhibit E, Senior Bond Aggregate Annual Debt Service is projected to increase from approximately $138.7 million in FY 2024 to approximately $929.7 million in FY 2034. Subordinate Aggregate Annual Debt Service is projected to increase from approximately $286.9 million in FY 2024 to approximately $643.5 million in FY 2034**.**

The Department uses a commercial paper program and a revolving credit agreement ("Revolving Credit Agreement)" to assist with short-term borrowing needs pursuant to the Subordinate Revenue Bond Indenture. The Department is currently authorized to issue and have outstanding up to $500 million each of Commercial Paper Notes and Revolving Credit Agreement obligations. As of March 1, 2025, its current outstanding Commercial Paper Notes balance is approximately $384.4 million, including the Series A, Series B, Series C, and Series D Subordinate Commercial Paper Notes, and its current outstanding Revolving Credit Agreement obligations are approximately $500 million. As reflected on Exhibit E, the Commercial Paper Notes and Revolving Credit Agreement obligations are expected to be repaid with proceeds of the Series 2025A-E Bonds and Future Bonds or Department Funds**.**

Proposed Series 2025A-E Bonds

Debt service on the proposed Series 2025A-E Bonds (excluding any current refunding described in this 2025A-E Report) was estimated by the Department's Co-Municipal Advisor and assumed issuance of fixed-rate bonds with the following final maturity dates and all-in true interest costs:

	Final Maturity Date	All-in True Interest Cost
Series 2025A Bonds	May 15, 2055	4.9%
Series 2025B Bonds	May 15, 2055	4.8%
Series 2025C Bonds	May 15, 2045	3.7%
Series 2025D Bonds	May 15, 2051	4.6%
Series 2025E Bonds	May 15, 2055	4.3%

In addition to the current refunding described in this 2025A-E Report, the Department may refund for economic savings certain other outstanding Senior Bonds, Subordinate Obligations, or a combination of both during the Forecast Period from the net proceeds of other series of bonds issued by the Department during the Forecast Period. Debt service savings, if any, from the proposed current refunding of the Series 2015 Bonds and the Series 2009C Bonds, or future refunding of other Senior Bonds or Subordinate Obligations are not included in the financial forecasts presented in this 2025A-E Report.

Future Senior Bonds and Subordinate Obligations

Debt service projected for future Senior Bonds and Subordinate Obligations expected to be issued during the Forecast Period (as shown in Exhibit E) was also provided by the Co-Municipal Advisor, based on the following assumptions:

- An assumed fixed interest rate of 7.00% for both future Senior Bonds and future Subordinate Obligations.
- Capitalized interest and other costs of issuance to be funded from the net proceeds of Future Bonds; debt service on Future Bonds included in the financial forecasts presented in this 2025A-E Report is net of capitalized interest.
- The Future Bonds for each project will be amortized over the project's expected useful life or 30 years, whichever occurs first.
- Future Bonds issued to pay for airfield, apron, or the Airport's Landside Access Modernization Program projects will be Subordinate Obligations.
- Future Bonds issued for all other projects in the Next Airport Capital Program will be Senior Bonds.

USE OF PFC AND CFC REVENUES DURING FORECAST PERIOD

PFC Revenues

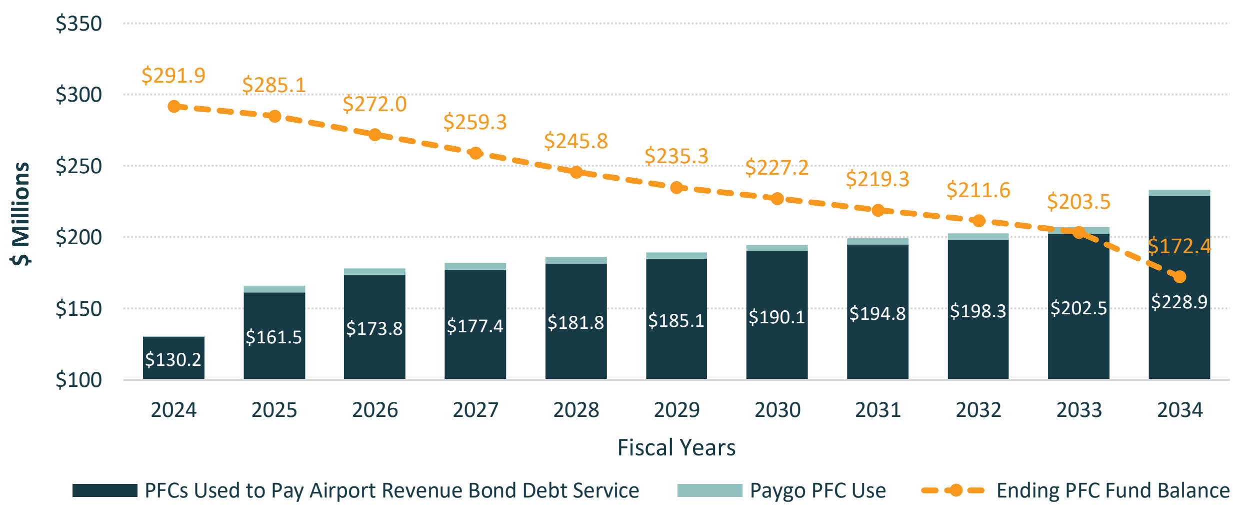
In addition to using PFC revenues on a pay-as-you-go basis to help fund certain Next Airport Capital Program projects (as reflected on Exhibit A), the Department uses PFC revenues to pay a portion of the debt service on certain outstanding Bonds that were issued to finance all or a portion of the costs of PFC-eligible projects.

PFC revenues are not included in the definition of Pledged Revenues under the Revenue Bond Indentures. For purposes of meeting the Rate Covenants, the portion of principal and interest on Senior Bonds and Subordinate Obligations paid with PFC revenues are excluded from the calculation of Senior Bond Aggregate Annual Debt Service and Subordinate Obligations Aggregate Annual Debt Service.

As of the date of this 2025A-E Report, the FAA has authorized the Department to collect and use $9.5 billion in PFC revenues at the Airport at the $4.50 PFC level for approved projects. As previously discussed, the Department expects to seek FAA approval for additional PFC authorization to pay a portion of PFC-eligible annual APM System Capital Costs. As of June 30, 2024**,** the Department had collected a total of $3.5 billion in PFC revenues (including interest income) and expended approximately $3.2 billion on FAA-approved PFC-eligible projects.

Figure 42 presents the Department's currently expected use of PFC revenues during the Forecast Period to pay revenue bond debt service and pay for certain Next Airport Capital Program costs on a pay-as-you-go, and also reflects the estimated ending PFC Fund balance. The Department currently plans to maintain approximately 75% of annual PFC revenues used to pay debt service in the PFC Fund each Fiscal Year to have a reserve for potential future passenger traffic downturns at the Airport.

Figure 42
USE OF PFC REVENUES AND ENDING PFC FUND BALANCE
Los Angeles International Airport



The Next Airport Capital Program funding plan, forecast airline revenues, and other key financial results presented in this 2025A-E Report assume that the current $4.50 PFC level at the Airport will remain in effect during the Forecast Period and that the Department will submit and receive approval for future PFC applications to use PFC revenues to pay PFC-eligible costs of certain projects in the Next Airport Capital Program.

As reflected on Exhibit E, the Department currently expects to use between $82.5 million and $145.2 million of annual PFC revenues to pay Senior Debt Service between FY 2025 to FY 2034, and between $78.3 million and $98.9 million of annual PFC revenues to pay Subordinate Obligation Debt Service between FY 2025 to FY 2034**.**

CFC Revenues

The Department currently collects revenue from a $9.00 CFC per rental car transaction day (up to a 5-day maximum), the maximum amount allowable CFC per rental car transaction in the State of California. It currently expects to use a majority of all CFC revenues collected prior to ConRAC DBO to make some or all of the milestone payments to the ConRAC Developer. The Department has collected $764.1 million of CFC revenues through FY 2024 and has expended $729.1 million on ConRAC-related project costs through FY 2024.

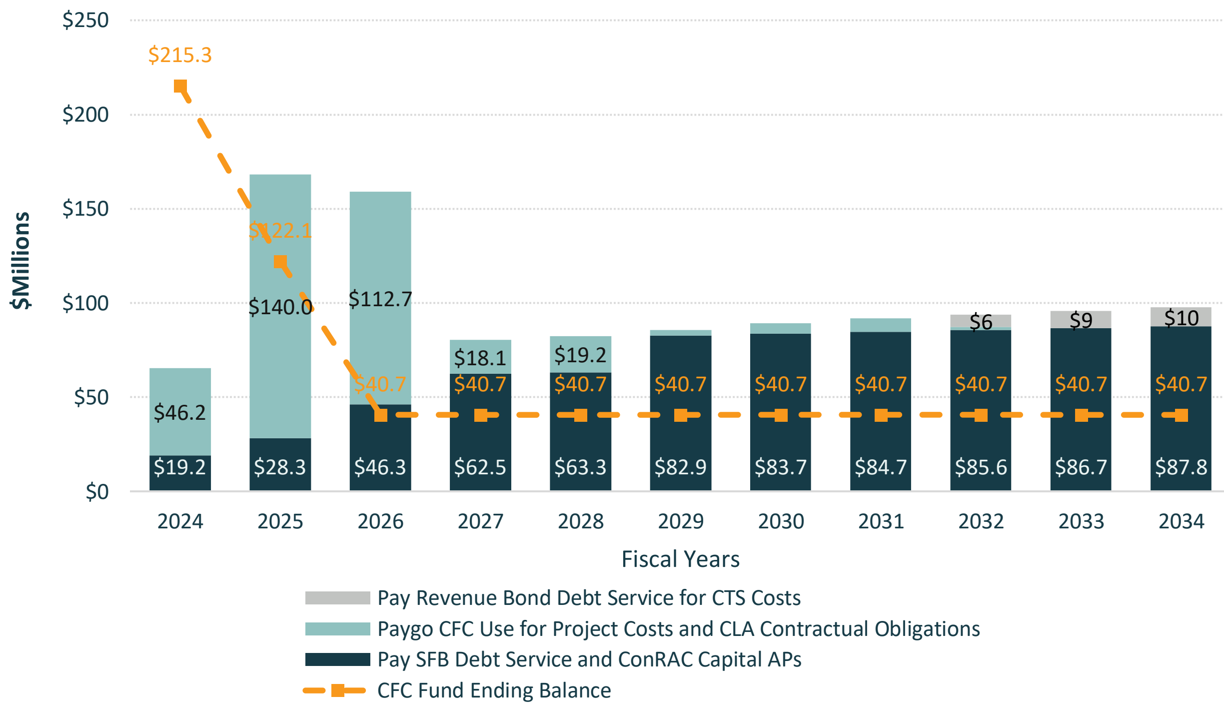
After ConRAC DBO, the Department currently expects to use CFC revenues to (1) pay debt service on ConRAC Special Facility Obligations, (2) pay ConRAC Capital and Renewal APs, and (3) maintain a minimum balance in the CFC Fund equal to annual ConRAC Special Facility Obligations debt service. It expects to use remaining CFC revenues to help pay up to 41.0% of Senior Revenue Bond Debt Service and Subordinate Obligation Debt Service associated with the APM System. CFC revenues expected to be used to pay Senior Revenue Bond Debt Service and Subordinate Obligation Debt Service is presented on Exhibit E.

CFC revenues are not included in the definition of Pledged Revenues under the Revenue Bond Indentures. For purposes of meeting the Rate Covenants, the portion of principal and interest on Senior Bonds or Subordinate Obligations paid with CFC revenues are excluded from the calculation of Senior Bond Aggregate Annual Debt Service and Subordinate Obligations Aggregate Annual Debt Service.

Figure 43 presents the Department's currently expected use of CFC revenues during the Forecast Period to (1) pay ConRAC project costs during construction on a pay-as-you-go basis, (2) pay ConRAC Special Facility Obligation debt service, (3) pay ConRAC Capital and Renewal APs, and (4) to pay a portion of estimated Senior Bond or Subordinate Obligation debt service (as shown on Exhibit E). Figure 42 also reflects the forecast ending CFC Fund balance, which provides a reserve for potential future passenger traffic downturns at the Airport that could result in reductions in future CFC revenues.

As reflected on Exhibit E, the Department expects to use between $6.4 million and $9.8 million of annual CFC revenues to pay Senior Bond Debt Service and Subordinate Debt Service between FY 2025 to FY 2034.

Figure 43
USE OF CFC REVENUES AND ENDING CFC FUND BALANCE
Los Angeles International Airport



FLOW OF FUNDS AND DEBT SERVICE COVERAGE UNDER THE REVENUE BOND INDENTURES

Under the Senior Bond Rate Covenant, the Department has covenanted to establish, fix, prescribe, and collect rates, tolls, fees, rentals, and charges for the use of the Airport so that, in each Fiscal Year:

- Pledged Revenues are at least equal to the amount of required deposits to various funds and accounts during such Fiscal Year, and
- Net Pledged Revenues, together with any Transfer, are equal to at least 125% of the Senior Bond Aggregate Annual Debt Service on outstanding Senior Bonds.

The Subordinate Obligations Rate Covenant of the Subordinate Revenue Bond Indenture requires the Department, in each Fiscal Year, to generate Subordinate Pledged Revenues to:

- Meet the payment requirements of funds and accounts under the Subordinate Revenue Bond Indenture, and
- Together with any Transfer, be at least equal to 115% of Subordinate Aggregate Annual Debt Service on outstanding Subordinate Obligations.

Exhibit F presents the forecast application of Pledged Revenues to the various funds and accounts under the Senior Revenue Bond Indenture and the Subordinate Revenue Bond Indenture and the calculation of debt service coverage according to the Senior Rate Covenant and the Subordinate Obligations Rate Covenant.

Pledged Revenues remaining after the payment of LAX M&O Expenses, Senior Bond debt service, Subordinate Obligations debt service, and other fund deposit requirements are available for any lawful Airport purpose.

The Senior Bond Rate Covenant is forecast to be met in each Fiscal Year of the Forecast Period:

- As reflected in Exhibit F, Pledged Revenues are forecast to exceed the amount of required deposits to various funds and accounts under the Senior Revenue Bond Indenture during each Fiscal Year of the Forecast Period, and
- As reflected in Exhibit F and on Figure 44, Net Pledged Revenues are forecast to equal at least 125% of the Senior Bond Aggregate Annual Debt Service, taking into account outstanding Senior Bonds and future Senior Bonds (and assuming no Transfers).

Under the Senior Revenue Bond Indenture, any Transfer taken into account for purposes of meeting the Senior Bond Rate Covenant shall not exceed 25% of Senior Bond Aggregate Annual Debt Service on outstanding Senior Bonds. No Transfers were assumed during the Forecast Period for the purposes of calculating Senior debt service coverage.

The Subordinate Obligations Rate Covenant is forecast to be met in each Fiscal Year of the Forecast Period:

- As reflected in Exhibit F, Subordinate Pledged Revenues are forecast to exceed the amount of required deposits to various funds and accounts under the Subordinate Revenue Bond Indenture during each Fiscal Year of the Forecast Period, and
- As reflected in Exhibit F and on Figure 44, Subordinate Pledged Revenues are forecast to equal at least 115% of the Subordinate Aggregate Annual Debt Service, taking into account outstanding Subordinate Obligations, and future Subordinate Obligations.

Under the Subordinate Revenue Bond Indenture, any Transfer taken into account for purposes of meeting the Subordinate Obligations Rate Covenant shall not exceed 15% of Subordinate Aggregate Annual Debt Service on outstanding Subordinate Obligations. No Transfers were assumed during the Forecast Period for the purposes of calculating Subordinate Obligations debt service coverage.

Table 15 of the Official Statement for the proposed Series 2025A-E Bonds provides historical data on debt service coverage for Senior Bonds and Subordinate Obligations.

PROJECTION OF DEBT SERVICE AND AVAILABILITY PAYMENT COVERAGE

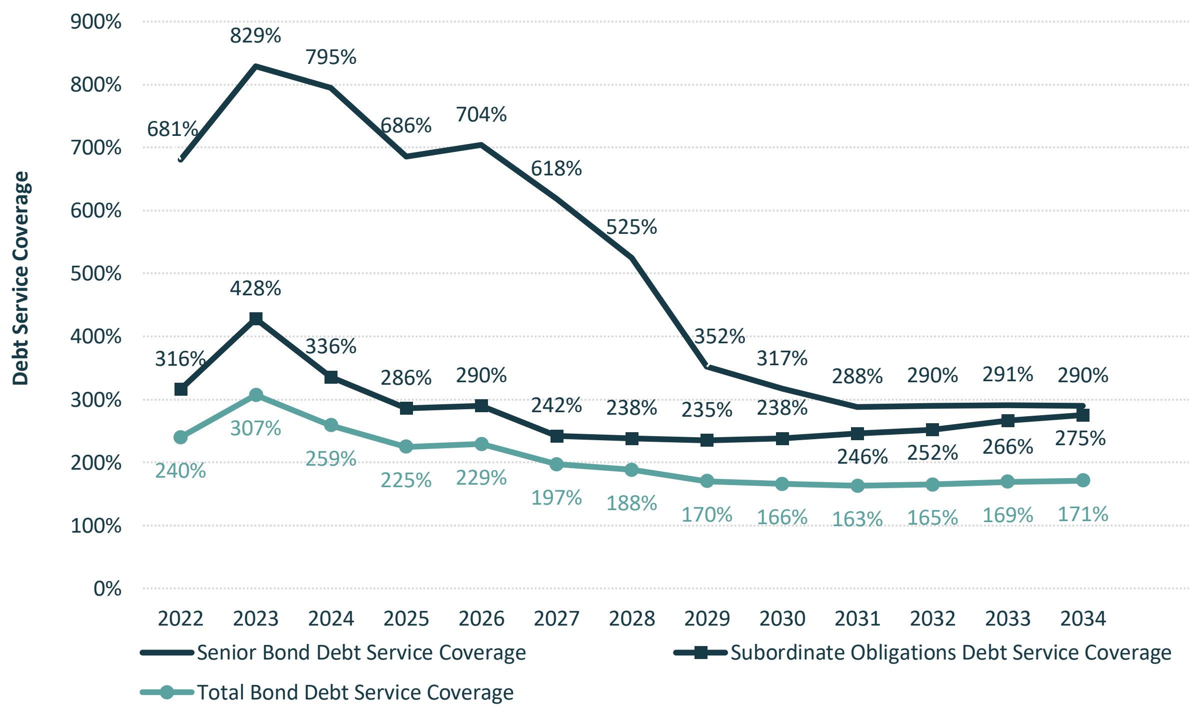
A projection of coverage was prepared for informational purposes only to demonstrate the ability of the Department to meet all of its secured and unsecured obligations, which includes (a) all Debt Service on existing Senior and Subordinate Bonds, the proposed Series 2025A-E Bonds, and Future Bonds and (b) the annual APM System Capital AP and the annual ConRAC Capital AP, both of which are unsecured obligations of the Department that are not required to be included in the calculation of debt service coverage under the Revenue Bond Indentures.

Figure 44

FORECAST DEBT SERVICE COVERAGE UNDER THE REVENUE BOND INDENTURES

Los Angeles International Airport

For Fiscal Years ending June 30



Note: Includes debt service on Senior Bonds, existing Subordinate Obligations, including existing Subordinate Commercial Paper Notes, and estimated debt service on the proposed Series 2025A-E Subordinate Bonds, Future Bonds, and future Subordinate Commercial Paper Notes. Debt service is net of capitalized interest, if any.
Source of Debt Service: Co-Financial Advisor.

The total annual revenues used to calculate coverage for informational purposes only are equal to (1) forecast annual Net Pledged Revenues plus (2) forecast annual CFC revenues that are currently expected by the Department to be used to pay the ConRAC Capital APs.

The projection of coverage (including the annual APM System Capital AP and ConRAC Capital AP) is shown at the bottom of Exhibit F and ranges from 153% to 223% between FY 2025 and FY 2034.

Exhibit A

ESTIMATED NEXT AIRPORT CAPITAL PROGRAM COSTS AND SOURCES OF FUNDS

Los Angeles International Airport

(dollars in thousands)

		Sources of Funds						
					Series 2025A-E	Future Bond Proceeds		
	Estimated Project Costs	Federal Grants	Department Funds	Other Funds (a)	Subordinate Bond Proceeds (b)	Subordinate	Senior	Total
TERMINAL PROJECTS								
Terminal 5 Renovation and Reconstruction Project	$ 1,737,605	$ -	$ 663,654	$ -	**$ 32,768**	$ -	$ 1,041,183	$ 1,737,605
Midfield Satellite Concourse - South	428,729	-	57,574	-	**371,155**	-	-	428,729
Baggage Optimization Project Phase 2	263,939	-	54,776	-	**209,163**	-	-	263,939
Other Terminal Projects (c)	5,990,927	-	2,651,090	-	**-**	-	3,339,837	5,990,927
TERMINAL PROJECTS TOTAL	**$ 8,421,200**	**$ -**	**$ 3,427,095**	**$ -**	**$ 613,086**	**$ -**	**$ 4,381,020**	**$ 8,421,200**
AIRFIELD AND APRON PROJECTS								
ATMP North Airfield Exit Taxiways Project	$ 245,350	$ 31,426	$ 2,557	$ -	**$ 211,368**	$ -	$ -	$ 245,350
ATMP Taxiway D Project	136,522	67,820	726	-	**67,977**	-	-	136,522
LAXFuel Facility Relocation	39,944	-	9,813	-	**30,131**	-	-	39,944
Other Airfield and Apron Projects (d)	1,361,650	530,220	28,102	-	**-**	803,328	-	1,361,650
AIRFIELD AND APRON PROJECTS TOTAL	**$ 1,783,466**	**$ 629,466**	**$ 41,197**	**$ -**	**$ 309,475**	**$ 803,328**	**$ -**	**$ 1,783,466**
ACCESS PROJECTS								
ATMP Roadway Improvements	$ 2,155,024	$ 353,776	$ 148,936	$ -	**$ -**	$ -	$ 1,652,312	$ 2,155,024
Additional APM System Project Costs	801,172	-	300	-	**685,372**	115,500	-	801,172
Other LAX Roadway Improvements	327,213	-	34,841	-	**-**	-	292,371	327,213
ITF Auxiliary Curbs Project	295,237	31,000	264,237	-	**-**	-	-	295,237
ATMP Real Estate Program	100,369	72,000	28,369	-	**-**	-	-	100,369
Other Access Projects (e)	13,531	-	13,531	-	**-**	-	-	13,531
ACCESS PROJECTS TOTAL	**$ 3,692,544**	**$ 456,776**	**$ 490,214**	**$ -**	**$ 685,372**	**$ 115,500**	**$ 1,944,683**	**$ 3,692,544**
OTHER PROJECTS								
Department Offices Renovation Project - Skyvew Center	$ 79,499	$ -	$ 79,499	$ -	**$ -**	$ -	$ -	$ 79,499
Other Projects (f)	1,023,290	37,303	287,431	32,000	**-**	-	666,555	1,023,290
OTHER PROJECTS TOTAL	**$ 1,102,789**	**$ 37,303**	**$ 366,930**	**$ 32,000**	**$ -**	**$ -**	**$ 666,555**	**$ 1,102,789**
TOTAL NEXT AIRPORT CAPITAL PROGRAM	**$ 15,000,000**	**$ 1,123,545**	**$ 4,325,436**	**$ 32,000**	**$ 1,607,933**	**$ 918,828**	**$ 6,992,258**	**$ 15,000,000**

(a) Includes pay-as-you-go CFC Revenues.

(b) Does not reflect any proposed Series 2025A-E bond proceeds that may be used to refunding outstanding Bonds, Commercial Paper Notes, or Subordinate Revolving Obligations. Debt service savings, if any, from any refundings of outstanding Bonds are not included in the financial forecasts presented in this 2025A-E Report.

(c) Includes TBIT Optimization Project, Wayfinding Enhancement Program, Guest Experience Improvements, Infrastructure Upgrades, long-term Terminal planning projects, and various other Terminal renovation and modernization projects.

(d) includes various runway and taxiway reconstruction and extension projects, hangar demolition, Aircraft Rescue and Firefighting improvements, and other Airfield and Apron projects.

(e) Includes 98th Street Detention Basin Improvements and other Access projects.

(f) Includes LAX Maintenance Yard Relocation Project, Parking Lot F Rehabilitation Project, LAWA Operations Headquarters Project, LAWA Office Headquarters Exterior Project, Employee Parking Improvements, and other projects.

Source: City of Los Angeles, Department of Airports.

Exhibit B

ESTIMATED SOURCES AND USES OF BOND FUNDS

Los Angeles International Airport

(dollars in thousands)

	Proposed Series 2025A-E Subordinate Bonds	Future Bonds 2026	Future Bonds 2027	Future Bonds 2028	Future Bonds 2029 thru 2033	Total Future Bonds	Total Proposed Series 2025A-E Subordinate Bond and Future Bond Series
SENIOR BONDS							
Sources of funds							
Par amount		$ 2,740,575	$ 2,549,310	$ 1,948,355	$ 2,168,335	$ 9,406,575	$ 9,406,575
Total sources of funds		**$ 2,740,575**	**$ 2,549,310**	**$ 1,948,355**	**$ 2,168,335**	**$ 9,406,575**	**$ 9,406,575**
Uses of funds							
Project costs funded with bond proceeds (a)		$ 2,046,152	$ 1,881,781	$ 1,426,302	$ 1,638,023	$ 6,992,258	$ 6,992,258
Repayment of Commercial Paper Notes/ Revolving Credit Obligations		-	-	-	10,897	10,897	10,897
Capitalized interest		446,107	436,559	345,536	322,961	1,551,164	1,551,164
Debt service reserve fund deposit		220,853	205,440	157,011	174,738	758,042	758,042
Costs of issuance		13,703	12,747	9,742	10,842	47,033	47,033
Underwriters discount		13,703	12,747	9,742	10,842	47,033	47,033
Contingency		57	38	23	32	149	149
Total uses of funds		**$ 2,740,575**	**$ 2,549,310**	**$ 1,948,355**	**$ 2,168,335**	**$ 9,406,575**	**$ 9,406,575**
SUBORDINATE BONDS							
Sources of funds							
Par amount	$ 2,199,635	$ 525,845	$ 113,080	$ 9,705	$ 547,725	$ 1,196,355	$ 3,395,990
Reoffering premium	91,580	-	-	-	-	-	91,580
Future Commercial Paper Notes	9,008	-	-	-	-	-	9,008
Total sources of funds	**$ 2,300,223**	**$ 525,845**	**$ 113,080**	**$ 9,705**	**$ 547,725**	**$ 1,196,355**	**$ 3,496,578**
Uses of funds							
Project costs funded with bond proceeds (a)	$ 1,607,933	$ 408,939	$ 85,994	$ 7,380	$ 416,515	$ 918,828	$ 2,526,761
Repayment of Commercial Paper Notes/ Subordinate Revolving Obligations	386,712	-	-	-	-	-	386,712
Capitalized interest	192,050	69,258	16,831	1,446	81,581	169,116	361,166
Debt service reserve fund deposit	107,318	42,376	9,113	782	44,139	96,410	203,728
Costs of issuance	1,405	2,629	565	49	2,739	5,982	7,387
Underwriters discount	4,794	2,629	565	49	2,739	5,982	10,776
Contingency	11	13	11	1	13	38	49
Total uses of funds	**$ 2,300,223**	**$ 525,845**	**$ 113,080**	**$ 9,705**	**$ 547,725**	**$ 1,196,355**	**$ 3,496,578**

Note: Columns or rows may not add to totals shown because of rounding.

(a) See Exhibit A.

Source: Public Resources Advisory Group (the Department's co-Municipal Adviser).

Exhibit C

PLEDGED REVENUES

Los Angeles International Airport

Fiscal Years Ending June 30

(dollars in thousands)

The forecasts presented in this exhibit were prepared using information from the sources identified and assumptions provided by, or reviewed with and agreed to by, Department management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and

	Actual			Forecast									
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
Airline Revenues													
Terminal Building rentals (a)	$ 544,398	$ 717,193	$ 816,568	$ 989,793	$ 1,191,217	$ 1,356,532	$ 1,497,939	$ 1,714,613	$ 1,823,965	$ 2,057,592	$ 2,151,360	$ 2,252,246	$ 2,374,036
Landing and apron fees	250,171	327,263	340,991	385,251	448,784	534,660	601,226	669,587	723,456	767,421	810,373	849,653	890,669
Total Airline Revenues	**$ 794,570**	**$ 1,044,456**	**$ 1,157,559**	**$ 1,375,045**	**$ 1,640,001**	**$ 1,891,192**	**$ 2,099,165**	**$ 2,384,200**	**$ 2,547,421**	**$ 2,825,013**	**$ 2,961,732**	**$ 3,101,898**	**$ 3,264,705**
Annual increase/(decrease)		31.4%	10.8%	18.8%	19.3%	15.3%	11.0%	13.6%	6.8%	10.9%	4.8%	4.7%	5.2%
Aviation Revenues (b)													
Land rentals (c)	$ 112,040	$ 121,601	$ 122,528	$ 129,836	$ 144,025	$ 157,462	$ 162,115	$ 166,906	$ 175,251	$ 180,430	$ 185,762	$ 191,253	$ 196,905
Building rent (d)	96,962	98,296	102,588	104,952	109,770	114,815	120,099	125,634	131,916	138,004	144,380	151,061	158,058
Aircraft parking	1,095	852	11,925	10,851	11,372	11,840	12,306	12,890	13,527	14,092	14,622	15,172	15,742
Fuel fees	1,473	1,780	1,210	1,210	1,268	1,320	1,372	1,437	1,508	1,571	1,630	1,691	1,755
Other aviation revenue (e)	3,021	2,503	3,312	2,356	2,469	2,571	2,672	2,799	2,937	3,060	3,175	3,294	3,418
Total Aviation Revenues	**$ 214,592**	**$ 225,032**	**$ 241,563**	**$ 249,205**	**$ 268,904**	**$ 288,008**	**$ 298,564**	**$ 309,666**	**$ 325,139**	**$ 337,157**	**$ 349,569**	**$ 362,471**	**$ 375,878**
Annual increase/(decrease)		4.9%	7.3%	3.2%	7.9%	7.1%	3.7%	3.7%	5.0%	3.7%	3.7%	3.7%	3.7%
Concession Revenues													
Auto parking (f)	$ 121,844	$ 149,571	$ 162,045	$ 166,907	$ 189,617	$ 189,606	$ 189,911	$ 204,185	$ 220,340	$ 234,459	$ 247,530	$ 261,344	$ 275,931
Rental cars	78,249	83,827	82,795	82,245	90,457	93,877	97,095	101,974	107,497	111,702	115,143	118,695	122,355
Duty free	22,048	37,646	67,369	68,690	78,695	87,187	90,356	94,400	98,611	103,029	107,668	112,501	117,526
Duty paid terminal concessions													
Food & beverage	$ 18,688	$ 22,917	$ 20,139	$ 17,035	$ 20,631	$ 21,517	$ 22,365	23,605	25,007	26,114	27,051	28,024	29,031
Retail	11,007	11,241	10,207	9,630	11,158	11,694	12,215	12,956	13,793	14,474	15,068	15,686	16,330
Terminal commercial management	27,884	42,162	50,356	52,010	60,533	62,821	64,975	68,240	71,936	74,749	77,052	79,429	81,879
Duty paid terminal concessions total	$ 57,579	$ 76,320	$ 80,702	$ 78,675	$ 92,322	$ 96,032	$ 99,555	$ 104,801	$ 110,736	$ 115,337	$ 119,171	$ 123,139	$ 127,240
Commercial vehicles revenue (g)	45,035	56,029	68,805	67,238	76,983	87,012	91,510	97,726	104,752	110,682	116,012	121,604	127,464
Foreign exchange	3,275	3,577	3,634	3,300	3,575	3,784	3,960	4,178	4,407	4,650	4,906	5,177	5,461
Telecommunications	1,795	1,908	1,853	1,139	1,218	1,285	1,351	1,443	1,547	1,635	1,714	1,797	1,884
Other concession revenue (h)	7,766	8,864	8,215	6,965	7,445	7,856	8,262	8,823	9,457	9,992	10,473	10,978	11,507
Terminal advertising	28,720	29,737	36,975	35,684	40,697	42,946	45,166	48,235	51,702	54,629	57,260	60,020	62,912
Total Concession Revenues	**$ 366,312**	**$ 447,478**	**$ 512,393**	**$ 510,843**	**$ 581,009**	**$ 609,585**	**$ 627,166**	**$ 665,765**	**$ 709,049**	**$ 746,115**	**$ 779,877**	**$ 815,255**	**$ 852,280**
Annual increase/(decrease)		22.2%	14.5%	-0.3%	13.7%	4.9%	2.9%	6.2%	6.5%	5.2%	4.5%	4.5%	4.5%

Exhibit C (Page 2 of 2)
PLEDGED REVENUES
Los Angeles International Airport
Fiscal years ending June 30th
(dollars in thousands)

	Actual			Forecast									
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
Miscellaneous Revenues													
Build America Bonds													
subsidy (Series 2009C & 2010C)	$ 7,085	$ 6,512	$ 6,460	$ 6,811	$ 5,928	$ 5,664	$ 5,389	$ 5,102	$ 4,803	$ 4,522	$ 4,485	$ 4,161	$ 3,823
Other Airport sales & services	6,011	6,650	9,607	9,722	9,985	10,255	10,532	10,816	11,108	11,408	11,716	12,033	12,358
Common Transportation System													
Contributions (i)	-	-	-	-	23,061	47,275	48,457	49,669	50,911	52,183	53,488	54,825	56,196
ConRAC Concessionaire M&O Fee (j)	-	-	-	2,467	13,021	23,829	25,299	26,863	28,526	30,295	32,178	34,182	36,315
Miscellaneous revenues (k)	3,953	5,876	4,554	4,826	4,952	5,080	5,212	5,347	5,486	5,628	5,774	5,924	6,078
Total Miscellaneous Revenues	**$ 17,049**	**$ 19,038**	**$ 20,621**	**$ 21,361**	**$ 56,946**	**$ 92,103**	**$ 94,889**	**$ 97,797**	**$ 100,833**	**$ 104,037**	**$ 107,641**	**$ 111,125**	**$ 114,769**
Annual increase/(decrease)		11.7%	8.3%	3.6%	166.6%	61.7%	3.0%	3.1%	3.1%	3.2%	3.5%	3.2%	3.3%
Investment Earnings (l)	$ (69,353)	$ 26,554	$ 109,904	$ 49,701	$ 49,822	$ 55,613	$ 61,799	$ 67,474	$ 74,099	$ 80,582	$ 88,989	$ 98,138	$ 105,001
Total Pledged Revenues	**$ 1,323,169**	**$ 1,762,559**	**$ 2,042,039**	**$ 2,206,155**	**$ 2,596,682**	**$ 2,936,502**	**$ 3,181,583**	**$ 3,524,902**	**$ 3,756,542**	**$ 4,092,904**	**$ 4,287,808**	**$ 4,488,888**	**$ 4,712,633**
Annual increase/(decrease)		33.2%	15.9%	8.0%	17.7%	13.1%	8.3%	10.8%	6.6%	9.0%	4.8%	4.7%	5.0%

(a) Net of Tier 2 Revenue Sharing credits.
(b) Other than Airline Terminal rentals, landing fees, and apron fees.
(c) Includes land rent revenues associated with the Park One property, Skyview, and ConRAC.
(d) Includes (1) passenger terminal building rents from entities other than airlines and (2) rents from buildings other than the passenger terminals.
(e) Includes certain TSA revenues and other aviation fees.
(f) Forecast for FY 2026 through FY 2028 based on Department's parking revenue forecast. Substantial increase in FY 2026 related to new parking rates adopted by Board in November 2024. Forecast parking revenues per O&D passenger for FY 2029-on based on assumed inflation to account for expected future increases in public parking rates.
(g) Includes bus, limousine, taxi cab, and transportation network company (e.g. Uber/Lyft) revenues.
(h) Includes, among other items, luggage carts and automated teller machine revenue.
(i) ConRAC Concessionaire Common Transportation System Contributions used to pay a portion of annual estimated APM operating and capital costs.
(j) Payment from ConRAC Concessionaires to the Department for the ConRAC M&O AP.
(k) Includes certain other TSA revenues.
(l) FY 2022 negative amount related to fair market value assessment for accounting purposes.

Exhibit C-1

AIRLINE REVENUES AND COST PER ENPLANED PASSENGER

Los Angeles International Airport

Fiscal Years Ending June 30

(amounts in thousands, except cost per enplaned passenger)

The forecasts presented in this exhibit were prepared using information from the sources identified and assumptions provided by, or reviewed with and agreed to by, Department management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those

	Actual			Forecast									
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
AIRLINE REVENUES													
Airline Terminal Rentals	$ 544,398	$ 717,193	$ 816,568	$ 989,793	$1,191,217	$1,356,532	$1,497,939	$1,714,613	$1,823,965	$2,057,592	$2,151,360	$2,252,246	$2,374,036
Less: Tier Two Revenue Sharing (a)	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Airline Terminal Rentals	$ 544,398	$ 717,193	$ 816,568	$ 989,793	$1,191,217	$1,356,532	$1,497,939	$1,714,613	$1,823,965	$2,057,592	$2,151,360	$2,252,246	$2,374,036
Less: Airline Lounge Payments	$ (42,517)	$ (35,656)	$ (42,598)	$ (51,155)	$ (61,541)	$ (68,834)	$ (76,841)	$ (89,466)	$ (95,475)	$ (108,814)	$ (113,934)	$ (119,266)	$ (125,739)
Net Airline Terminal Payments -- Aeronautical	$ 501,881	$ 681,538	$ 773,970	$ 938,638	$1,129,676	$1,287,698	$1,421,098	$1,625,148	$1,728,491	$1,948,778	$2,037,425	$2,132,979	$2,248,298
Signatory Airline Landing and Apron Fees (b)	249,681	324,704	343,386	382,251	448,784	534,660	601,226	669,587	723,456	767,421	810,373	849,653	890,669
Subtotal Signatory Airline Revenues	$ 751,561	$1,006,242	$1,117,356	$1,320,890	$1,578,460	$1,822,358	$2,022,324	$2,294,735	$2,451,946	$2,716,200	$2,847,798	$2,982,632	$3,138,966
Non-Signatory landing fees	491	3,395	948	3,000	-	-	-	-	-	-	-	-	-
Less: Landing Fees associated with all-cargo carriers	(47,936)	(52,436)	(43,559)	(43,319)	(52,986)	(59,619)	(67,328)	(76,387)	(82,667)	(87,659)	(92,913)	(97,642)	(102,418)
Total Passenger Airline Revenues	**$ 704,116**	**$ 957,200**	**$1,074,745**	**$1,280,571**	**$1,525,475**	**$1,762,739**	**$1,954,996**	**$2,218,347**	**$2,369,280**	**$2,628,540**	**$2,754,885**	**$2,884,990**	**$3,036,548**
Enplaned passengers	30,268	35,525	38,340	38,464	40,035	41,137	42,126	43,805	45,720	47,038	48,007	48,998	50,009
Airline cost per enplaned passenger	**$ 23.27**	**$ 26.94**	**$ 28.03**	**$ 33.29**	**$ 38.10**	**$ 42.85**	**$ 46.41**	**$ 50.64**	**$ 51.82**	**$ 55.88**	**$ 57.39**	**$ 58.88**	**$ 60.72**

(a) Pursuant to the Rate Agreement, the following amounts, if any, are credited to Signatory Airlines as Tier Two Revenue Sharing: (1) amounts in the Terminal Renewal and Improvement Fund above the maximum balance specified in the Rate Agreement and (2) Net Terminal Cash Flow generated each year above the annual maximum specified in the Rate Agreement.

(b) Does not include credit for Reliever Airport Fee (FY 2024 credit = $3,343,031, FY 2023 credit = $954,309, FY 2022 credit =$0).

Exhibit C-2

AIRLINE TERMINAL RENTALS

Los Angeles International Airport

Fiscal Years Ending June 30

(dollars in thousands)

The forecasts presented in this exhibit were prepared using information from the sources identified and assumptions provided by, or reviewed with and agreed to by, Department management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Forecast									
	2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
Demised Premises	$ 542,548	$ 661,911	$ 761,777	$ 850,389	$ 990,102	$ 1,056,605	$ 1,204,226	$ 1,260,893	$ 1,319,902	$ 1,391,532
Common Use Fees	238,906	298,553	346,140	382,586	438,228	466,323	525,274	550,570	576,899	608,221
Federal Inspection Service Fees	198,275	220,617	238,109	254,066	274,969	289,605	316,291	327,600	342,622	360,904
Terminal Special Charges	10,064	10,135	10,506	10,898	11,315	11,432	11,801	12,297	12,823	13,379
Total airline terminal rentals	**$ 989,793**	**$ 1,191,217**	**$ 1,356,532**	**$ 1,497,939**	**$ 1,714,613**	**$ 1,823,965**	**$ 2,057,592**	**$ 2,151,360**	**$ 2,252,246**	**$ 2,374,036**

Note: Total airline terminal rentals above are before Tier 2 revenue sharing is credited to the airlines, and differs from the amount shown on Exhibit C. Tier 2 revenue sharing can be seen on Exhibit C-1.

Exhibit C-3
LANDING AND APRON FEES
Los Angeles International Airport
Fiscal Years Ending June 30
(in thousands, except for rates)

The forecasts presented in this exhibit were prepared using information from the sources identified and assumptions provided by, or reviewed with and agreed to by, Department management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Forecast									
	2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
LANDING FEES										
Operating Expense	$ 197,436	$ 219,717	$ 240,052	$ 256,054	$ 273,048	$ 289,216	$ 306,348	$ 324,502	$ 343,740	$ 364,125
Amortization Expense	24,303	34,096	43,180	46,294	46,768	48,517	48,200	48,142	47,215	44,932
Senior Debt Service	3,795	4,903	9,866	20,556	49,019	73,864	82,672	83,490	83,567	87,086
Subordinate Debt Service	69,700	82,518	113,457	139,031	155,932	156,531	165,028	182,214	193,284	199,824
Less: Credit for Build America Bonds subsidy (Series 2009C & 2010C)	(6,811)	(5,928)	(5,664)	(5,389)	(5,102)	(4,803)	(4,522)	(4,485)	(4,161)	(3,823)
Debt Service Coverage (a)	-	-	-	-	-	-	-	63	2,669	6,813
APM AP-C	-	6,231	13,408	14,256	15,130	15,584	16,052	16,533	17,029	17,540
M&O Reserve	3,416	6,119	5,558	3,677	3,917	4,151	4,399	4,662	4,941	5,236
Van Nuys Reliever Net Costs	5,197	5,581	5,993	6,435	6,909	7,417	7,960	8,541	9,161	9,823
Total Airfield Requirement (Fees)	**$ 297,036**	**$ 353,237**	**$ 425,849**	**$ 480,914**	**$ 545,622**	**$ 590,477**	**$ 626,136**	**$ 663,662**	**$ 697,445**	**$ 731,556**
APRON FEES										
Operating Expense	$ 56,124	$ 61,054	$ 66,539	$ 72,613	$ 73,830	$ 78,228	$ 82,889	$ 87,827	$ 93,062	$ 98,609
Amortization Expense	7,862	9,514	11,492	13,066	11,667	10,481	9,636	9,598	9,459	8,919
Senior Debt Service	5,184	5,558	6,757	9,617	15,328	21,006	22,706	23,060	23,303	24,513
Subordinate Debt Service	15,075	16,545	19,846	20,746	19,498	19,482	22,124	22,141	22,139	22,128
Debt Service Coverage (a)	-	-	-	-	-	-	-	-	-	529
APM AP-C	-	1,152	2,606	3,212	2,555	2,632	2,711	2,792	2,876	2,962
M&O Reserve	971	1,723	1,570	1,057	1,086	1,150	1,219	1,292	1,369	1,451
Total Apron Requirement (Fees)	**$ 85,215**	**$ 95,547**	**$ 108,811**	**$ 120,311**	**$ 123,965**	**$ 132,979**	**$ 141,285**	**$ 146,710**	**$ 152,208**	**$ 159,112**
TOTAL LANDING AND APRON FEES	**$ 382,251**	**$ 448,784**	**$ 534,660**	**$ 601,226**	**$ 669,587**	**$ 723,456**	**$ 767,421**	**$ 810,373**	**$ 849,653**	**$ 890,669**

(a) Debt service coverage is 0.25x for Senior Debt Service and 0.15x for Subordinate Debt Service. Only debt service coverage above and beyond amortization expenses, if any, is included in the Landing Fee and Apron Fee calculations.
(b) Landed weight associated with remote commuter operations is excluded for purposes of the Apron Fee calculation.

Exhibit D

LAX MAINTENANCE AND OPERATION EXPENSES

Los Angeles International Airport

Fiscal Years Ending June 30

(dollars in thousands)

The forecasts presented in this exhibit were prepared using information from the sources identified and assumptions provided by, or reviewed with and agreed to by, Department management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Actual			Budget (a)	Forecast								
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
BY TYPE OF EXPENSE													
Salaries and Benefits (b)	$ 358,445	$ 435,105	$ 484,046	$ 524,255	$ 585,243	$ 636,065	$ 674,239	$ 714,704	$ 757,600	$ 803,071	$ 851,271	$ 902,367	$ 956,528
Contractual Services (c)	250,716	275,150	301,357	379,375	431,129	484,738	512,502	541,898	573,030	605,997	640,909	677,886	717,045
Administrative Services (d)	1,862	2,142	2,757	6,062	8,748	10,372	10,995	11,657	12,358	13,101	13,890	14,726	15,612
Materials and Supplies	40,923	42,044	56,738	81,576	88,742	95,587	101,266	107,284	113,660	120,415	127,573	135,157	143,193
Utilities	48,985	58,880	62,180	69,809	73,983	78,846	83,561	88,558	93,853	99,466	105,414	111,718	118,400
Advertising and Public Relations	1,364	1,098	2,492	2,849	3,020	3,219	3,412	3,617	3,834	4,064	4,308	4,566	4,840
Other Operating Expenses	17,443	20,293	31,057	38,190	40,459	43,104	45,665	48,379	51,255	54,301	57,529	60,949	64,573
Subtotal	$ 719,738	$ 834,711	$ 940,627	$ 1,102,116	$ 1,231,324	$ 1,351,931	$ 1,431,641	$ 1,516,097	$ 1,605,589	$ 1,700,416	$ 1,800,894	$ 1,907,370	$ 2,020,192
Less: Administrative expenses allocated to other airports	(3,099)	(3,163)	(3,983)	(3,718)	(3,755)	(3,793)	(3,830)	(3,869)	(3,907)	(3,946)	(3,986)	(4,025)	(4,065)
Operating Expenses	$ 716,640	$ 831,548	$ 936,645	$ 1,098,399	$ 1,227,569	$ 1,348,138	$ 1,427,811	$ 1,512,228	$ 1,601,682	$ 1,696,470	$ 1,796,908	$ 1,903,345	$ 2,016,127
Less: Other adjustments (d)	60,659	4,758	3,194	-	-	-	-	-	-	-	-	-	-
LAX M&O Expenses before use of Coronavirus Relief Grants	**$ 777,299**	**$ 836,306**	**$ 939,839**	**$ 1,098,399**	**$ 1,227,569**	**$ 1,348,138**	**$ 1,427,811**	**$ 1,512,228**	**$ 1,601,682**	**$ 1,696,470**	**$ 1,796,908**	**$ 1,903,345**	**$ 2,016,127**
Annual increase/(decrease)		7.6%	12.4%	16.9%	11.8%	9.8%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
Less: Coronavirus Relief Grants used to pay LAX M&O Expenses	(8,452)	(165,082)	-	-	-	-	-	-	-	-	-	-	-
LAX M&O Expenses after use of Coronavirus Relief Grants	**$ 768,847**	**$ 671,224**	**$ 939,839**	**$ 1,098,399**	**$ 1,227,569**	**$ 1,348,138**	**$ 1,427,811**	**$ 1,512,228**	**$ 1,601,682**	**$ 1,696,470**	**$ 1,796,908**	**$ 1,903,345**	**$ 2,016,127**
Capital Outlays				30,981	32,840	34,810	36,899	39,113	41,460	43,947	46,584	49,379	52,342
Total LAX M&O Expenses after use of Coronavirus Relief Grants + Capital Outlays				**$ 1,129,380**	**$ 1,260,409**	**$ 1,382,948**	**$ 1,464,710**	**$ 1,551,341**	**$ 1,643,142**	**$ 1,740,417**	**$ 1,843,492**	**$ 1,952,724**	**$ 2,068,469**
SUMMARY BY COST CENTER													
Terminal Building				$ 627,300	$ 675,447	$ 730,152	$ 775,636	$ 823,880	$ 873,176	$ 925,423	$ 980,800	$ 1,039,496	$ 1,101,706
Apron Area				56,124	61,054	66,539	72,613	73,830	78,228	82,889	87,827	93,062	98,609
Airfield Area				197,436	219,717	240,052	256,054	273,048	289,216	306,348	324,502	343,740	364,125
Aviation				94,036	103,126	108,140	109,273	113,683	120,398	127,512	135,051	143,038	151,503
Commercial				109,969	154,027	188,360	198,607	211,388	223,460	236,249	249,794	264,145	279,344
Other / Exclusions				44,515	47,039	49,707	52,528	55,510	58,663	61,995	65,518	69,243	73,181
Total LAX M&O Expenses after use of Coronavirus Relief Grants + Capital Outlays				**$ 1,129,380**	**$ 1,260,409**	**$ 1,382,948**	**$ 1,464,710**	**$ 1,551,341**	**$ 1,643,142**	**$ 1,740,417**	**$ 1,843,492**	**$ 1,952,724**	**$ 2,068,469**

(a) Source: City of Los Angeles, Department of Airports. LAX M&O Expenses + Equipment/Vehicles does not tie exactly to the Department's Adopted Budget due to certain adjustments related to capitalized salaries and benefits and other similar adjustments. As a result these numbers do not match exactly to Table 14 of the Official Statement.

(b) Actual FY 2022, FY 2023, and FY 2024 includes ($60.7) million, ($4.8) million, and ($3.2) million respectively for GASB 68 pension liability amount that is deducted below in the "other adjustments" line, and is only shown through FY 2024 so that Operating Expenses are consistent with Table 15 of the Official Statement. The GASB 68 pension liability amount or corresponding deduction below is not forecast (not reflected in FY 2025-FY 2034). Starting in FY 2026, includes certain LAWA staffing costs associated with the APM system and the ConRAC.

(c) Starting in FY 2026, includes (1) the estimated APM M&O AP, (2) the estimated ConRAC M&O AP, (3) variable expenses of the ConRAC developer, and (4) certain LAWA expenses related to the APM System and the ConRAC.

(d) Includes expenses excluded from LAX M&O Expenses, including certain expenses paid with grants/other sources. Actual FY 2022, FY 2023, and FY 2024 amounts also include the deduction of ($60.7) million, ($4.8) million, and ($3.2) million respectively of GASB 68 pension liability. Other adjustments are not forecast as they are not expected to have a material impact on future LAX M&O Expenses.

Exhibit E

DEBT SERVICE

Los Angeles International Airport

Fiscal Years Ending June 30

(dollars in thousands)

The forecasts presented in this exhibit were prepared using information from the sources identified and assumptions provided by, or reviewed with and agreed to by, Department management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

		Actual			Forecast									
		2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
SENIOR BOND DEBT SERVICE (a)														
Existing Senior Bond Debt Service														
Series 2012A		$ 5,321	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Series 2012B		6,448	-	-	-	-	-	-	-	-	-	-	-	-
Series 2013A		6,222	7,112	-	-	-	-	-	-	-	-	-	-	-
Series 2015A		15,160	17,564	17,567	17,569	17,567	17,569	17,559	17,562	17,566	17,566	17,561	17,555	17,566
Series 2015B		3,136	3,136	3,139	3,135	3,140	3,136	3,134	3,139	3,140	3,138	3,133	3,134	3,141
Series 2015D		19,285	20,514	20,513	20,513	20,518	20,511	20,518	20,511	20,510	20,519	20,521	20,514	20,518
Series 2015E		2,151	2,145	2,148	2,150	2,148	2,148	2,145	2,149	2,145	2,148	2,151	2,151	2,152
Series 2016C		10,299	25,746	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753	5,753
Series 2018B		5,544	11,325	27,905	28,166	28,173	28,170	15,830	28,829	28,833	28,713	28,837	28,841	28,613
Series 2020A		27,254	42,531	41,693	46,550	51,080	47,171	59,747	42,351	64,019	64,959	64,925	64,930	64,954
Series 2020B		25,643	26,038	57,598	52,950	48,671	57,644	45,394	63,023	46,016	45,429	45,692	46,006	46,394
Series 2020C		10,436	13,254	18,780	21,836	23,143	25,899	25,900	25,903	25,902	25,902	25,900	25,900	25,902
Series 2020D		-	-	2,595	2,725	2,991	8,033	8,033	8,035	8,034	8,035	8,032	8,036	8,034
Series 2022G		-	-	2,276	32,972	42,148	44,427	44,424	44,426	44,427	44,430	44,421	44,431	44,424
Series 2022H		-	-	-	5,723	21,695	22,823	22,819	22,815	22,820	22,819	22,815	22,814	22,815
Series 2022I		-	-	-	4,655	5,544	14,894	14,893	14,894	14,896	14,894	14,892	14,895	14,896
Total Existing Senior Bond Debt Service	[A]	$ 136,897	$ 169,366	$ 199,967	$ 244,697	$ 272,569	$ 298,176	$ 286,147	$ 299,389	$ 304,062	$ 304,302	$ 304,632	$ 304,958	$ 305,160
Future Senior Bond Debt Service	[B]	$ -	$ -	$ -	$ -	$ 4,537	$ 45,978	$ 131,065	$ 367,869	$ 484,198	$ 640,403	$ 670,541	$ 705,162	$ 772,927
Total Senior Bond Debt Service	**[C]=[A]+[B]**	**$ 136,897**	**$ 169,366**	**$ 199,967**	**$ 244,697**	**$ 277,106**	**$ 344,154**	**$ 417,212**	**$ 667,257**	**$ 788,260**	**$ 944,705**	**$ 975,173**	**$ 1,010,121**	**$ 1,078,087**
Less: PFC revenues used to pay Senior Bond Debt Service (b)--Terminal		$ (55,462)	$ (37,666)	$ (61,300)	$ (83,134)	$ (73,538)	$ (78,262)	$ (73,871)	$ (87,069)	$ (100,284)	$ (102,443)	$ (105,913)	$ (109,979)	$ (136,174)
Less: PFC revenues used to pay Senior Bond Debt Service (b)--APM		-	-	-	-	(9,011)	(9,010)	(9,010)	(9,011)	(9,011)	(9,011)	(9,009)	(9,012)	(9,012)
Less: CFC Revenues used to pay Senior Bond Debt Service--APM		-	-	-	-	-	-	-	-	-	-	(2,115)	(2,953)	(3,230)
PFCs and CFCs used to Pay Senior Bond Debt Service	**[D]**	$ (55,462)	$ (37,666)	$ (61,300)	$ (83,134)	$ (82,549)	$ (87,272)	$ (82,881)	$ (96,080)	$ (109,296)	$ (111,454)	$ (117,037)	$ (121,943)	$ (148,415)
Senior Aggregate Annual Debt Service (a)	**[E]=[C]+[D]**	**$ 81,435**	**$ 131,700**	**$ 138,667**	**$ 161,563**	**$ 194,557**	**$ 256,882**	**$ 334,331**	**$ 571,178**	**$ 678,964**	**$ 833,251**	**$ 858,136**	**$ 888,178**	**$ 929,672**
Allocation to Direct Cost Centers														
Terminal Building		$ 74,207	$ 123,986	$ 127,669	$ 146,060	$ 180,345	$ 224,704	$ 276,422	$ 444,268	$ 497,733	$ 633,364	$ 658,493	$ 689,058	$ 722,902
Apron Area		3,658	3,730	5,004	5,184	5,558	6,757	9,617	15,328	21,006	22,706	23,060	23,303	24,513
Airfield Area		1,777	2,101	3,093	3,795	4,903	9,866	20,556	49,019	73,864	82,672	83,490	83,567	87,086
Aviation		1,068	1,068	1,806	2,079	2,520	6,129	11,947	25,027	36,856	41,086	41,452	41,454	42,861
Commercial		725	816	1,095	4,445	1,231	9,427	15,788	37,535	49,506	53,422	51,641	50,796	52,310
Senior Aggregate Annual Debt Service	**=[E]**	**$ 81,435**	**$ 131,700**	**$ 138,667**	**$ 161,563**	**$ 194,557**	**$ 256,882**	**$ 334,331**	**$ 571,178**	**$ 678,964**	**$ 833,251**	**$ 858,136**	**$ 888,178**	**$ 929,672**

Exhibit E (page 2 of 2)
DEBT SERVICE
Los Angeles International Airport
Fiscal Years Ending June 30 (dollars in thousands)

		Actual			Forecast									
		2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
SUBORDINATE OBLIGATIONS DEBT SERVICE (a)														
Existing Subordinate Obligations Debt Service														
Series 2009C		$ 11,490	$ 26,661	$ 26,423	$ 26,174	$ 25,908	$ 25,629	$ 25,341	$ 25,047	$ 23,286	$ 22,995	$ 22,693	$ 22,372	$ 22,037
Series 2010C		2,788	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187	4,187
Series 2013B		2,678	4,392	-	-	-	-	-	-	-	-	-	-	-
Series 2015C		-	14,404	14,399	14,402	14,399	14,402	14,401	14,400	14,398	14,399	14,402	14,400	14,403
Series 2016A		8,292	8,765	8,665	8,666	8,663	-	-	-	-	-	-	-	-
Series 2016B		24,399	29,599	29,595	29,596	29,605	29,596	29,599	29,606	29,602	29,600	29,599	29,597	29,604
Series 2017A		12,427	16,472	16,474	16,475	16,476	16,476	16,475	16,476	16,470	16,476	16,472	16,474	16,476
Series 2017B		-	6,432	6,430	6,428	6,430	6,429	6,432	6,427	6,430	6,430	6,431	6,428	6,430
Series 2018A		16,895	22,284	22,284	22,743	23,381	25,239	25,234	25,240	25,240	25,241	25,238	25,241	25,233
Series 2018C		30,779	30,788	30,786	30,792	30,780	30,788	30,784	30,782	30,781	30,779	30,779	30,784	30,781
Series 2018D		23,536	32,375	32,375	32,372	32,380	32,375	32,373	32,376	32,371	40,088	40,087	20,563	20,574
Series 2018E		-	-	3,350	3,520	4,225	11,351	11,352	11,353	11,349	11,350	11,354	11,351	11,351
Series 2019A		8,274	13,522	13,546	13,522	13,522	13,000	14,337	12,929	12,621	12,625	12,620	12,627	12,638
Series 2019B		1,725	3,414	3,407	3,408	3,411	3,411	3,408	3,407	3,403	3,410	3,409	3,409	3,409
Series 2019C		16,453	13,024	11,421	11,224	11,232	6,965	17,927	6,390	3,806	3,869	3,804	3,805	3,940
Series 2019D		1,882	6,419	6,418	7,891	8,185	11,176	11,173	11,176	11,178	11,175	11,171	11,180	11,167
Series 2019E		3,892	8,218	8,220	11,214	11,995	18,365	18,362	18,358	18,359	18,364	18,360	18,363	18,367
Series 2019F		5,996	20,648	20,656	22,338	22,590	25,889	25,894	25,892	25,891	25,895	25,897	25,887	25,898
Series 2021A		8,766	18,753	19,838	26,493	27,089	27,146	27,147	27,254	27,530	28,127	28,761	28,968	29,171
Series 2021B		4,181	4,567	4,567	13,332	14,700	28,522	28,524	28,521	28,523	28,528	29,055	30,761	32,775
Series 2021C		1,689	1,358	1,358	10,823	10,837	10,836	10,845	10,728	10,445	9,840	8,688	6,761	4,546
Series 2021D		9,170	14,659	15,586	18,815	36,468	43,051	43,059	45,355	48,818	56,023	56,007	56,007	56,007
Series 2021E		1,571	3,807	3,758	3,756	7,084	15,801	15,796	15,805	12,340	5,151	5,140	5,155	5,141
Series 2022A		-	-	5,608	14,629	23,549	23,671	23,672	23,672	23,675	23,674	23,673	23,672	23,674
Series 2022B		209	656	656	656	4,720	10,973	10,968	10,974	10,968	10,967	10,973	10,967	10,974
Series 2022C		628	2,513	8,724	17,728	28,399	28,401	28,404	27,016	17,391	17,395	17,396	17,401	17,401
Series 2022D		1,226	5,873	9,344	10,615	6,191	6,193	6,195	6,047	15,662	15,660	15,665	15,663	15,660
Series 2022E		233	931	931	931	2,016	2,011	2,010	2,010	2,013	2,017	2,013	2,005	2,009
Series 2022F		291	1,165	1,165	1,165	3,590	3,606	3,597	3,614	3,595	3,575	3,586	3,601	3,595
Series 2023A		-	1,177	20,622	20,629	20,630	20,625	20,628	20,627	20,621	20,625	20,631	20,623	20,630
Series 2023B		-	221	4,519	4,515	4,516	4,516	4,516	4,519	4,515	4,514	4,517	4,516	4,518
Commercial Paper Notes/Revolving Credit Obligations		5,050	1,503	519	-	-	-	-	-	-	-	-	-	-
Total Existing Subordinate Obligations Debt Service	**[F]**	$ 204,521	$ 318,786	$ 355,829	$ 409,037	$ 457,153	$ 500,629	$ 512,635	$ 500,186	$ 495,467	$ 502,976	$ 502,604	$ 482,768	$ 482,593
Future Subordinate Bond Debt Service	**[G]**	$ -	$ -	$ -	$ -	$ 38,567	$ 140,499	$ 183,935	$ 201,954	$ 204,312	$ 215,253	$ 232,972	$ 244,374	$ 251,228
Total Subordinate Obligations Debt Service	**[H]=[F]+[G]**	**$ 204,521**	**$ 318,786**	**$ 355,829**	**$ 409,037**	**$ 495,719**	**$ 641,128**	**$ 696,570**	**$ 702,140**	**$ 699,778**	**$ 718,229**	**$ 735,576**	**$ 727,142**	**$ 733,822**
Less: PFC Revenues used to pay Subordinate Debt Service (b)--APM		$ -	$ -	$ -	$ -	$ (21,005)	$ (21,011)	$ (21,010)	$ (21,010)	$ (21,011)	$ (21,007)	$ (21,009)	$ (21,007)	$ (21,010)
Less: PFC Revenues used to pay Subordinate Debt Service (b)--Terminal		(42,045)	(92,218)	(68,893)	(78,337)	(70,230)	(69,074)	(77,924)	(68,032)	(59,774)	(62,330)	(62,371)	(62,478)	(62,696)
Less: CFC Revenues used to pay Subordinate Debt Service--APM		-	-	-	-	-	-	-	-	-	-	(4,322)	(6,033)	(6,600)
Less: Coronavirus Relief Grants used to pay Subordinate Debt Service		(12,852)	(2,361)	-	-	-	-	-	-	-	-	-	-	-
PFCs, CFCs and Coronavirus Relief Grants used to pay Subordinate Debt Service	**[I]**	$ (54,897)	$ (94,579)	$ (68,893)	$ (78,337)	$ (91,235)	$ (90,085)	$ (98,934)	$ (89,042)	$ (80,786)	$ (83,337)	$ (87,703)	$ (89,518)	$ (90,307)
Subordinate Aggregate Annual Debt Service (a)	**[J]=[H]+[I]**	**$ 149,624**	**$ 224,207**	**$ 286,936**	**$ 330,700**	**$ 404,484**	**$ 551,043**	**$ 597,635**	**$ 613,098**	**$ 618,992**	**$ 634,892**	**$ 647,873**	**$ 637,624**	**$ 643,515**
Allocation to Direct Cost Centers														
Terminal Building		$ 126,944	$ 142,418	$ 203,621	$ 234,425	$ 286,619	$ 344,425	$ 366,982	$ 367,026	$ 372,337	$ 377,102	$ 377,200	$ 357,590	$ 357,522
Apron Area		1,111	14,207	14,322	15,075	16,545	19,846	20,746	19,498	19,482	22,124	22,141	22,139	22,128
Airfield Area		20,512	63,641	63,483	69,700	82,518	113,457	139,031	155,932	156,531	165,028	182,214	193,284	199,824
Aviation		1,558	1,709	2,032	3,474	6,927	16,672	14,432	13,606	13,607	13,606	13,606	13,607	13,607
Commercial		12,350	4,592	3,477	8,027	11,874	56,642	56,445	57,037	57,036	57,033	52,713	51,004	50,435
Less: Coronavirus Relief Grants used to pay Subordinate Debt Service		(12,852)	(2,361)	-	-	-	-	-	-	-	-	-	-	-
Subordinate Aggregate Annual Debt Service	**=[J]**	**$ 149,624**	**$ 224,207**	**$ 286,936**	**$ 330,700**	**$ 404,484**	**$ 551,043**	**$ 597,635**	**$ 613,098**	**$ 618,992**	**$ 634,892**	**$ 647,873**	**$ 637,624**	**$ 643,515**
TOTAL DEBT SERVICE	**=[E]+[J]**	**$ 231,059**	**$ 355,907**	**$ 425,603**	**$ 492,263**	**$ 599,042**	**$ 807,925**	**$ 931,966**	**$ 1,184,276**	**$ 1,297,956**	**$ 1,468,143**	**$ 1,506,009**	**$ 1,525,802**	**$ 1,573,187**

(a) As defined in the Senior and Subordinate Indentures, for purposes of meeting the Senior and Subordinate Rate Covenants, Senior Aggregate Annual Debt Service and Subordinate Aggregate Annual Debt Service is net of PFC Revenues, CFC Revenues, and Coronavirus Relief Grants used to pay debt service, and is also net of capitalized interest.

(b) The amount of PFC revenues reflected on this exhibit to pay debt service is based on (1) existing approvals from the FAA and (2) the assumption that the Department will apply for and receive FAA approval to use PFC revenues for debt service associated with certain future projects.

Sources: Existing series debt service: the Department. PFCs, CFCs, and grants used to pay debt service: the Department. Future series debt service: Public Resources Advisory Group (the Department's Co-Financial Adviser).

Exhibit F

FLOW OF FUNDS AND DEBT SERVICE COVERAGE

Los Angeles International Airport

Fiscal Years Ending June 30

(amounts in thousands, except coverage ratios)

The forecasts presented in this exhibit were prepared using information from the sources identified and assumptions provided by, or reviewed with and agreed to by, Department management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

		Actual			**Forecast**									
		2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
FLOW OF FUNDS														
Pledged Revenues														
Airline Revenues		$ 794,570	$ 1,044,456	$ 1,157,559	$ 1,375,045	$ 1,640,001	$ 1,891,192	$ 2,099,165	$ 2,384,200	$ 2,547,421	$ 2,825,013	$ 2,961,732	$ 3,101,898	$ 3,264,705
Aviation Revenues		214,592	225,032	241,563	249,205	268,904	288,008	298,564	309,666	325,139	337,157	349,569	362,471	375,878
Concession Revenues		366,312	447,478	512,393	510,843	581,009	609,585	627,166	665,765	709,049	746,115	779,877	815,255	852,280
Miscellaneous Revenues		17,049	19,038	20,621	21,361	56,946	92,103	94,889	97,797	100,833	104,037	107,641	111,125	114,769
Investment Earnings		(69,353)	26,554	109,904	49,701	49,822	55,613	61,799	67,474	74,099	80,582	88,989	98,138	105,001
Total Pledged Revenues	**[A]**	**$ 1,323,169**	**$ 1,762,559**	**$ 2,042,039**	**$ 2,206,155**	**$ 2,596,682**	**$ 2,936,502**	**$ 3,181,583**	**$ 3,524,902**	**$ 3,756,542**	**$ 4,092,904**	**$ 4,287,808**	**$ 4,488,888**	**$ 4,712,633**
LAX M&O Expenses before use of Coronavirus Relief Grants		$ 777,299	$ 836,306	$ 939,839	$ 1,098,399	$ 1,227,569	$ 1,348,138	$ 1,427,811	1,512,228	1,601,682	1,696,470	1,796,908	1,903,345	2,016,127
Less: Use of Coronavirus Relief Grants		(8,452)	(165,082)	-	-	-	-	-	-	-	-	-	-	-
LAX M&O Expenses after use of Coronavirus Relief Grants	**[B]**	**$ 768,847**	**$ 671,224**	**$ 939,839**	**$ 1,098,399**	**$ 1,227,569**	**$ 1,348,138**	**$ 1,427,811**	**$ 1,512,228**	**$ 1,601,682**	**$ 1,696,470**	**$ 1,796,908**	**$ 1,903,345**	**$ 2,016,127**
Net Pledged Revenues	**[C]=[A]-[B]**	**$ 554,322**	**$ 1,091,335**	**$ 1,102,200**	**$ 1,107,757**	**$ 1,369,113**	**$ 1,588,364**	**$ 1,753,772**	**$ 2,012,674**	**$ 2,154,859**	**$ 2,396,434**	**$ 2,490,900**	**$ 2,585,543**	**$ 2,696,506**
Remaining Flow of Funds costs														
Senior Aggregate Annual Debt Service (a)	[D]	$ 81,435	$ 131,700	$ 138,667	$ 161,563	$ 194,557	$ 256,882	$ 334,331	$ 571,178	$ 678,964	$ 833,251	$ 858,136	$ 888,178	$ 929,672
Subordinate Aggregate Annual Debt Service (b)	[E]	149,624	224,207	286,936	330,700	404,484	551,043	597,635	613,098	618,992	634,892	647,873	637,624	643,515
M&O Reserve	[F]	-	13,839	24,371	18,686	33,188	29,932	19,697	20,872	22,119	23,440	24,840	26,325	27,897
Capital Outlays (equipment and vehicles) expensed	[G]	-	-	31,976	30,981	32,840	34,810	36,899	39,113	41,460	43,947	46,584	49,379	52,342
Total - Remaining Flow of Funds costs	[H]=[D+E+F+G]	$ 231,059	$ 369,746	$ 481,951	$ 541,930	$ 665,070	$ 872,668	$ 988,562	$ 1,244,262	$ 1,361,536	$ 1,535,531	$ 1,577,434	$ 1,601,506	$ 1,653,426
APM Capital AP	[I]	-	-	-	-	36,385	74,953	77,201	79,517	81,903	84,360	86,891	89,497	92,182
ConRAC Capital AP	[J]	-	-	-	6,338	24,291	40,485	41,284	42,122	43,005	43,934	44,914	45,950	47,044
Net revenues remaining (c)	**[K=C-H-I-J]**	**$ 323,264**	**$ 721,589**	**$ 620,249**	**$ 559,489**	**$ 643,367**	**$ 600,259**	**$ 646,725**	**$ 646,773**	**$ 668,416**	**$ 732,609**	**$ 781,662**	**$ 848,589**	**$ 903,853**

Exhibit F (page 2 of 2)

FLOW OF FUNDS AND DEBT SERVICE COVERAGE

Los Angeles International Airport

Fiscal Years Ending June 30 (dollars in thousands)

		Actual			Forecast									
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
DEBT SERVICE COVERAGE PURSUANT TO INDENTURES														
Senior Bond Debt Service Coverage														
Pledged Revenues	=[A]	$ 1,323,169	$ 1,762,559	$ 2,042,039	$ 2,206,155	$ 2,596,682	$ 2,936,502	$ 3,181,583	$ 3,524,902	$ 3,756,542	$ 4,092,904	$ 4,287,808	$ 4,488,888	$ 4,712,633
LAX M&O Expenses after use of CARES grants	=[B]	768,847	671,224	939,839	1,098,399	1,227,569	1,348,138	1,427,811	1,512,228	1,601,682	1,696,470	1,796,908	1,903,345	2,016,127
Net Pledged Revenues	[C]=[A]-[B]	$ 554,322	$ 1,091,335	$ 1,102,200	$ 1,107,757	$ 1,369,113	$ 1,588,364	$ 1,753,772	$ 2,012,674	$ 2,154,859	$ 2,396,434	$ 2,490,900	$ 2,585,543	$ 2,696,506
Senior Aggregate Annual Debt Service (a)	=[D]	81,435	131,700	138,667	161,563	194,557	256,882	334,331	571,178	678,964	833,251	858,136	888,178	929,672
Senior Bond Debt Service Coverage (d)	**= [C] / [D]**	**681%**	**829%**	**795%**	**686%**	**704%**	**618%**	**525%**	**352%**	**317%**	**288%**	**290%**	**291%**	**290%**
Subordinate Obligation Debt Service Coverage														
Net Pledged Revenues	=[C]	$ 554,322	$ 1,091,335	$ 1,102,200	$ 1,107,757	$ 1,369,113	$ 1,588,364	$ 1,753,772	$ 2,012,674	$ 2,154,859	$ 2,396,434	$ 2,490,900	$ 2,585,543	$ 2,696,506
Less: Senior Aggregate Annual Debt Service	=[D]	81,435	131,700	138,667	161,563	194,557	256,882	334,331	571,178	678,964	833,251	858,136	888,178	929,672
Net Subordinate Pledged Revenues	[L]=[C]-[D]	$ 472,888	$ 959,634	$ 963,532	$ 946,194	$ 1,174,556	$ 1,331,482	$ 1,419,441	$ 1,441,496	$ 1,475,895	$ 1,563,183	$ 1,632,764	$ 1,697,364	$ 1,766,834
Subordinate Aggregate Annual Debt Service (b)	=[E]	$ 149,624	$ 224,207	$ 286,936	$ 330,700	$ 404,484	$ 551,043	$ 597,635	$ 613,098	$ 618,992	$ 634,892	$ 647,873	$ 637,624	$ 643,515
Subordinate Obligation Debt Service Coverage (d)	**= [L] / [E]**	**316%**	**428%**	**336%**	**286%**	**290%**	**242%**	**238%**	**235%**	**238%**	**246%**	**252%**	**266%**	**275%**
Total Debt Service Coverage														
Net Pledged Revenues	=[C]	$ 554,322	$ 1,091,335	$ 1,102,200	$ 1,107,757	$ 1,369,113	$ 1,588,364	$ 1,753,772	$ 2,012,674	$ 2,154,859	$ 2,396,434	$ 2,490,900	$ 2,585,543	$ 2,696,506
Senior+Subordinate Lien Aggregate Annual Debt Service	[M]=[D+E]	$ 231,059	$ 355,907	$ 425,603	$ 492,263	$ 599,042	$ 807,925	$ 931,966	$ 1,184,276	$ 1,297,957	$ 1,468,143	$ 1,506,010	$ 1,525,802	$ 1,573,187
Total Debt Service Coverage Pursuant to Indentures (d)	**= [C] / [M]**	**240%**	**307%**	**259%**	**225%**	**229%**	**197%**	**188%**	**170%**	**166%**	**163%**	**165%**	**169%**	**171%**
DEBT SERVICE COVERAGE INCLUDING APM AND CONRAC CAPITAL AP FOR INFORMATIONAL PURPOSES ONLY														
Net Pledged Revenues			$ 1,091,335	$ 1,102,200	$ 1,107,757	$ 1,369,113	$ 1,588,364	$ 1,753,772	$ 2,012,674	$ 2,154,859	$ 2,396,434	$ 2,490,900	$ 2,585,543	$ 2,696,506
Add CFC Revenues used to pay ConRAC AP-C (not included in Pledged Revenues)			-	-	6,338	24,291	40,485	41,284	42,122	43,005	43,934	44,914	45,950	47,044
Adjusted Net Pledged Revenues			$ 1,091,335	$ 1,102,200	$ 1,114,095	$ 1,393,404	$ 1,628,849	$ 1,795,056	$ 2,054,797	$ 2,197,864	$ 2,440,368	$ 2,535,814	$ 2,631,492	$ 2,743,550
Senior Aggregate Annual Debt Service			$ 131,700	$ 138,667	$ 161,563	$ 194,557	$ 256,882	$ 334,331	$ 571,178	$ 678,964	$ 833,251	$ 858,136	$ 888,178	$ 929,672
Subordinate Aggregate Annual Debt Service			224,207	286,936	330,700	404,484	551,043	597,635	613,098	618,992	634,892	647,873	637,624	643,515
Plus: APM Capital AP			-	-	-	36,385	74,953	77,201	79,517	81,903	84,360	86,891	89,497	92,182
Plus: ConRAC Capital AP			-	-	6,338	24,291	40,485	41,284	42,122	43,005	43,934	44,914	45,950	47,044
Debt Service including APM Capital AP and ConRAC Capital AP			$ 355,907	$ 425,603	$ 498,601	$ 659,718	$ 923,362	$ 1,050,451	$ 1,305,916	$ 1,422,864	$ 1,596,437	$ 1,637,814	$ 1,661,249	$ 1,712,414
Total Debt Service Coverage including APM and ConRAC Capital AP for Informational Purposes Only (d)			**307%**	**259%**	**223%**	**211%**	**176%**	**171%**	**157%**	**154%**	**153%**	**155%**	**158%**	**160%**

(a) Senior Aggregate Annual Debt Service is (i) net of PFC revenues and Coronavirus Relief Grants used to pay Senior Debt Service, and (ii) net of capitalized interest.

(b) Subordinate Aggregate Annual Debt Service is (i) net of PFC revenues, CFC revenues, and Coronavirus Relief Grants used to pay Subordinate Obligation Debt Service, and (ii) net of capitalized interest.

(c) These amounts are available to the Department to use for discretionary purposes.

(d) No Transfers were assumed for purposes of calculating debt service coverage.

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APPENDIX B

ANNUAL FINANCIAL REPORT OF
LOS ANGELES WORLD AIRPORTS
(DEPARTMENT OF AIRPORTS OF
THE CITY OF LOS ANGELES, CALIFORNIA)
LOS ANGELES INTERNATIONAL AIRPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

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Annual Comprehensive Financial Report

FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

2024

Department of Airports
Los Angeles, California

An Enterprise Fund of the City of Los Angeles, California

LOS ANGELES WORLD AIRPORTS

Annual Comprehensive Financial Report

FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

LOS ANGELES WORLD AIRPORTS
Department of Airports
An Enterprise Fund of the City of Los Angeles, California

PREPARED BY
Financial Reporting Division

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Los Angeles World Airports
(Department of Airports - An Enterprise Fund of the City of Los Angeles, California)

Annual Comprehensive Financial Report
Fiscal years ended June 30, 2024 and 2023

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Los Angeles World Airports
(Department of Airports - An Enterprise Fund of the City of Los Angeles, California)

Annual Comprehensive Financial Report
Fiscal years ended June 30, 2024 and 2023

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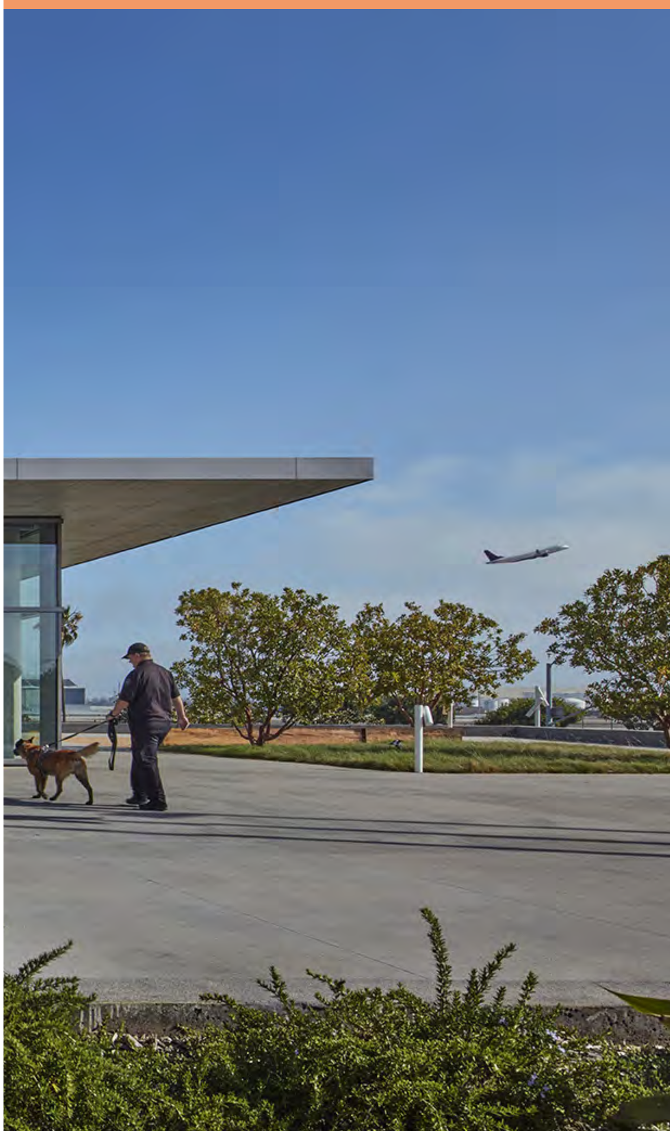
Statistical Section (Unaudited)

Compliance Section

Prepared by: Financial Reporting Division of Los Angeles World Airports

Introductory Section

2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT | LOS ANGELES WORLD AIRPORTS



- Transmittal Letter
- Organization Chart
- Board of Airport Commissioners, Elected City Officials, and Los Angeles World Airports Executive Staff
- GFOA Certificate of Achievement for Excellence in Financial Reporting

LOS ANGELES WORLD AIRPORTS

November 4, 2024

To the Members of the Board of Airport Commissioners
Los Angeles, California

We are pleased to submit the Annual Comprehensive Financial Report of the Los Angeles World Airports (Department of Airports of the City of Los Angeles, California) (LAWA) for the fiscal year ended June 30, 2024. The Annual Comprehensive Financial Report, which was prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA), contains financial statements and statistical data that fully disclose all material financial operations of LAWA. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with LAWA's management. We believe that the data presented is complete and reliable in all material respects. This transmittal letter presents a summary of LAWA's background, major initiatives and developments, and outlook for the future.

Accounting principles generally accepted in the United States of America (US GAAP) require management to provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of the Reporting Entity

LAWA is an independent, financially self-sufficient department of the City of Los Angeles (City) created pursuant to Article XXIV, Section 238 of the City Charter. LAWA is under the management and control of a seven-member Board of Airport Commissioners (Board) appointed by the Mayor and confirmed by the City Council.

Under the City Charter, the Board has the general power to, among other things: (a) acquire, develop and operate all property, plant and equipment as it may deem necessary or convenient for the promotion and accommodation of air commerce; (b) borrow money to finance the development of airports owned, operated or controlled by the City; and (c) fix, regulate and collect rates and charges for use of the airport system. A Chief Executive Officer administers LAWA and reports to the Board.

LAWA operates and maintains two airports, Los Angeles International Airport (LAX) and Van Nuys Airport (VNY), within the five-county area of Los Angeles, Orange, Ventura, Riverside and San Bernardino counties (Air Trade Area) in California. In addition, LAWA possesses landing holdings in Palmdale (PMD) California.

Transmittal Letter
(continued)

LAX is located approximately 15 miles from downtown Los Angeles on the western boundary of the City. LAX occupies approximately 3,800 acres in an area generally bounded on the north by Manchester Avenue, on the east by La Cienega Boulevard, on the south by Imperial Highway and on the west by Vista Del Mar. The LAX site, originally known as Mines Field, has been in use as an aviation field since 1928. During World War II it was used for military flights. Commercial airline service started in December 1946. In the early 1980s, LAX added domestic and international terminals, parking structures and a second level roadway. LAX offers commercial air service to every major city in the United States and to every major international destination, and is classified by the FAA as a large hub airport.

VNY is a general aviation airport located 20 miles northwest of downtown Los Angeles, in the San Fernando Valley, and occupies approximately 730 acres. VNY is one of the busiest general aviation airports in the U.S. with 331,538 operating movements in fiscal year 2024. Approximately 200 businesses are located at VNY, including four fixed-base operators and numerous other aviation service companies. These businesses cater to a variety of private, government and corporate aviation needs.

LAWA’s Palmdale Land Holdings are located in North Los Angeles County in an area known as the Antelope Valley. The holdings occupy 17,000 acres, are positioned 65 miles north of the Los Angeles Downtown Business District and within the Antelope Valley Enterprise Zone. Historically, the Palmdale Land Holdings have served as a center for aerospace development and production.

Travel through LAX

No airline dominates in shares of enplaned passengers or provides formal 'hubbing' activity at LAX. In fiscal year 2024, Delta Air Lines, American Airlines and United Airlines, the biggest three carriers, serving LAX, accounted for 19.6%, 15.2%, and 15.2%, respectively, of all enplaned passengers at LAX. An estimated 85.2% of passengers at LAX represented originating and destination (O&D) passengers (that is, all passengers beginning or ending their trips at LAX). The remaining estimated 14.8% of passengers represented connections to or from regional markets as well as domestic connections to or from international markets. Historically, the level of connecting passengers at LAX is due primarily to: (i) LAX's role as a major gateway to numerous international markets; (ii) the geographical location of LAX in relation to numerous markets along the west coast of the United States; (iii) the significant number of nonstop flights to and from domestic markets; and (iv) the alliances among airlines serving LAX. In June 2024, LAX provided scheduled service to 78 international destinations.

According to Airports Council International (ACI) 2023 ACI-NA Airport Traffic Report, in calendar year 2023, LAX ranked as the fourth busiest airport in North America in terms of total passengers and the fifth busiest airport in North America in terms of total cargo. According to ACI World's 2023 Airport Traffic Report, in calendar year 2023, LAX ranked as the eighth busiest airport in the world in terms of total passengers and the ninth busiest airport in the world in terms of total cargo. ACI reported that total global passenger traffic for 2023 was close to 8.7 billion, representing an increase of 30.5% from 2022 or a recovery of 94.2% from pre-pandemic results in 2019. The increase was driven by a continued resurgence in international traffic, as propelled by the anticipated benefits from the reopening of the Asian markets and a growing inclination towards travel despite macroeconomic conditions. Global air cargo volumes are estimated to have decreased -1.8% year over year (-4.9% versus 2019), finishing close to 115 million tonnes in 2023. The decline can be attributed to the ongoing geopolitical tensions and disruptions to global trade and supply chains.

Total passengers at LAX increased from 60.7 million in fiscal year 2022 to 71.0 million in fiscal year 2023 (an increase of 16.9%), and further increased to 76.5 million in fiscal year 2024 (an increase of 7.8%). In calendar year 2024 through August, international traffic continued to show robust passenger growth from 14.7 million to 16.3 million, or 11.04% compared to the same period of time in 2023, while domestic traffic remained at a steady level of approximately 35.0 million for the same time in both years. Overall growth was 2.94% for the same period of time.

Passenger and other traffic activity highlights at LAX, together with analysis of LAWA's financial activities during the last three fiscal years, are discussed in the Management's Discussion and Analysis (MD&A).

Initiatives and Developments

LAWA manages its capital development planning with a variety of tools, including a multi-year comprehensive planning tool (Capital Program). The Capital Program is a list of capital development projects compiled based on prioritized needs and resulting financial metrics, is used to inform decision makers and stakeholders of proposed capital expenditures and opportunity costs and is designed to assist with the development of long-term funding plans while managing financial risk to LAWA. The Capital Program is updated periodically as projects are programmed for implementation. Projects in the Capital Program include: projects already underway but not yet completed at LAX; projects not yet underway at LAX but which are expected to be completed through 2033; and planning associated with potential future projects that are expected to commence beyond 2033.

For purposes of this report, the Capital Program consists of two investment plans developed, one that commenced in 2018 that has been fully approved (the 2018 Capital Program) and a second that was commenced in 2022 which has been partially approved (the 2022 Capital Program). The 2018 Capital Program commenced in fiscal year 2016 and is expected to be largely completed by the end of fiscal year 2026 and is estimated to cost approximately $15.1 billion. The 2018 Capital Program consists of various terminal, airfield and apron projects and the LAMP projects, among others.

Preliminary design work for several major projects anticipated in the 2022 Capital Program began in fiscal year 2022, when LAWA completed preliminary financial feasibility of the 2022 Capital Program. The projects in the 2022 Capital Program were assumed to be completed by the end of fiscal year 2033, and the preliminary estimated (escalated) total cost of the projects included in the 2022 Capital Program was assumed at $15.0 billion. To date, only a portion of these projects have been approved to move forward, with a value of approximately $3.0 billion. These projects include in, among others, adding eight gates to the Midfield Satellite Concourse, a comprehensive update to roadway access to LAX, a campuswide wayfinding enhancement program at LAX, new curb-front for vehicle drop-offs and pickups at APM stations outside the Central Terminal Area, and various roadway and airfield improvements.

In calendar year 2024, LAWA initiated a review and reprioritization of the future capital improvements at LAX as a part of the 2022 Capital Program and made the decision to defer the planning and development of the two new terminal projects, Concourse 0 and Terminal 9, due to a slower passenger traffic recovery than originally anticipated.

2018 Capital Program Projects

Landside Access Modernization Program (LAMP)

To continue the extensive upgrading and modernization of LAX and to address increasing levels of traffic congestion at and around LAX, LAWA is redeveloping the ground access system to LAX. LAWA is implementing components of the LAMP to, among other things, improve access options and the travel experience for passengers, shift the location where different modes of traffic operate within the Central Terminal Area (CTA) and on the surrounding street network and provide direct connections to the rail and transit systems of the Los Angeles County Metropolitan Transportation Authority (Metro). By implementing the LAMP, LAWA seeks to provide more travel time certainty, reduce traffic congestion and improve air quality in and around LAX. The LAMP includes several individual components, including, among others, the Automated People Mover (APM) System, intermodal transportation facilities (ITF), the Consolidated Rental Car Facility (ConRAC), pedestrian walkway connections to the passenger terminals within the CTA, and roadway improvements.

Automated People Mover System (APM)

On April 11, 2018, LAWA and LAX Integrated Express Solutions, LLC (APM Developer) entered into a design-build-finance-operate-maintain agreement, as amended (APM Agreement), for the purposes of developing, financing, operating and maintaining the approximately 2.25-mile elevated, grade-separated APM System that will generally run from the ConRAC to the CTA. The APM System will include six stations: (i) one in the ConRAC; (ii) one to be located at the multi-modal/transit facility located at 96th Street and Aviation Boulevard, which facility will also contain a connection to the Los Angeles County Metropolitan Transportation Authority’s light rail system; (iii) one to be located at the multi-modal/ transit facility located north of 96th Avenue between Jetway Boulevard and Airport Boulevard; and (iv) three stations to be located in the CTA. Under the APM Agreement, LAWA has granted the APM Developer the exclusive right, during a 30-year term, to design, build, finance, operate and maintain the APM System. Construction of the APM System is continuing and, based on the APM Developer’s current projections, LAWA currently estimates that the APM will begin service for LAX passengers in the first quarter of 2026.

The APM Agreement provides that beginning on the PSA date, LAWA must make monthly payments to the APM Developer (APM Availability Payments). The APM Availability Payments are intended to compensate the APM Developer for the costs of designing, building and financing the APM System not otherwise paid from the APM Milestone Payments, as well as the costs of operating and maintaining the APM System over the term of the APM Agreement.

The original contractual PSA date of March 31, 2023 has been extended under various change orders and is now December 8, 2025. For the extended period LAWA has agreed to make stepped-down Availability Payments to cover the APM Developer’s financing costs. The Operations and Maintenance period of 25 years has been reduced by the same duration as the extended PSA date.

Consolidated Rental Car Facility (ConRAC)

On November 6, 2018, LAWA and LA Gateway Partners, LLC (ConRAC Developer) entered into a design-build-finance-operate-maintain agreement for the ConRAC (ConRAC Agreement). The ConRAC Developer is comprised of Fengate Capital Management Ltd., PCL Investments USA, LLC, Johnson Controls, and MVI Finance LLC. Under the ConRAC Agreement, subject to certain limitations, LAWA granted to the ConRAC Developer the exclusive right, during the 28-year term of the ConRAC Agreement, to design, build, finance, operate and maintain the ConRAC.

As construction of the ConRAC was substantially completed in fiscal year 2023, the ConRAC is currently in an Operation Readiness Phase. Because the ConRAC Date of Beneficial Occupancy is currently expected to occur prior to the APM PSA date, LAWA is evaluating different options to transport rental car customers and other people between the CTA and the ConRAC until the APM is operational, including, among others, the use of a common transportation shuttle bus system. As of the date of this report, LAWA has partially opened the ConRAC to accommodate the operations of the Avis Budget Group but has not made a final decision as to the timing of the move of the other rental car operator in to the new facility.

The ConRAC Agreement (as adjusted in accordance with the settlement of certain claims) further provides that, commencing on March 31, 2023, payments will be made to the ConRAC Developer to compensate the ConRAC Developer for the costs of designing, building and financing a portion of the ConRAC (ConRAC Capital Availability Payments), for the cost of operating and maintaining certain portions of the ConRAC (ConRAC Operations and Maintenance Availability Payments), and for the costs of renewing the ConRAC (ConRAC Renewal Availability Payments, and collectively with ConRAC Capital Availability Payments and ConRAC Operations and Maintenance Availability Payments, the ConRAC Availability Payments). LAWA expects to make the ConRAC Capital Availability Payments and the ConRAC Renewal Availability Payments from CFC revenues, subject to the prior payment of the principal of and interest on the LAX CFC Bonds and the other deposits required to be made to the funds and accounts established and maintained pursuant to the trust indenture entered into with respect to the LAX CFC Bonds.

Terminal 4 Improvement Project (American Airlines)

The Terminal 4 Improvement Project (also known as the Terminal 4 Modernization Program) consists of improvements and enhancements to the arrival and departure hall, concourse in Terminal 4 and reconfiguration of aircraft gating and hold rooms to facilitate the new gate layout in Terminal 5. Pursuant to the terms of its lease agreement with LAWA, American Airlines is working closely with LAWA to develop and implement the renovation plan to connect passengers to the APM System, renovate Terminal 4 check-in lobbies and arrival halls, construct a consolidated passenger security screening checkpoint, expand hold rooms and concessions, add additional restrooms and create a new secure connector between Terminals 4 and 5. The Terminal 4 Improvement Project is expected to be completed by the end of fiscal year 2028. The total project budget is approximately $1.68 billion, with the majority funded in the 2018 Capital Program and the latter stages funded in the 2022 Capital Program.

North Terminal Improvement Program (Delta Air Lines)

The North Terminal Improvement Program consists of improvements and enhancements to Terminals 2 and 3. Once completed (estimated by Delta to occur by the end of calendar year 2024), the North Terminal Improvement Program will include:

- A 27-gate complex in Terminals 2 and 3 with a secure connection to the TBIT, enabling Delta and its global partners to reduce passenger connection times by up to 20 minutes;
- Brand new headhouse with centralized lobby, security screening checkpoint and baggage claim;
- Reconstructed Terminal 3 concourse with new gates, more seating space, and new retail and dinning spaces;
- The world's largest Delta Sky Club featuring an indoor/outdoor double bar, a year-round outdoor deck space, premium showers and other features;
- New restroom facilities;
- More access to at-seat power in gate areas;
- Modern signage, blended with digital elements;
- Connection to the APM System; and
- Increased airfield efficiency from dual taxi lanes that allow for more streamlined movement of aircraft.

Delta Air Lines is providing construction financing and undertaking these improvements, which are to be purchased by LAWA in phases when the portions of the project are complete and which have been included in the annual calculation of the Terminal Buildings Rate. The anticipated cost of the LAWA improvements is estimated to be $1.8 billion.

Terminal 6 Project (Alaska Airlines)

The Terminal 6 Project consists of improvements and enhancements to modernize Terminal 6 by increasing the amount of holdroom space, enhancing the security screening checkpoint, installing new passenger boarding bridges and implementing certain other operational improvements. Under a letter of intent with LAWA, Alaska Airlines will be providing construction financing and undertaking the improvements, which are expected to be purchased by LAWA in phases when portions of the project are complete and have been included in the annual calculation of the Terminal Buildings Rate. The anticipated cost of the LAWA improvements is estimated to be $232.0 million, and construction is expected to be completed by the end of calendar year 2024.

Power Distribution Facility

This project replaces existing facilities and provides more reliable power transmission and greater capacity to support planned LAX growth. This project is estimated to cost approximately $159.2 million, and is expected to be completed in calendar year 2025.

2022 Capital Program Projects

The preliminary estimated cost of the projects included in the 2022 Capital Program is approximately $15.0 billion, including reserves. LAWA currently expects the 2022 Capital Program to include roadways and airfield projects in the Airfield and Terminal Modernization Project (ATMP), an expansion of the Midfield Satellite Concourse (MSC) and various other improvements.

ATMP Roadways

This project will enhance safety, efficiency, and the user experience of ground transportation in and around LAX by separating airport and local traffic, incorporating transportation technology, and reconfiguring roadway access into the airport. The roadway upgrades will improve access to the CTA, LAX Economy Parking, future Ground Transportation Center linked to the APM System. This project is currently in design; the majority of the scope is anticipated for completion prior to the 2028 Olympics. The preliminary cost estimate for this project is approximately $1.8 billion.

MSC South

In addition to the ATMP, the 2022 Capital Program includes, among other projects, an eight-gate expansion of the MSC (the MSC – South). Environmental approvals were obtained as part of the MSC program. LAWA awarded a Construction Manager at Risk contract in 2022 and broke ground in June 2023. The project is expected to be in construction through the end of calendar year 2025 and is estimated to cost approximately $405 million.

Wayfinding Program

The 2022 Capital Program includes a holistic upgrade to wayfinding at LAX, including renaming and renumbering terminals and gates. A design-build contract has been awarded and 30% design is expected in the first quarter of calendar year 2025. The project is expected to be completed prior to the 2028 Olympics, and the preliminary cost estimate is $85 million.

Auxiliary Curbs

This project will add approximately 7,300 feet of new curb-front adjacent to the ITF East and ITF West APM stations, providing enhanced and convenient access for private and commercial vehicles (shuttles, transportation network companies, taxis). It will also consolidate private and commercial vehicle access to and from the ITF West and ITF East rotaries and reduce vehicle demand into the CTA. The scope also includes access roadway, drainage, and other related improvements. The estimated project cost is approximately $290 million.

North Airfield Exit Taxiways

This project consists of:

- addition of four new exit taxiways from Runway 6L-24R
- decommissioning of existing exit taxiways in the high-energy section of the runway
- rehabilitation of Runway 6L-24R
- reconstruction of the keel section of the eastern third of Runway 6R-24L
- Related taxiway, navigational aid, and lighting upgrades

This project will improve safety and compliance with Federal Aviation Administration (FAA) advisories on the north airfield, reduce the likelihood of unscheduled airfield closures due to asphalt damage, and extend the useful life of the runways. This project is anticipated for completion in the first quarter of calendar year 2025 and has a budget of approximately $242 million.

Outlook for the Future

LAWA's operations are supported solely by revenues it generates. LAWA strives to balance revenues generated from cost recovery formulas applied to aeronautical users and those generated from fluctuating non-aeronautical revenues driven by passenger traffic and commercial opportunities. At the same time, management must control operating expenses to achieve the levels of net revenues sufficient to cover obligations for debt service and fund planned capital expenditures, as outlined in financial forecasts provided to investors.

The fiscal year 2025 budget is based on a conservative forecast of operating revenues and operating expenses that reflect management's expectation of the LAX passenger traffic of 40.6 million enplanements, approximately 8% lower than the actual fiscal year 2019 level. The budget allows LAWA to achieve targeted key financial metrics and meet all LAX Bond Indenture covenants.

In addition to funding LAWA's ongoing day-to-day operations, LAWA's Chief Executive Officer and management team created and guided the fiscal year 2025 budget process towards ensuring financial stability despite uncertainties in the aviation industry due to macroeconomic and geopolitical matters, while reaching the following budget objectives:

Liquidity

- Maintain liquidity against operational, financial and economic uncertainties
- Days Cash on Hand minimum target - 550 days

Operating Priorities

- Increase spending on employee experience, including training, facility improvements, and technology
- Fill available vacancies
- Fund operational and safety mandates and strategic business priorities
- Balance Costs and Revenues
    - Achieve sufficient staffing levels
    - Grow revenues to offset inflation
    - Balance cost increases with increases in revenues to achieve key metrics
    - All-in debt service coverage of at least 1.8x
    - Budgeted Airline Cost Per Enplaned Passenger not to exceed $33.0

Transmittal Letter
(continued)

LAWA is an enterprise fund that must generate sufficient revenues to fund its operating and capital expenses, debt service and required reserves. Its operating revenues fall into two categories: aeronautical and non-aeronautical. Aeronautical revenues consist of air carrier landing fees, building and land rentals and other aviation-related fees and charges. Most aeronautical charges are based on cost recovery formulas and are highly correlated with the levels of operating expenses and incurred debt service. Non-aeronautical terminal operations include concession activities in the terminals providing for sale of food, beverages, gifts, news, duty free items, advertising and other miscellaneous sales and services. Non-aeronautical activities outside the terminals generate revenue from parking, rental car concessions, and fees and charges to other commercial ground transportation operators. Staff project operating revenues for fiscal year 2025 of approximately $2.1 billion. This projection includes a $139.0 million, or 10%, increase in aeronautical revenues and a $16.0 million, or 3%, increase in non-aeronautical revenues. The majority of LAWA's revenues are driven by cost recovery formulas used to calculate terminal rates and landing and apron fees. Increased aeronautical revenues are mainly due to higher operating expenses and capital costs included in the cost-recovery formula for airline rates and charges. Staff also project an increase in non-aeronautical revenues due to higher concession and ground transportation revenues.

The fiscal year 2025 operating expense budget is $1.2 billion, which is an $119.0 million, or 11%, increase in operating expenses compared to fiscal year 2024 adopted budget. The largest portion of LAWA's operating expenses consists of personnel costs to LAWA employees and City employees providing services to LAWA. Payments for salaries and benefits for those employees directly employed by LAWA during fiscal year 2025 are budgeted at $584.0 million, which is a 9% increase from the fiscal year 2024 adopted budget. The fiscal year 2025 budgeted personnel expenses associated with salaries are projected to increase by $33.0 million, or 10%, as compared to fiscal year 2024 adopted budget. The budget assumes a headcount of approximately 3,772 positions, which include full-time and part-time positions. This is higher by 110 positions compared with the fiscal year 2024 adopted budget of 3,662 positions, mainly due to the need for additional operations, maintenance, security and administrative staff to support increased passenger activity at the airport.

Internal Control Framework

LAWA's internal control framework is designed to provide reasonable but not absolute assurance regarding: (a) safeguarding of assets against loss from unauthorized use or disposition; (b) execution of transactions in accordance with management's authorization; (c) reliability of financial records used in preparing financial statements and maintaining accountability for assets; (d) effectiveness and efficiency of operations; and (e) compliance with applicable laws and regulations. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from it, and that the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above structure. We believe that LAWA's internal control framework adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

Budgetary Control

The annual operating budget is proposed by LAWA's management and adopted by the Board in a public meeting before the beginning of each fiscal year. The level of budgetary control (the level at which expenditures may not exceed appropriations) is by commitment item within each airport. The commitment items are salaries and benefits, contractual services, administrative services, materials and supplies, utilities, advertising and public relations, other operating expenses, and equipment and vehicles.

Independent Audit

Moss Adams LLP (Moss Adams), a firm of independent certified public accountants, audited LAWA's financial statements. Moss Adams concluded, based upon its audit, that there was a reasonable basis for rendering an unmodified opinion that LAWA's financial statements as of and for the fiscal years ended June 30, 2024 and 2023, were fairly presented in conformity with US GAAP. Moss Adams' report is on pages 1 and 2.

Moss Adams conducted an additional audit to determine LAWA's compliance with the requirements described in the Passenger Facility Charge Audit Guide for Public Agencies and concluded that LAWA complied in all material respects with the requirements applicable to and that could have a material effect on its passenger facility charge program for the fiscal year ended June 30, 2024. Moss Adams' report is on pages 197 to 199.

Moss Adams also conducted a third audit to determine LAWA's compliance with the requirements described in the California Civil Code Section 1939, as amended by Assembly Bill 2051, and concluded that LAWA complied in all material respects with the requirements applicable to and that could have a material effect on its customer facility charge program for the fiscal year ended June 30, 2024. Moss Adams' report is on pages 204 to 206.

As a recipient of federal grants, LAWA is required to undergo an additional audit, known as the Single Audit, to meet the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The results of the Single Audit performed by Moss Adams are issued in a separate report.

Transmittal Letter
(continued)

Award

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to LAWA for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This was the thirteenth consecutive year that LAWA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgement

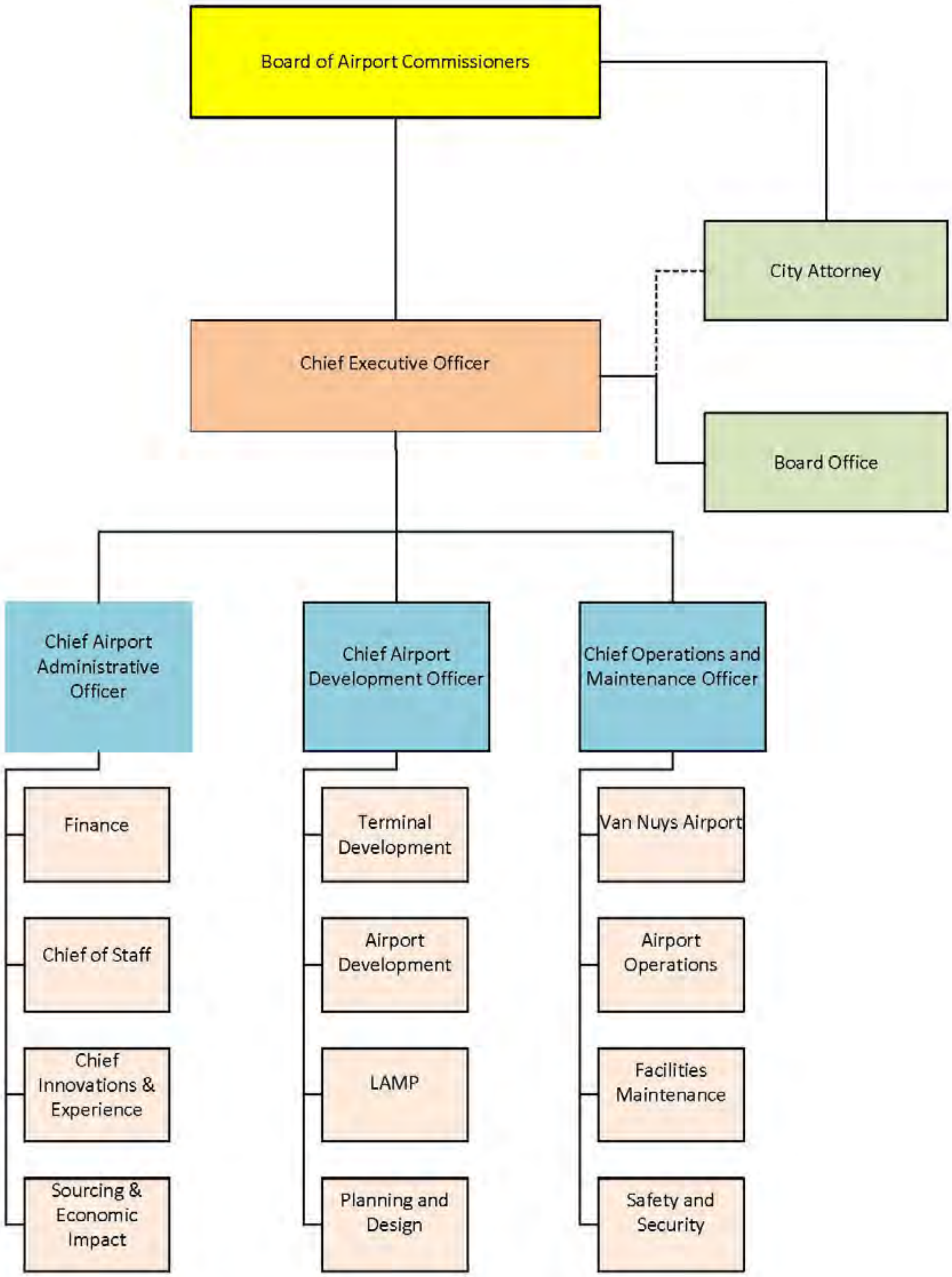
Publication of this ACFR is a reflection of the excellence and professionalism of LAWA's entire staff. The dedicated service and efforts of the Financial Reporting Division made the preparation of this report possible. We would like to express our appreciation to all team members who assisted in and contributed to its preparation.

Respectfully submitted,

John Ackerman

John Ackerman	Tatiana Starostina
Chief Executive Officer	Chief Financial Officer

Organization Chart

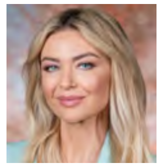


Board of Airport Commissioners, Elected City Officials, and Los Angeles World Airports Executive Staff

Karim Webb
President

Matthew M. Johnson
Vice President

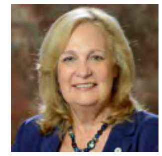
Vanessa Aramayo
Commissioner



Courtney La Bau
Commissioner

Victor Narro
Commissioner

Nicholas P. Roxborough
Commissioner



Valeria C. Velasco
Commissioner

John Ackerman
Chief Executive Officer

CITY OF LOS ANGELES ELECTED OFFICIALS

Karen Bass, Mayor
Hydee Feldstein Soto, City Attorney
Kenneth Mejia, City Controller

CITY COUNCIL

Eunisses Hernandez, District 1
Paul Krekorian, District 2
Bob Blumenfield, District 3
Nithya Raman, District 4
Katy Yaroslavsky, District 5
Imelda Padilla, District 6
Monica Rodriguez, District 7
Marqueece Harris-Dawson, District 8
Curren D. Price, Jr., District 9
Heather Hutt, District 10
Traci Park, District 11
John S. Lee, District 12
Hugo Soto Martinez, District 13
Kevin De Leon, District 14
Tim McOsker, District 15

LOS ANGELES WORLD AIRPORTS EXECUTIVE STAFF

John Ackerman, Chief Executive Officer
Michael R. Christensen, Chief Development Officer
Douglas G. Webster, Chief Operations and Maintenance Officer
Marla Bleavins, Chief Airport Administrative Officer
Tatiana Starostina, Chief Financial Officer
Rebecca Doten, Chief of Staff
Ian Law, Chief Innovation and Experience Officer
Cecil W. Rhambo Jr., Chief of Airport Police
Martin Elam, Public Safety and Security
Robert Lowe, Chief People & Culture Officer
Jacob Adams, Landside Access Modernization Program Executive
Richard J. Connolly, Facilities Management
Crystal Lee, The Development Group Services
Dave Jones, Commercial Development
David Reich, Mobility Strategy
Hans Thilenius, Terminal Development and Improvement Program
Aura Moore, Information Management and Technology
Emery Molnar, Airports Development Program
Brian Ostler, General Counsel

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Los Angeles World Airports
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

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Financial Section

2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT | LOS ANGELES WORLD AIRPORTS

- Report of Independent Auditors
- Management's Discussion and Analysis
- Financial Statements
- Required Supplementary Information
- Supplemental Information

MOSSADAMS

Report of Independent Auditors

To the Members of the Board of Airport Commissioners
City of Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Los Angeles World Airports (Department of Airports of the City of Los Angeles, California) ("LAWA"), an Enterprise Fund of the City of Los Angeles ("City"), which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of LAWA as of June 30, 2024 and 2023, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LAWA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Financial Reporting Entity

As discussed in Note 1, the financial statements present only LAWA's net position, the changes in net position, and cash flows, and do not purport to, and do not, present fairly the net position of the City of Los Angeles as of June 30, 2024 and 2023, the changes in City's net position, or, where applicable, City's cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LAWA's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of LAWA's proportionate share of the net pension liability, the schedule of contributions – pension, the schedule of LAWA's proportionate share of the net other postemployment benefit (OPEB) liability, and the schedule of contributions – OPEB be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise LAWA's basic financial statements. The combining Schedule of Net Position and combining Schedule of Revenues, Expenses and Changes in Net Position (collectively, "supplemental information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section, statistical section, and compliance section, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2024, on our consideration of LAWA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LAWA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LAWA's internal control over financial reporting and compliance.

Moss Adams LLP

El Segundo, California
November 4, 2024

Management's Discussion & Analysis (Unaudited)

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023

Los Angeles World Airports (LAWA) is an independent, financially self-sufficient department of the City of Los Angeles, California (City). LAWA is an enterprise fund that owns and operates Los Angeles International Airport (LAX) and Van Nuys Airport (VNY). LAWA also owns approximately 17,000 acres of land located east of United States Air Force (USAF) Plant 42 in the City of Palmdale, and retains the rights for future development of the Palmdale property. The management of LAWA presents the following narrative overview of LAWA's financial activities for the fiscal years ended June 30, 2024 and 2023. This discussion and analysis should be read in conjunction with LAWA's financial statements that begin on page 45.

Using This Financial Report

LAWA's financial report consists of this management's discussion and analysis (MD&A), and the financial statements that follow after the MD&A. The financial statements include:

The *Statements of Net Position* present information on all of LAWA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at June 30, 2024 and 2023. The difference between (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources is reported as net position. Over time, increases and decreases in net position may serve as a useful indicator about whether LAWA's financial condition is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Position* present the results of LAWA's operations and information showing the changes in net position for the fiscal years ended June 30, 2024 and 2023. These statements can, among other things, be useful indicators of how LAWA recovered its costs through rates and charges. All changes in net position are reported when the underlying events occurred, regardless of the timing of the related cash flows. Thus, revenues and expenses are recorded and reported in these statements for some items that will result in cash flows in future periods.

The *Statements of Cash Flows* relate to the inflows and outflows of cash and cash equivalents resulting from operating, noncapital financing, capital and related financing, and investing activities. Consequently, only transactions that affect LAWA's cash and cash equivalents accounts are recorded in these statements. At the end of the statements, a reconciliation is provided to assist in understanding the difference between operating income and cash flows from operating activities.

The *Notes to the Financial Statements* present information that is not displayed on the face of the financial statements. Such information is essential to a full understanding of LAWA's financial activities.

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023
(continued)

Passenger and Other Traffic Activity Highlights

The following tables present a summary of passenger and other traffic at LAX for the last three fiscal years:

Los Angeles International Airport

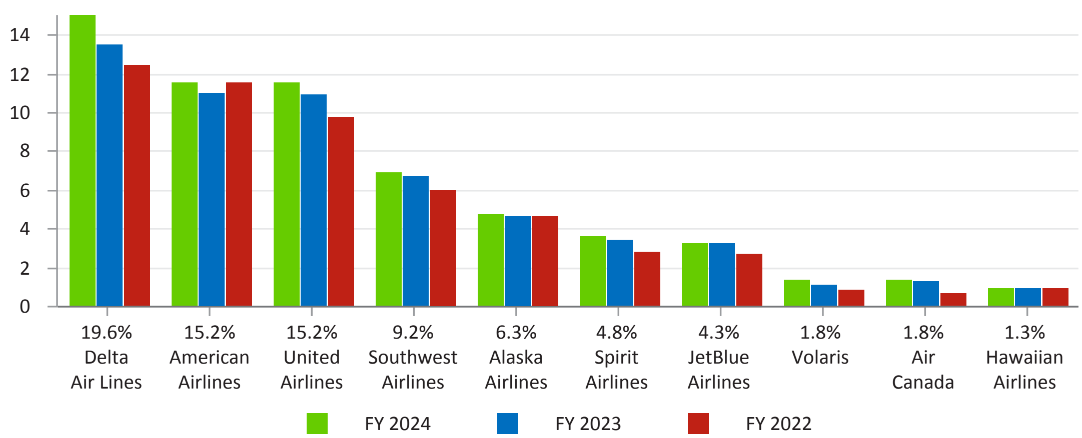
				% Change	
	FY 2024	FY 2023	FY 2022	FY 2024	FY 2023
Total passengers	76,516,056	70,966,023	60,688,248	7.8%	16.9%
Domestic passengers	52,895,885	51,079,280	48,485,050	3.6%	5.4%
International passengers	23,620,171	19,886,743	12,203,198	18.8%	63.0%
Departing passengers	38,339,553	35,525,350	30,253,056	7.9%	17.4%
Arriving passengers	38,176,503	35,440,673	30,405,450	7.7%	16.6%
Passenger flight operations					
Departures	257,295	243,606	236,681	5.6%	2.9%
Arrivals	256,297	243,049	237,206	5.5%	2.5%
Landing weight					
(thousand lbs)	58,301,745	55,177,127	54,384,879	5.7%	1.5%
Air cargo (tons)					
Mail	58,129	107,236	125,346	-45.8%	-14.4%
Freight	2,328,504	2,375,445	2,819,405	-2.0%	-15.7%

Note: Prior years' data may change because of updated available information, however, in order to remain comparable and consistent with the published data, the passenger and other traffic numbers for prior fiscal years are not changed.

Passenger Traffic

The following charts present the top ten airlines at LAX, by number of passengers, for fiscal year 2024 and the comparative passengers for fiscal years 2023 and 2022.

FY 2024 Top Ten Carriers and FY 2024 Percentage of Market Share
(passengers in millions)



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Passenger Traffic, Fiscal Year 2024

Passenger traffic at LAX increased by 7.8% in fiscal year 2024 as compared to fiscal year 2023. Of the 76.5 million passengers that moved in and out of LAX, domestic passengers accounted for 69.1%, while international passengers accounted for 30.9%. Delta Air Lines ferried the largest number of passengers at 15.0 million with a 10.3% increase in passenger traffic. American Airlines, ranked second with 11.6 million passengers posted a 4.5% increase in passenger traffic. United Airlines, ranked third with 11.6 million passengers posted a 5.5% increase in passenger traffic. Southwest Airlines (7.0 million) and Alaska Airlines (4.8 million) complete the top five air carriers operating at LAX. Volaris was the top foreign flag carrier with 1.4 million passengers and was ranked eighth overall.

Passenger Traffic, Fiscal Year 2023

Passenger traffic at LAX increased by 16.9% in fiscal year 2023 as compared to fiscal year 2022. Of the 71.0 million passengers that moved in and out of LAX, domestic passengers accounted for 72.0%, while international passengers accounted for 28.0%. Delta Air Lines ferried the largest number of passengers at 13.6 million with an 8.8% increase in passenger traffic. American Airlines, ranked second with 11.1 million passengers posted a 4.3% decrease in passenger traffic. United Airlines, ranked third with 11.0 million passengers posted a 12.2% increase in passenger traffic. Southwest Airlines (6.8 million) and Alaska Airlines (4.7 million) complete the top five air carriers operating at LAX. Air Canada was the top foreign flag carrier with 1.3 million passengers and was ranked eighth overall.

Passenger Flight Operations, Fiscal Year 2024

Departures and arrivals at LAX increased by 26,937 flights or 5.5% during fiscal year 2024 when compared to fiscal year 2023. Revenue landing pounds were up 5.7%. The top three carriers in terms of landing pounds were Delta Air Lines, United Airlines and American Airlines. In total, these three airlines contributed 40.4% of the total revenue pounds at LAX.

Passenger Flight Operations, Fiscal Year 2023

Departures and arrivals at LAX increased by 12,768 flights or 2.7% during fiscal year 2023 when compared to fiscal year 2022. Revenue landing pounds were up 1.5%. The top three carriers in terms of landing pounds were Delta Air Lines, American Airlines and United Airlines. In total, these three airlines contributed 39.2% of the total revenue pounds at LAX.

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Air Cargo (tons), Fiscal Year 2024

Freight and mail cargo at LAX decreased by 3.9% in fiscal year 2024 as compared to fiscal year 2023. Freight was down by 46,941 tons, and mail was down by 49,107 tons. Domestic cargo was down by 48,251 tons or 5.4% and international cargo was down by 47,797 tons or 3.0%. Federal Express was the top air freight carrier accounting for 11.9% of total freight cargo, followed by Polar Air Cargo with 7.7%. Kalitta Air LLC was the top mail carrier accounting for 27.8% of total mail cargo.

Air Cargo (tons), Fiscal Year 2023

Freight and mail cargo at LAX decreased by 15.7% in fiscal year 2023 as compared to fiscal year 2022. Freight was down by 443,960 tons, and mail was down by 18,110 tons. Domestic cargo was down by 197,383 tons or 18.2% and international cargo was down by 264,687 tons or 14.2%. Federal Express was the top air freight carrier accounting for 11.9% of total freight cargo, followed by Polar Air Cargo with 11.2%. Kalitta Air LLC was the top mail carrier accounting for 45.9% of total mail cargo.

Overview of LAWA's Financial Statements

Financial Highlights, Fiscal Year 2024

- LAWA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6.4 billion.
- Bonded debt had a decrease of $311.9 million.
- Operating revenue totaled $2.0 billion.
- Operating expenses (including depreciation and amortization of $765.4 million) totaled $1.7 billion.
- Net nonoperating expenses totaled $53.3 million.
- Federal and other government capital grants totaled $128.6 million.
- Net position increased by $302.4 million.

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(continued)

Financial Highlights, Fiscal Year 2023

- LAWA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6.1 billion.
- Bonded debt had a net increase of $1.0 billion.
- Operating revenue totaled $1.8 billion.
- Operating expenses (including depreciation and amortization of $697.2 million) totaled $1.6 billion.
- Net nonoperating expenses totaled $182.8 million.
- Federal and other government capital grants totaled $394.2 million.
- Net position increased by $413.7 million.

Net Position Summary

A condensed summary of LAWA's net position for fiscal years ended June 30, 2024, 2023, and 2022 is presented below. The fiscal year 2022 financial statements have been restated for the adoption of GASB 96, *SBITA*, effective July 1, 2021.

Condensed Net Position (amounts in thousands)

	FY 2024	FY 2023	As Restated FY 2022	FY 2024 increase (decrease)	FY 2023 increase (decrease)
Assets					
Unrestricted current assets	$ 1,883,858	$ 2,007,341	$ 1,546,761	$ (123,483)	$ 460,580
Restricted current assets	1,765,654	2,701,296	2,479,823	(935,642)	221,473
Capital assets, net	17,658,903	16,507,796	14,975,371	1,151,107	1,532,425
Noncurrent assets	216,408	152,232	222,602	64,176	(70,370)
Total assets	21,524,823	21,368,665	19,224,557	156,158	2,144,108
Deferred outflows of resources					
Loss on debt refundings	32,011	36,789	41,885	(4,778)	(5,096)
Pension and OPEB	234,700	251,993	189,056	(17,293)	62,937
Total deferred outflows of resources	266,711	288,782	230,941	(22,071)	57,841
Liabilities					
Current liabilities payable from unrestricted assets	833,947	687,275	506,367	146,672	180,908
Current liabilities payable from restricted assets	333,963	279,940	214,952	54,023	64,988
Noncurrent liabilities	12,971,202	13,309,889	11,739,300	(338,687)	1,570,589
Net pension liability	863,879	884,582	545,697	(20,703)	338,885
Net OPEB liability	—	27,484	—	(27,484)	27,484
Total liabilities	15,002,991	15,189,170	13,006,316	(186,179)	2,182,854
Deferred inflows of resources					
Gain on debt refundings	50,893	54,716	53,326	(3,823)	1,390
Pension and OPEB	154,821	109,339	448,174	45,482	(338,835)
Leases	148,381	172,181	229,347	(23,800)	(57,166)
Total deferred inflows of resources	354,095	336,236	730,847	17,859	(394,611)
Net Position					
Net investment in capital assets	5,298,165	4,905,809	5,040,490	392,356	(134,681)
Restricted for capital projects	315,836	286,534	267,664	29,302	18,870
Restricted for operation & maintenance reserve	257,416	232,615	223,815	24,801	8,800
Restricted for federal forfeited property & protested funds	2,229	1,753	2,233	476	(480)
Net pension/OPEB asset	17,822	—	—	17,822	—
Unrestricted	542,980	705,330	184,133	(162,350)	521,197
Total net position	$ 6,434,448	$ 6,132,041	$ 5,718,335	$ 302,407	$ 413,706

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(continued)

Net Position, Fiscal Year 2024

As noted earlier, net position may serve as a useful indicator of LAWA's financial condition. At the close of fiscal years 2024 and 2023, LAWA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6.4 billion and $6.1 billion, respectively, representing an increase of $302.4 million or 4.9%.

The largest portion of LAWA's net position ($5.3 billion or 82.3%) reflects its investment in capital assets (e.g. land, air easements, buildings, improvements, equipment and vehicles) less accumulated depreciation and any related outstanding debt used to acquire those assets. An additional portion of LAWA's net position ($593.3 million or 9.2%) represents resources that are subject to various restrictions on how they may be used. Unrestricted net position decreased by $162.4 million from $705.3 million in fiscal year 2023 to $543.0 million in fiscal year 2024.

Unrestricted current assets decreased by $123.5 million or 6.2%, from $2.0 billion at June 30, 2023 to $1.9 billion at June 30, 2024. The decrease was primarily driven by a decrease in cash and pool investments held in City Treasury of $148.4 million or 8.0%, a decrease in lease receivable of $15.3 million or 39.4%, offset by an increase in accounts receivable of $2.5 million or 10.0%, an increase in unbilled receivables of $11.5 million or 25.3%, an increase in accrued interest receivable of $5.9 million or 63.3%, an increase in grants receivable of $14.6 million or 83.0%, and an increase in prepaid expenses of $6.1 million or 57.0% in fiscal year 2024.

Unrestricted current assets consist primarily of cash and pooled investments (including reinvested cash collateral in 2024) held in the City Treasury. Unrestricted cash inflows were from operating activities, investment activities, noncapital grants, and federal grant reimbursements for eligible capital projects. Unrestricted cash outflows were for operating activities, capital acquisitions and transfers to fiscal agents for debt service.

The decrease in cash and pooled investments held in City Treasury of $148.4 million or 8.0% was primarily due to lower cash inflows than outflows in fiscal year 2024, offset by the year-end recognition of $22.1 million net gain in fair market valuation/securities lending transactions as of June 30, 2024. The decrease in lease receivable of $15.3 million or 39.4% was primarily due to higher payments received, offset with increase due to new leases in fiscal year 2024 as compared to fiscal year 2023. The increase in accounts receivable of $2.5 million or 10.0%, together with the increase in unbilled receivables, which represented the year-end accrual for unbilled revenue, of $11.5 million or 25.3%, were primarily a result of a higher passenger level in June 2024 as compared to June 2023. The increase in accrued interest receivable of $5.9 million or 63.3% was primarily due to higher interest yield in fiscal year 2024 as compared to fiscal year 2023. The increase in grants receivable of $14.6 million or 83.0% was primarily due to higher accrued grant expenditures that were not reimbursed from granting agencies at fiscal year end 2024. The increase in prepaid expenses of $6.1 million or 57.0% was mainly due to a higher year-end true up credit adjustment of the pension and OPEB contributions in fiscal year 2024 as compared to fiscal year 2023.

Restricted current assets include cash and investments (including reinvested cash collateral in 2024) held in the City Treasury for future capital projects funded by passenger facility charges (PFCs) and customer facility charges (CFCs). Also included are bond proceeds to be used for capital expenditures as well as bond debt service funds held by fiscal agents. Drawdowns from the amounts held by fiscal agents were used for capital expenditures incurred at LAX and for bond principal and interest payments.

Restricted current assets decreased by $935.6 million or 34.6% from $2.7 billion at June 30, 2023 to $1.8 billion at June 30, 2024. The decrease was primarily driven by a decrease in year-end investment portfolio held by fiscal agents of $987.8 million, or 45.5%, offset by an increase in restricted cash and pooled investments held in City Treasury of $49.1 million, or 9.8%.

The decrease in year-end investment portfolio held by fiscal agents of $987.8 million, or 45.5% from $2.2 billion in fiscal year 2023 to $1.2 billion in fiscal year 2024 was mainly due to drawdowns to fund ongoing projects at LAX in fiscal year 2024. The increase in restricted cash and pooled investments held in City Treasury of $49.1 million or 9.8% from $499.3 million in fiscal year 2023 to $548.4 million in fiscal year 2024 was primarily due to higher cash inflows than outflows in fiscal year 2024, and an increase of $0.8 million net gain in fair market valuation/ securities lending transactions as of June 30, 2024.

LAWA's capital assets additions are financed through the issuance of revenue bonds, grants from federal agencies, PFCs, CFCs, new airport revenue and existing resources. Interim financing of such acquisition may be provided through the issuance of commercial paper notes. Capital assets, net of depreciation, increased by $1.2 billion, or 7.0%. Ongoing construction and improvements to modernize LAX terminals and facilities, and the Landside Access Modernization Program (LAMP) including construction of the Automated People Mover System (APM), Consolidated Rental Car Facility (ConRAC) were the primary reasons for the increase.

Other noncurrent assets increased by $64.2 million or 42.2% primarily due to recognition of long-term portion in investments with fiscal agents of $54.6 million, an increase in net OPEB asset of $16.0 million, and an increase in net pension asset of $1.8 million in fiscal year 2024, offset by a decrease in lease receivable, net of current portion, of $8.1 million or 5.5%.

In fiscal year 2024, LAWA recognized net OPEB asset (a surplus of assets over liabilities) of $16.0 million. This is mainly due to (i) 2024 premiums, underlying claims estimates and subsidy levels were overall lower than expected; the savings produced by the Medicare plan premiums (which either remained level or decreased) more than offset the losses which resulted from the larger than expected premium increases for the non-Medicare plan premiums; updates to the actuarial spread factor methodology also contributed to the savings (ii) reflecting assumptions based on the triennial experience study, and (iii) the overall impact of the updated trend assumptions produced savings for the plan; although the trend rates for 2025 and after were slightly increased, the first year trend assumption for fiscal year 2023/2024 was lower than expected due to the 2024 premium experience. In fiscal year 2023, LAWA recognized net OPEB liability of $27.5 million as a result of a negative return of (9.52)% on the market value of OPEB assets. The decrease in lease receivable, net of current portion, of $8.1 million or 5.5% was due to higher payments received, offset with increase due to new leases in fiscal year 2024.

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Current liabilities payable from unrestricted assets increased by $146.7 million or 21.3%. This was mainly due to an increase of $44.0 million or 12.5% in contracts and accounts payable, an increase of $1.2 million or 5.7% in accrued salaries, an increase of $3.7 million or 47.9% in accrued employee benefits, an increase of $2.1 million or 18.6% in estimated claims payable, an increase of $6.2 million or 271.1% in subscription liabilities, an increase of $91.4 million or 39.8% in commercial paper, an increase in unearned revenue of $9.6 million, offset by a decrease of $5.8 million or 75.7% in obligations under securities lending transactions, and a decrease of $7.2 million or 19.0% in other current liabilities.

The increase of $44.0 million or 12.5% in contracts and accounts payable was primarily due to the higher level of business operational activities as a result of increased passenger level in fiscal year 2024. The increase of $1.2 million or 5.7% in accrued salaries was primarily a result of the accrual of $8.1 million retro payment based on the Coalition Agreement in fiscal year 2024. The increase of $3.7 million or 47.9% in accrued employee benefits was primarily due to higher accrued sick leave in fiscal year 2024. Unused sick leave was accrued at 100% in fiscal year 2024 based on new Coalition Agreement, versus accrual of 50% in fiscal year 2023. The increase of $2.1 million or 18.6% in estimated claims payable was due to a higher liabilities payable within twelve months in fiscal year 2024. The increase of $6.2 million or 271.1% in subscription liabilities was a result of the additional liabilities recognized for the new subscription agreements in fiscal year 2024. The increase of $91.4 million or 39.8% in commercial paper notes was primarily due to the increase in interim financing for the on-going construction projects. The increase in unearned revenue of $9.6 million was related to the unearned grants from ARPA. The decrease of $7.2 million or 19.0% in other current liabilities included a decrease in LAWA’s share of the City Treasury’s year-end pending investment trade of $3.3 million in fiscal year 2024.

Current liabilities payable from restricted assets increased by $54.0 million or 19.3%. This was mainly due to an increase of $56.7 million or 27.9% in current maturities of bonded debt, and an increase of $1.4 million or 29.2% in other current liabilities, offset by a decrease in contracts and accounts payable of $1.6 million or 65.0%, a decrease of $1.1 million or 1.7% in accrued interest payable, and a decrease of $1.3 million or 69.6% in obligations under securities lending transactions in fiscal year 2024.

Noncurrent liabilities decreased by $386.9 million or 2.7%. This was mainly due to a decrease in bonded debt of $368.7 million or 2.9%, a decrease in lease liabilities of $2.9 million or 5.5%, a decrease in Public-Private Partnership (PPP) availability payment liabilities of $10.7 million or 1.8%, a decrease in net pension liability (NPL) of $20.7 million or 2.3%, a decrease in net OPEB liability (NOL) of $27.5 million or 100.0%, offset by an increase in accrued employee benefits of $16.6 million or 31.1%, an increase of $4.0 million or 4.5% in estimated claims payable, an increase of $3.0 million or 135.7% in subscription liabilities and an increase in other long-term liabilities of $20.0 million or 2,257.1% in fiscal year 2024.

The decrease of $368.7 million or 2.9% in bonded debt was primarily a result of no bond issuances in fiscal year 2024 versus bond issuances of $1.5 billion (Series 2022 GHI and 2023 AB), offset by redemption and refunding of $328.5 million in fiscal year 2023. The increase in accrued employee benefits of $16.6 million or 31.1% was primarily due to higher accrued sick leave in fiscal year 2024. Unused sick leave was accrued at 100% in fiscal year 2024 based on new Coalition Agreement, versus accrual of 50% in fiscal year 2023. The increase in other long-term liabilities of $20.0 million or 2,257.1% was due to the recognition of arbitrage rebate liabilities in fiscal year 2024.

Net Position, Fiscal Year 2023[1]

As noted earlier, net position may serve as a useful indicator of LAWA's financial condition. At the close of fiscal years 2023 and 2022, LAWA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6.1 billion and $5.7 billion, respectively, representing an increase of $413.7 million or 7.2%.

The largest portion of LAWA's net position ($4.9 billion or 80.0%) reflects its investment in capital assets (e.g. land, air easements, buildings, improvements, equipment and vehicles) less accumulated depreciation and any related outstanding debt used to acquire those assets. An additional portion of LAWA's net position ($520.9 million or 8.5%) represents resources that are subject to various restrictions on how they may be used. Unrestricted net position increased by $521.2 million from $184.1 million in fiscal year 2022 to $705.3 million in fiscal year 2023.

Unrestricted current assets increased by $460.6 million or 29.8%, from $1.5 billion at June 30, 2022 to $2.0 billion at June 30, 2023. The increase was primarily driven by an increase in cash and pool investments held in City Treasury of $434.1 million or 30.5%, an increase in unbilled receivables of $43.2 million or 2,058.1%, an increase in accrued interest receivable of $3.0 million or 48.2%, and an increase in accounts receivable of $2.7 million or 12.3%, offset by a decrease in lease receivable of $15.8 million or 28.9%, and a decrease in grants receivable of $7.7 million or 30.3% in fiscal year 2023.

Unrestricted current assets consist primarily of cash and pooled investments (including reinvested cash collateral in 2023) held in the City Treasury. Unrestricted cash inflows were from operating activities, investment activities, noncapital grants, and federal grant reimbursements for eligible capital projects. Unrestricted cash outflows were for operating activities, capital acquisitions and transfers to fiscal agents for debt service.

The increase in cash and pooled investments held in City Treasury of $434.1 million or 30.5% was primarily due to higher cash inflows than outflows in fiscal year 2023, offset by the year-end recognition of $55.0 million net loss in fair market valuation/securities lending transactions as of June 30, 2023. Unbilled receivables, which represented the year-end accrual for unbilled revenue, increased by $43.2 million or 2,058.1%. The increase was primarily a result of a higher passenger level in June 2023 as compared to June 2022, in addition to a lower terminal and landing fee credit adjustment from $77.4 million in fiscal year 2022 to $38.6 million in fiscal year 2023. Fiscal year 2022 terminal and landing fee adjustment covered 18 months of reconciliation from January 2021 to June 2022 as a result of a change in reconciliation basis from calendar year to fiscal year.

The increase in accrued interest receivable of $3.0 million or 48.2% was primarily due to higher interest yield in fiscal year 2023 as compared to fiscal year 2022; and the increase of accounts receivable of $2.7 million or 12.3% was primarily due to higher passenger level in June 2023 as compared to June 2022. The decrease in lease receivable of $15.8 million or 28.9% was primarily due to higher payments received, offset with increase due to new leases in fiscal year 2023 as compared to fiscal year 2022. The decrease in grants receivable of $7.7 million or 30.3% was primarily due to a decrease in grants receivable from $6.1 million to $232.1 thousand related to the VNY Runway Reconstruction Project in fiscal year 2023.

[1] *In the comparison between fiscal year 2023 with 2022, the fiscal year 2022 financial statements have been restated for the adoption of GASB 96, SBITA, effective July 1, 2021.*

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Restricted current assets include cash and investments (including reinvested cash collateral in 2023) held in the City Treasury for future capital projects funded by passenger facility charges (PFCs) and customer facility charges (CFCs). Also included are bond proceeds to be used for capital expenditures as well as bond debt service funds held by fiscal agents. Drawdowns from the amounts held by fiscal agents were used for capital expenditures incurred at LAX and for bond principal and interest payments.

Restricted current assets increased by $221.5 million or 8.9% from $2.5 billion at June 30, 2022 to $2.7 billion at June 30, 2023. The increase was primarily driven by an increase in restricted cash and pooled investments held in City Treasury of $16.0 million, or 3.3%, an increase in year-end investment portfolio held by fiscal agents of $197.3 million, or 10.0%, and an increase in Passenger Facility Charges receivables of $8.7 million, or 60.1%.

The increase in restricted cash and pooled investments held in City Treasury of $16.0 million or 3.3% from $483.3 million in fiscal year 2022 to $499.3 million in fiscal year 2023 was primarily due to higher cash inflows than outflows in fiscal year 2023, offset by $10.5 million net loss in fair market valuation/securities lending transactions as of June 30, 2023.

The increase in year-end investment portfolio held by fiscal agents of $197.3 million, or 10.0% from $2.0 billion in fiscal year 2022 to $2.2 billion in fiscal year 2023 was mainly due to higher unspent bond proceeds at LAX in fiscal year 2023. The increase in Passenger Facility Charges receivables of $8.7 million, or 60.1% from $14.5 million in fiscal year 2022 to $23.2 million in fiscal year 2023 was primarily due to the higher passenger level in fiscal year 2023 as compared to fiscal year 2022.

LAWA's capital assets additions are financed through the issuance of revenue bonds, grants from federal agencies, PFCs, CFCs, new airport revenue and existing resources. Interim financing of such acquisition may be provided through the issuance of commercial paper notes. Capital assets, net of depreciation, increased by $1.5 billion, or 10.2%. Ongoing construction and improvements to modernize LAX terminals and facilities, and the Landside Access Modernization Program (LAMP) including construction of the Automated People Mover System (APM), Consolidated Rental Car Facility (ConRAC) were the primary reasons for the increase.

Other noncurrent assets decreased by $70.4 million or 31.6% primarily due to a decrease in lease receivable, net of current portion, of $39.6 million or 21.1%, a decrease in prepaid bond insurance premium of $0.2 million from $4.7 million in fiscal year 2022, and a decrease in net OPEB asset of $30.6 million to zero in fiscal year 2023.

The decrease in lease receivable, net of current portion, of $39.6 million or 21.1% was due to higher payments received, offset with increase due to new leases in fiscal year 2023. The net OPEB asset (a surplus of assets over liabilities) of $30.6 million recognized as of June 30, 2022 was mainly due to an investment gain from actual returns of about 34.0% compared to an expected return of 7.0%, and 2021/2022 premium and subsidy levels lower than expected from favorable premium renewal experience for calendar year 2022, offset to some degree by an updated trend assumption for projecting medical premiums after 2020/2021. In fiscal year 2023, LAWA recognized net OPEB liability of $27.5 million as a result of a negative return of (9.52)% on the market value of OPEB assets.

Current liabilities payable from unrestricted assets increased by $180.9 million or 35.7%. This was mainly due to an increase of $99.7 million or 39.5% in contracts and accounts payable, an increase of $6.3 million or 44.4% in accrued salaries, an increase of $1.2 million or 17.6% in accrued employee benefits, an increase of $1.3 million or 13.2% in estimated claims payable, an increase of $0.8 million or 10.8% in lease liabilities, an increase in PPP availability payment liabilities of $9.8 million, an increase of $75.6 million or 49.1% in commercial paper, and an increase of $9.5 million or 33.1% in other current liabilities, offset by a decrease of $4.9 million or 67.9% in subscription liabilities, a decrease of $5.4 million or 98.3% in accrued interest payable, and a decrease of $13.0 million or 62.7% in obligations under securities lending transactions.

The increase of $99.7 million or 39.5% in contracts and accounts payable was primarily due to the higher level of business operational activities as a result of increased passenger level in fiscal year 2023. The increase of $6.3 million or 44.4% in accrued salaries was primarily a result of the accrual of an one-time bonus of $8.2 million based on the Coalition Agreement in fiscal year 2023. The increase of $1.3 million or 13.2% in estimated claims payable was due to a higher liabilities payable within twelve months in fiscal year 2023. The increase of $0.8 million or 10.8% in lease liabilities was a result of the additional liabilities recognized for the new leases in fiscal year 2023. The increase in PPP availability payment liabilities of $9.8 million from none in fiscal year 2022 was a result of the recognition of the Capital Availability Payment liabilities of $525.2 million, and Capital Renewal Payment liabilities of $69.6 million in relation to the capitalization of Consolidated Rental Car Facility (ConRAC) in fiscal year 2023. The increase of $75.6 million or 49.1% in commercial paper notes was primarily due to the increase in interim financing for the on-going construction projects. The increase of $9.5 million or 33.1% in other current liabilities was primarily due to an increase in LAWA's share of the City Treasury's year-end pending investment trade of $7.8 million in fiscal year 2023. The decrease of $4.9 million or 67.9% in subscription liabilities was a result of the annual amortization in accordance with GASB Statement No. 96, *SBITA,* in fiscal year 2023. The decrease in accrued interest payable of $5.4 million or 98.3% was due to the accrual of interest expenses related to a capital project in fiscal year 2022 and none in fiscal year 2023.

Current liabilities payable from restricted assets increased by $65.0 million or 30.2%. This was mainly due to an increase in contracts and accounts payable of $1.7 million or 215.2%, an increase of $59.9 million in current maturities of bonded debt, an increase of $7.4 million or 12.4% in accrued interest payable, an increase of $0.8 million or 21.8% in other current liabilities, offset by a decrease of $4.9 million or 71.5% in obligations under securities lending transactions in fiscal year 2023.

The increase of $1.7 million, or 215.2% in contracts and accounts payable was primarily due to the higher level of business operational activities as a result of increased passenger activities in fiscal year 2023. The increase of $7.4 million or 12.4% in accrued interest payable was primarily due to the increased level of bonded debt from $11.7 billion in fiscal year 2022 to $12.7 billion in fiscal year 2023. The increase of $0.8 million or 21.8% in other current liabilities was primarily due to an increase in LAWA's share of the City Treasury's year-end pending investment trade of $1.1 million.

Noncurrent liabilities increased by $1.9 billion or 15.8%. This was mainly due to an increase in bonded debt of $982.2 million or 8.5%, an increase in accrued employee benefits of $1.0 million or 2.0%, an increase in lease liabilities of $6.3 million or 13.4%, an increase in PPP availability payment liabilities of $584.1 million, an increase in net pension liability (NPL) of $338.9 million or 62.1%, and an increase in net OPEB liability (NOL) of $27.5 million, offset by a decrease of $1.5 million or 1.6% in estimated claims payable , and a decrease of $1.5 million or 41.1% in subscription liabilities in fiscal year 2023.

The increase of $982.2 million or 8.5% in bonded debt was primarily a result of bond issuances of $1.5 billion (Series 2022 GHI and 2023 AB), offset by redemption and refunding of $328.5 million. The increase of $6.3 million or 13.4% in lease liabilities was a result of the additional liabilities recognized for the new leases in fiscal year 2023. The increase in PPP availability payment liabilities of $584.1 million from zero in fiscal year 2022 was a result of the recognition of the Capital Availability Payment liabilities of $525.2 million, and Capital Renewal Payment liabilities of $69.6 million in relation to the capitalization of ConRAC in fiscal year 2023.

Management's Discussion and Analysis (Unaudited)
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(continued)

The increase in net pension liability (NPL) of $338.9 million or 62.1% was primarily driven by a negative return of (8.11)% on the market value of retirement plan assets in fiscal year 2023, as compared to a return of 28.5% on the market value of retirement plan assets in fiscal year 2022. The increase in net OPEB liability (NOL) of $27.5 million in fiscal year 2023 from none in fiscal year 2022 was primarily driven by a negative return of (9.52)% on the market value of OPEB assets in fiscal year 2023 as compared to a return of 34.0% on the market value of OPEB assets in fiscal year 2022. The decrease of $1.5 million or 1.6% in estimated claims payable was a result of lower liabilities payable beyond twelve months in fiscal year 2023. The decrease of $1.5 million or 41.1% in subscription liabilities was a result of the annual amortization in accordance with GASB Statement No. 96, *SBITA*.

Changes in Net Position Summary

A condensed summary of LAWA's changes in net position for fiscal years ended June 30, 2024, 2023, and 2022 is presented below.

Condensed Changes in Net Position (amounts in thousands)

	FY 2024	FY 2023	As Restated FY 2022	FY 2024 increase (decrease)	FY 2023 increase (decrease)
Operating revenue	$ 1,958,111	$ 1,752,855	$ 1,407,938	$ 205,256	$ 344,917
Less- Operating expenses	965,633	853,436	737,588	112,197	115,848
Operating income before depreciation and amortization	992,478	899,419	670,350	93,059	229,069
Less- Depreciation and amortization	765,423	697,168	635,363	68,255	61,805
Operating income	227,055	202,251	34,987	24,804	167,264
Other nonoperating expenses, net	(53,254)	(182,776)	(243,770)	129,522	60,994
Federal and other government grants	128,606	394,231	45,638	(265,625)	348,593
Changes in net position	302,407	413,706	(163,145)	(111,299)	576,851
Net position, beginning of year	6,132,041	5,718,335	5,881,480	413,706	(163,145)
Net position, end of year	$ 6,434,448	$ 6,132,041	$ 5,718,335	$ 302,407	$ 413,706

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023
(continued)

Operating Revenue

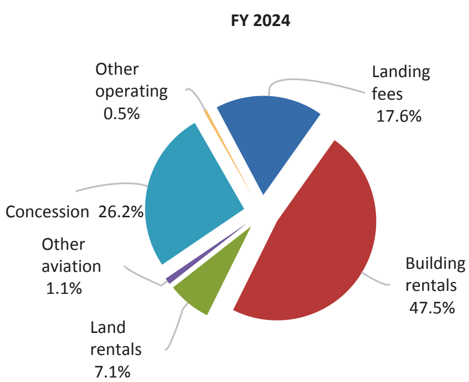
LAWA derives its operating revenue from several major airport business activities. The following table presents a summary of these business activities during fiscal years 2024, 2023, and 2022.

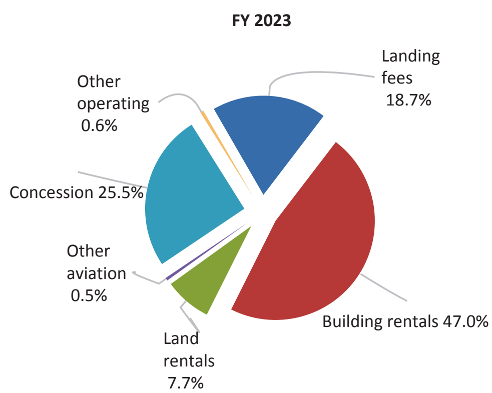
Summary of Operating Revenue
(amounts in thousands)

	FY 2024	FY 2023	As Restated FY 2022	FY 2024 increase (decrease)	FY 2023 increase (decrease)
Aviation revenue					
Landing fees	$ 344,334	$ 328,099	$ 250,171	$ 16,235	$ 77,928
Building rentals	929,420	824,066	650,129	105,354	173,937
Land rentals	139,158	134,394	123,710	4,764	10,684
Other aviation revenue	20,885	8,851	10,265	12,034	(1,414)
Total aviation revenue	1,433,797	1,295,410	1,034,275	138,387	261,135
Concession revenue	512,406	447,491	366,319	64,915	81,172
Other operating revenue	11,908	9,954	7,344	1,954	2,610
Total operating revenue	$ 1,958,111	$ 1,752,855	$ 1,407,938	$ 205,256	$ 344,917

Operating Revenue, Fiscal Year 2024

The following chart illustrates the proportion of sources of operating revenue for fiscal years ended June 30, 2024 and 2023.





For the fiscal year ended June 30, 2024, total operating revenue was $2.0 billion, an increase of $205.3 million or 11.7% from the prior fiscal year. Aviation related revenue increased by $138.4 million or 10.7%. Non-aviation revenue increased by $66.9 million or 14.6%, including an increase in concession of $64.9 million, or 14.5%, and an increase in other operating revenue of $2.0 million, or 19.6%. The increase in total operating revenue was mainly a result of the 7.8% increase in passenger traffic in fiscal year 2024 to 76.5 million as compared to the passenger traffic of 71.0 million in fiscal year 2023.

As described in Note 1i of the notes to the financial statements, landing fees assessed to air carriers at LAX are based on cost recovery methodologies. Rates are set using budgeted expenses and estimates of landed weight. The fees are reconciled at the end of the fiscal year using actual net expenses and actual landed weight, with differences credited or billed to the airlines accordingly. Terminal rental rates at LAX are calculated using a compensatory methodology. Rates are set based on operating and capital costs allocated to the terminal area and charged to users by leased space or activity in common-use areas.

Landing fees increased by $16.2 million or 4.9%, from $328.1 million in fiscal year 2023 to $344.3 million in fiscal year 2024. The increase in landing fees was primarily due to 1.8% increase in permitted passenger rate from $6.11 to a preliminary reconciled rate of $6.22, a 6.4% increase in landed weight, and a 0.7% increase in permitted cargo rate from $4.48 to a preliminary reconciled rate of $4.51 in fiscal year 2024.

Building rentals increased by $105.4 million or 12.8% from $824.1 million in fiscal year 2023 to $929.5 million in fiscal year 2024. At LAX, Building rentals increased by $103.7 million or 12.7% from $815.5 million in fiscal year 2023 to $919.2 million in fiscal year 2024. The increase in building rentals was primarily attributable to higher terminal building rentals rates in fiscal year 2024 as a result of increased costs in improvements and refurbishments in the terminals recovered under the Terminal Rate Agreement, and an increase in terminal use fees of $16.8 million or 12.7% due to an increase of 18.8% in international passenger activity, offset by a decrease of Federal Inspection Services (FIS) Fees by 16.6% from $17.03 to $14.20 per deplaned international passenger in fiscal year 2024.

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023
(continued)

Land rental revenue increased by $4.8 million or 3.5% from $134.4 million in fiscal year 2023 to $139.2 million in fiscal year 2024. At LAX, land rental revenue increased by $0.9 million or 0.8% from $121.6 million to $122.5 million in fiscal year 2024.

Other aviation revenue increased by $12.0 million or 136.0% from $8.9 million in fiscal year 2023 to $20.9 million in fiscal year 2024. At LAX, other aviation revenue increased by $11.3 million or 220.3% from $5.1 million in fiscal year 2023 to $16.4 million in fiscal year 2024. The increase was primarily driven by higher aircraft parking rates that reflect market appropriate, duration based fees in fiscal year 2024.

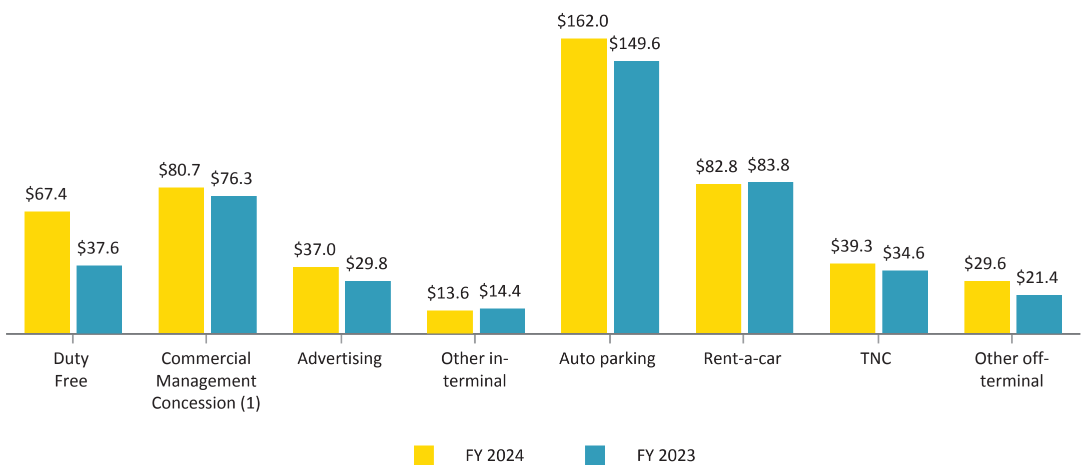
Total revenue from concessions was $512.4 million in fiscal year 2024, a 14.5% increase from $447.5 million in fiscal year 2023. In-terminal concession revenue includes rentals collected from commercial management concessionaires, food and beverage concessionaires; duty free and retail merchants (gifts, news, and novelty items); and concessionaires for advertising, foreign exchange booths, telecommunications, automated teller machines, luggage cart rental, and security screening services. Off-terminal concession revenue is derived from auto parking, rent-a-car, bus, limousine, taxi services, transportation network companies (TNC) and other commercial ground transportation operations.

In-terminal concession revenue at LAX in fiscal year 2024 had a net increase of $40.6 million or 25.7% as compared to fiscal year 2023. Duty free revenues increased by $29.8 million or 79.3% as a result of the inclusion of $18.8 million billing reconciliation for fiscal years 2023 and 2024; commercial management concession (CMC) revenue[2] increased by $4.4 million or 5.8%; other in-terminal revenue decreased by $0.8 million or 5.6%; and advertising revenue increased by $7.2 million or 24.2%. Overall, the increases in concession revenue were mainly a result of the 7.8% increase in passenger traffic in fiscal year 2024 to 76.5 million as compared to the passenger traffic of 71.0 million in fiscal year 2023. The drop in other in-terminal revenue was mainly driven by the decrease of $1.8 million in ATM revenue as a result of the reduction in annual base rent due to reduction in the number of ATMs and new agreement terms in fiscal year 2024.

Off-terminal concession revenue at LAX in fiscal year 2024 was $313.7 million as compared to $289.4 million in fiscal year 2023, an increase of $24.3 million or 8.4%. The increase was primarily caused by an increase in auto parking of $12.4 million or 8.3%, an increase in TNC revenue of $4.7 million or 13.6%, an increase in fly-away bus service of $2.5 million or 18.9%, and an increase in vehicle sharing platforms of $5.8 million or 100%, offset by a decrease in rent-a-car revenue of $1.0 million or 1.2% in fiscal year 2024. Overall, the increase in the off-terminal concession revenue were mainly a result of the 7.8% increase in passenger traffic in fiscal year 2024 to 76.5 million as compared to the passenger traffic of 71.0 million in fiscal year 2023. The decrease in rent-a-car revenue was caused by the inclusion of $(3.9) million billing reconciliation for fiscal years 2023 and 2024.

[2] *Commercial Management Concession revenue includes total revenue from food and beverage concessionaires, gifts and news and commercial management concessionaires.*

Comparative LAWA concession revenue by type for fiscal years 2024 and 2023 are presented in the following chart (amounts in millions).



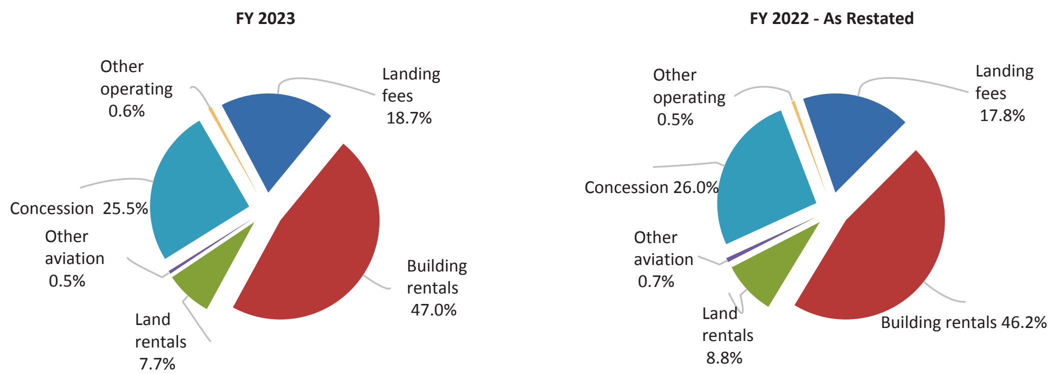
(1) Commercial Management Concession revenue includes total revenue from food and beverage concessionaires, gifts and news and commercial management concessionaires.

Other operating revenue, including airport sales and services, and other aviation and operating revenue, increased by $2.0 million or 19.6% in fiscal year 2024. At LAX, other operating revenue increased by $2.2 million or 23.4% in fiscal year 2024.

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023
(continued)

Operating Revenue, Fiscal Year 2023

The following chart illustrates the proportion of sources of operating revenue for fiscal years ended June 30, 2023 and 2022.



For the fiscal year ended June 30, 2023, total operating revenue was $1.8 billion, an increase of $344.9 million or 24.5% from the prior fiscal year. Aviation related revenue increased by $261.1 million or 25.2%. Non-aviation revenue increased by $83.8 million or 22.4%, including an increase in concession of $81.2 million, or 22.2%, and an increase in other operating revenue of $2.6 million, or 35.5%. The increase in total operating revenue was mainly a result of the 16.9% increase in passenger traffic in fiscal year 2023 to 71.0 million as compared to the passenger traffic of 60.7 million in fiscal year 2022.

As described in Note 1i of the notes to the financial statements, landing fees assessed to air carriers at LAX are based on cost recovery methodologies. Rates are set using budgeted expenses and estimates of landed weight. The fees are reconciled at the end of the fiscal year using actual net expenses and actual landed weight, with differences credited or billed to the airlines accordingly. Terminal rental rates at LAX are calculated using a compensatory methodology. Rates are set based on operating and capital costs allocated to the terminal area and charged to users by leased space or activity in common-use areas.

Landing fees increased by $77.9 million or 31.1%, from $250.2 million in fiscal year 2022 to $328.1 million in fiscal year 2023. The increase in landing fees was primarily due to 1.5% increase in landed weights in fiscal year 2023 as a result of the 16.9% increase in passenger traffic in fiscal year 2023 to 71.0 million and a 22.1% increase in permitted passenger rate from $5.03 to a preliminary reconciled rate of $6.14, and a 29.1% increase in permitted cargo rate from $3.51 to a preliminary reconciled rate of $4.53.

Building rentals increased by $174.0 million or 26.8% from $650.1 million in fiscal year 2022 to $824.1 million in fiscal year 2023. At LAX, Building rentals increased by $174.1 million or 27.2% from $641.4 million in fiscal year 2022 to $815.5 million in fiscal year 2023. The increase in building rentals was primarily attributable to increased costs of $103.1 million or 17.7% due to the increased costs in improvements and refurbishments in the terminals recovered under the Terminal Rate Agreement, and an increase in terminal use fees of $73.2 million or 123.7% due to an increase of FIS Fees by 59.3% from $10.69 to $17.03 per deplaned international passenger and an increase of 63.0% in international passenger activity in fiscal year 2023, offset by a decrease of $2.2 million or

262.1% in building rental revenue recognized in accordance with GASB Statement No. 87, *Leases*.

Land rental revenue increased by $10.7 million or 8.6% from $123.7 million in fiscal year 2022 to $134.4 million in fiscal year 2023. At LAX, land rental revenue increased by $9.6 million or 8.5% from $112.9 million to $124.0 million in fiscal year 2023 as a result of the 5-year fair market rate adjustments starting in June 2022 (retroactive from January 2022), and 8.5% CPI adjustments effective July 1, 2022. The increase was offset by a decrease of $1.6 million or 181.8% in land rental revenue recognized in accordance with GASB Statement No. 87, *Leases*.

Total revenue from concessions was $447.5 million in fiscal year 2023, a 22.2% increase from $366.3 million in fiscal year 2022. In-terminal concession revenue includes rentals collected from commercial management concessionaires, food and beverage concessionaires; duty free and retail merchants (gifts, news, and novelty items); and concessionaires for advertising, foreign exchange booths, telecommunications, automated teller machines, luggage cart rental, and security screening services. Off-terminal concession revenue is derived from auto parking, rent-a-car, bus, limousine, taxi services, transportation network companies (TNC) and other commercial ground transportation operations.

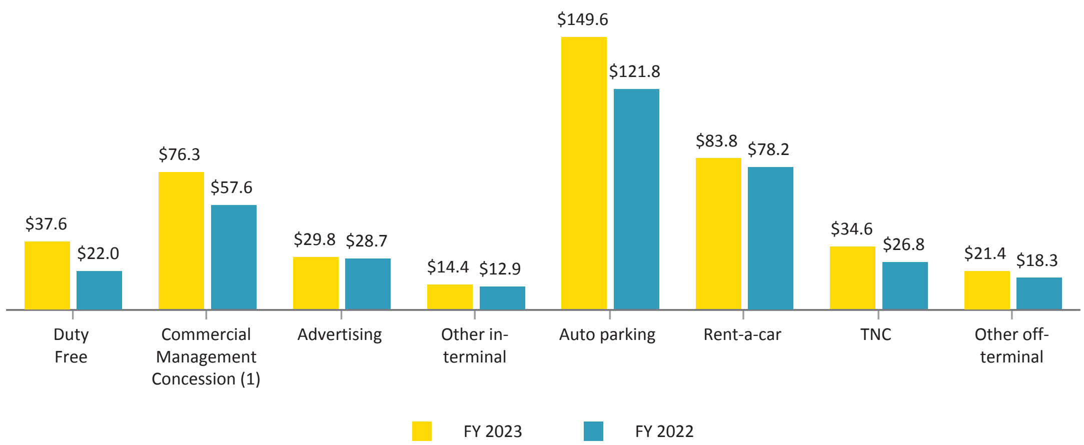
In-terminal concession revenue at LAX in fiscal year 2023 had a net increase of $36.9 million or 30.4% as compared to fiscal year 2022. Duty free revenues increased by $15.6 million or 70.9%; commercial management concession revenue increased by $18.7 million or 32.5%; other in-terminal revenue increased by $1.5 million or 11.6%; and advertising revenue increased by $1.1 million or 3.8%. The increases in concession revenue were mainly a result of the 16.9% increase in passenger traffic in fiscal year 2023 to 71.0 million as compared to the passenger traffic of 60.7 million in fiscal year 2022.

Off-terminal concession revenue at LAX in fiscal year 2023 was $289.4 million as compared to $245.1 million in fiscal year 2022, an increase of $44.3 million or 18.1%. The increase was primarily caused by an increase in auto parking of $27.8 million or 22.8%, an increase in TNC revenue of $7.8 million or 29.1%, an increase in rent-a-car revenue of $5.6 million or 7.2%, an increase in fly-away bus service of $1.7 million or 14.8%, and an increase in bus, limousine and taxi of $1.4 million or 20.6% in fiscal year 2023.

The increase in auto parking revenue of $27.8 million or 22.8% was primarily attributed to the opening of the LAX Economy Parking Garage in October 2021, in addition to the 16.9% increase in passenger traffic in fiscal year 2023 to 71.0 million as compared to the passenger traffic of 60.7 million in fiscal year 2022. The increase in revenue from TNC, rent-a-car revenue, fly-away bus service and bus, limousine and taxi were all driven by the higher passenger traffic in fiscal year 2023.

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023
(continued)

Comparative LAWA concession revenue by type for fiscal years 2023 and 2022 are presented in the following chart (amounts in millions).



(1) Commercial Management Concession revenue includes total revenue from food and beverage concessionaires, gifts and news and commercial management concessionaires.

Other operating revenue, including airport sales and services, and other aviation and operating revenue, increased by $2.6 million or 35.5% in fiscal year 2023. The increase was primarily due to an one-time insurance refund of $1.4 million relating to a construction project which was closed in fiscal year 2016.

Operating Expenses

The following table presents a summary of LAWA's operating expenses for the fiscal years ended June 30, 2024, 2023, and 2022. Included in other operating expenses are expenses for advertising and public relations, training and travel, insurance, lease, and other miscellaneous items.

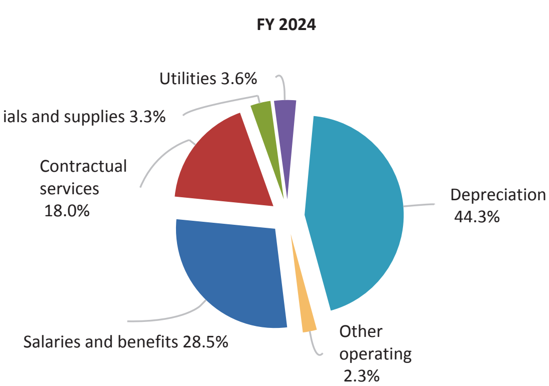
Summary of Operating Expenses
(amounts in thousands)

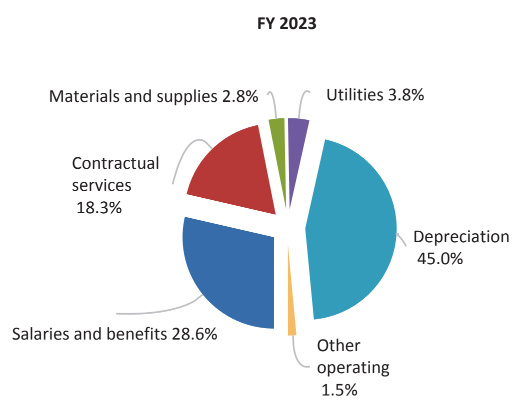
	FY 2024	FY 2023	**As Restated** FY 2022	FY 2024 increase (decrease)	FY 2023 increase (decrease)
Salaries and benefits	$ 493,682	$ 443,590	$ 365,860	$ 50,092	$ 77,730
Contractual services	311,625	283,679	259,380	27,946	24,299
Materials and supplies	57,536	42,843	41,696	14,693	1,147
Utilities	63,095	59,622	49,782	3,473	9,840
Other operating expenses	39,695	23,702	20,870	15,993	2,832
Operating expenses before depreciation	965,633	853,436	737,588	112,197	115,848
Depreciation	765,423	697,168	635,363	68,255	61,805
Total operating expenses	$ 1,731,056	$ 1,550,604	$ 1,372,951	$ 180,452	$ 177,653

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023
(continued)

Operating Expenses, Fiscal Year 2024

The following chart illustrates the proportion of categories of operating expenses for fiscal years ended June 30, 2024 and 2023.





For the fiscal year ended June 30, 2024, LAWA's operating expenses were $1.7 billion, a $180.5 million or 11.6% increase from the prior fiscal year. The increase was primarily due to increase in salaries and benefits of $50.1 million or 11.3%, increase in contractual services of $27.9 million or 9.9%, increase in materials and supplies of $14.7 million or 34.3%, increase in utilities of $3.5 million or 5.8%, increase in other operating expenses of $16.0 million or 67.5%, and increase in depreciation of $68.3 million or 9.8%. Total operating expenses before allocation to other airports were $1.7 billion for LAX, a $173.8 million or 11.4% increase from the prior fiscal year.

LAWA's salaries and benefits expenses increased by $50.1 million or 11.3% in fiscal year 2024. At LAX, salaries and benefits expenses increased by $48.9 million or 11.2%. The increase was mainly driven by increase in salaries and overtime of $18.1 million or 6.3%, increase in retirement contributions of $17.2 million or 17.2%, increase in worker's compensation of $7.4 million or 66.0%, increase in health subsidy of $4.7 million or 11.0% , increase in pension expenses of $4.2 million or 75.2%, offset by a decrease in OPEB expenses of $2.7 million or 25.8% in fiscal year 2024.

The increase in salaries and overtime of $18.1 million or 6.3% was mainly due to the increase of approximately 93 employees to 2,999 in fiscal year 2024 in addition to the accrual of $8.1 million retro payment based on the Coalition Agreement in fiscal year 2024. The increase in retirement contributions of $17.2 million or 17.2% in fiscal year 2023 was a result of a higher contribution rate as calculated by LACERS' actuary. For Tier 1 members, the contribution rate was 34.07% in fiscal year 2024 compared to 33.93% in fiscal year 2023. For Tier 3 members, the contribution rate was 31.45% in fiscal year 2024 compared to 31.35% in fiscal year 2023 in addition to a higher salaries base in fiscal year 2024. The increase in worker's compensation of $7.4 million or 66.0% was a result of higher worker's compensation liabilities based on the actuarial report for fiscal year 2024. The increase in health subsidy of $4.7 million or 11.0% was due to the increase in headcount as well as the increase in health costs provided by the City. The increase in non-cash pension expenses of $4.2 million or 75.2% was mainly due to a reduction in the projected earnings on plan investments based on LACERS' actuarial report for pension. The decrease in non-cash OPEB expenses of $2.7 million or 25.8% was driven by this year's assumption changes, mainly the updated retiree claims and subsidy estimates, and partially offset by a lower credit for projected investment returns based on LACERS' actuarial report for OPEB.

LAWA's contractual services increased by $27.9 million or 9.9% from $283.7 million to $311.6 million in fiscal year 2024. At LAX, contractual services increased by $26.2 million or 9.5% from $275.2 million to $301.4 million in fiscal year 2024. The increase was primarily across the board among all contractual expenses as a result of the increase in passenger traffic causing a higher demand for services. Major contractual expenses experienced notable increases included operations contracts and system services.

LAWA's materials and supplies expenses increased by $14.7 million from $42.8 million to $57.5 million in fiscal year 2024. At LAX, materials and supplies expenses increased by $14.7 million from $42.0 million to $56.7 million in fiscal year 2024. Major materials and supplies expenses experienced notable increases included increases in custodial supplies & services, electric maintenance materials, and maintenance expenses.

LAWA's utilities expenses increased by $3.5 million from $59.6 million to $63.1 million in fiscal year 2024. Utilities expenses were $62.2 million and $58.9 million for LAX in fiscal year 2024 and 2023, respectively. The increase in utilities was primarily driven by increase of $3.7 million in electricity, increase of $3.2 million in water, offset by a decrease in gas charges of $3.9 million in fiscal year 2024. Overall, the increase in utilities was primarily a result of the increase in passenger traffic, in addition to the increase in utility rates in fiscal year 2024. The decrease in gas charges was primarily a result of a drastic surge in natural gas rates in fiscal year 2023.

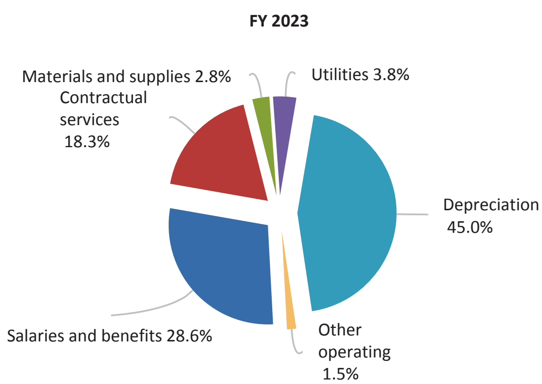
LAWA's other operating expenses increased by $16.0 million from $23.7 million to $39.7 million in fiscal year 2024. Other operating expenses were $36.3 million and $23.5 million for LAX in fiscal year 2024 and 2023, respectively. Major other operating expenses experienced notable increases included increase in insurance expenses of $9.7 million due to rate hike and higher insured coverage value for property insurance as a result of the completion of major infrastructure including the ConRAC.

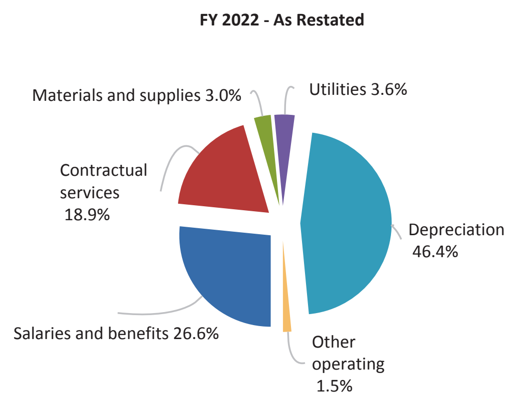
LAWA's depreciation charges increased by $68.2 million from $697.2 million to $765.4 million in fiscal year 2024. In LAX, depreciation charges increased from $689.8 million to $757.6 million in fiscal year 2024. The increase of $67.8 million in depreciation charges was mainly due to the newly capitalized assets in fiscal year 2024 including the ConRAC (capitalized costs $1.6 billion) and Utilities and LAMP Enabling Projects (LULEP) (capitalized costs $321.2 million), with annual depreciation of approximately $65.1 million and $13.0 million, respectively. The increase was partially offset by a decrease in depreciation of fully depreciated and retired assets.

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023
(continued)

Operating Expenses, Fiscal Year 2023

The following chart illustrates the proportion of categories of operating expenses for fiscal years ended June 30, 2023 and 2022.





For the fiscal year ended June 30, 2023, LAWA's operating expenses were $1.6 billion, a $177.7 million or 12.9% increase from the prior fiscal year. The increase was primarily due to increase in salaries and benefits of $77.7 million or 21.2%, increase in contractual services of $24.3 million or 9.4%, increase in materials and supplies of $1.1 million or 2.8%, increase in utilities of $9.8 million or 19.8%, increase in other operating expenses of $2.8 million or 13.6%, and increase in depreciation of $61.8 million or 9.7%. Total operating expenses were $1.5 billion for LAX, a $175.7 million or 13.1% increase from the prior fiscal year.

LAWA's salaries and benefits expenses increased by $77.7 million or 21.2% in fiscal year 2023. At LAX, salaries and benefits expenses increased by $76.7 million or 21.4%. The increase was mainly driven by increase in salaries and overtime of $10.7 million or 3.9%, increase in pension expenses of $46.3 million or 113.8%, increase in OPEB expenses of $9.6 million or 48.1%, increase in retirement contributions of $7.7 million or 8.3%, and increase in worker’s compensation of $2.9 million or 35.1%, offset by a decrease in health subsidy of $0.5 million or 1.2% in fiscal year 2023.

The increase in salaries and overtime of $10.7 million or 3.9% was mainly due to the accrual of a one-time bonus of $8.1 million based on Coalition Agreement in fiscal year 2023. The increase in non-cash pension expenses of $46.3 million or 113.8%, and increase in non-cash OPEB expenses of $9.6 million or 48.1% were mainly due to negative return on the market value of the plan assets recognized in fiscal year 2023. A negative return of (8.11)% on the market value of retirement plan assets in fiscal year 2023 was recognized as compared to a return of 28.5% on the market value of retirement plan assets in fiscal year 2022. A negative return of (9.52)% on the market value of OPEB assets was recognized in fiscal year 2023 as compared to a return of 34.0% on the market value of OPEB assets in fiscal year 2022. The increase in retirement contributions of $7.7 million or 8.3% in fiscal year 2023 was a result of a higher contribution rate as calculated by LACERS’ actuary. For Tier 1 members, the contribution rate was 33.93% in fiscal year 2023 compared to 32.81% in fiscal year 2022. For Tier 3 members, the contribution rate was 31.35% in fiscal year 2023 compared to 30.16% in fiscal year 2022. The increase in worker’s compensation of $2.9 million or 35.1% was a result of higher worker’s compensation claims recognized in fiscal year 2023.

LAWA's contractual services increased by $24.3 million or 9.4% in fiscal year 2023. At LAX, contractual services increased by $24.4 million or 9.7%.

The increase was primarily across the board among all contractual expenses as a result of the increase in passenger traffic causing a higher demand for services. Major contractual expenses experienced notable increases include increase in Common Use Services of $7.8 million, increase in Flyaway services of $5.1 million, increase in ground transportation of $4.6 million, increase in landside parking of $3.1 million, increase in various facilities maintenance of $0.8 million, and an increase of $3.0 million due to recognition of the new leases in fiscal year 2023.

LAWA's materials and supplies expenses increased by $1.1 million from $41.7 million to $42.8 million in fiscal year 2023. At LAX, materials and supplies expenses increased by $1.1 million from $40.9 million to $42.0 million in fiscal year 2023.

Major materials and supplies expenses experienced notable increases included increase in Custodial Supplies & Services of $2.0 million, increase in Electric Maintenance Materials of $1.5 million, increase in Automotive Equipment of $0.9 million, increase in Air Conditioning Repair and Materials of $0.7 million, and increase in Field Paint, Supplies and Services of $0.6 million, offset by decrease in materials and supplies expenses of $4.6 million due to less leases in fiscal year 2023.

LAWA's utilities expenses increased by $9.8 million from $49.8 million to $59.6 million in fiscal year 2023. Utilities expenses were $58.9 million and $49.0 million for LAX in fiscal year 2023 and 2022, respectively. The increase in utilities was primarily driven by increase of $7.4 million in electricity, increase of $3.2 million in gas expenses, increase of $0.5 million in telephone expenses, offset by a decrease in water charges of $1.2 million in fiscal year 2023. Overall, the increase in utilities was primarily a result of the increase in passenger traffic, in addition to the increase in utility rates in fiscal year 2023. The decrease in water charges was primarily a result of a one-time California Water and Wastewater Payment Program credit of $1.9 million, and reversal of an over-accrual of water charges of $3.1 million, offset by increase in water usage of $3.8 million due to higher usage as a result of the increased passenger traffic and increased water rates in fiscal year 2023.

LAWA's other operating expenses increased by $2.8 million from $20.9 million to $23.7 million in fiscal year 2023. Other operating expenses were $23.5 million and $20.7 million for LAX in fiscal year 2023 and 2022, respectively. Major other operating expenses experienced notable increases included increase in insurance expenses of $2.3 million due to rate hike and higher insured coverage value for property insurance, and an increase of $0.5 million due to recognition of the new leases in fiscal year 2023.

LAWA's depreciation charges increased by $61.8 million from $635.4 million to $697.2 million in fiscal year 2023. At LAX, depreciation charges increased from $629.0 million to $689.8 million in fiscal year 2023.

The increase of $60.8 million at LAX is mainly due to the capitalization of approximately $2.3 billion capital assets resulting in addition of about $49.7 million in depreciation of newly capitalized assets in fiscal year 2023. Depreciation of the major newly capitalized assets included T1.5 ($9.3 million), T3 ($7.9 million), T2/3 Central Headhouse ($7.8 million), T5 ($7.7 million), T2 ($7.0 million), T4 ($4.4 million), T4.5 ($1.6 million), T6 ($1.5 million) and others ($5.6 million) in fiscal year 2023. The increase was partially offset by a decrease in depreciation of fully depreciated and retired assets.

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023
(continued)

Nonoperating Transactions

Nonoperating transactions are activities that do not result from providing services or producing and delivering goods in connection with LAWA's ongoing operations. The following table presents a summary of these activities during fiscal years 2024, 2023, and 2022.

Summary of Nonoperating Transactions (amounts in thousands)

	FY 2024	FY 2023	As Restated FY 2022	FY 2024 increase (decrease)	FY 2023 increase (decrease)
Nonoperating revenue					
Passenger facility charges	$ 151,506	$ 144,322	$ 124,856	$ 7,184	$ 19,466
Customer facility charges	70,732	66,518	60,991	4,214	5,527
Interest and investment income (loss)	182,040	77,183	(78,736)	104,857	155,919
Interest income from leases	5,900	6,861	7,961	(961)	(1,100)
Other nonoperating revenue	9,704	22,123	10,722	(12,419)	11,401
	$ 419,882	$ 317,007	$ 125,794	$ 102,875	$ 191,213
Nonoperating expenses					
Interest expense	$ 461,543	$ 426,326	$ 361,110	$ 35,217	$ 65,216
Other nonoperating expenses	11,593	73,457	8,454	(61,864)	65,003
	$ 473,136	$ 499,783	$ 369,564	$ (26,647)	$ 130,219
Federal and other government grants	$ 128,606	$ 394,231	$ 45,638	$ (265,625)	$ 348,593

Nonoperating Transactions, Fiscal Year 2024

PFCs increased by $7.2 million or 5.0% from $144.3 million to $151.5 million as a result of the increase of 7.8% passenger traffic in fiscal year 2024. CFCs, which are imposed on each car rental transaction collected by car rental concessionaires and remitted to LAWA, increased by $4.2 million or 6.3% from $66.5 million to $70.7 million in fiscal year 2024. The increase was primarily due to the increase in passenger traffic in fiscal year 2024.

Interest and investment income increased by $104.9 million from $77.2 million to $182.0 million in fiscal year 2024. In LAX, interest and investment income increased by $104.8 million from $77.1 million to $181.9 million in fiscal year 2024. This was primarily due to higher interest rates and the inclusion of $30.0 million in net year-end adjustment to the fair value of investment securities in fiscal year 2024 versus a negative $47.7 million adjustment recognized in fiscal year 2023 .

Interest income from leases decreased by $1.0 million from $6.9 million to $5.9 million in fiscal year 2024. In LAX, interest income from leases decreased by $0.8 million from $5.8 million to $5.0 million. The decrease was due to recognition of the annual amortization related to leases.

Interest expenses increased by $35.2 million or 8.3% from $426.3 million to $461.5 million in fiscal year 2024 for LAWA and LAX. The increase was mainly due to an increase of $25.5 million interest expenses from $2.2 million to $27.7 million related to recognition of interest on financing liability of ConRAC facility through PPP arrangement. Fiscal year 2023 covered interest expenses for only one month while fiscal year 2024 covered interest expenses for a full year.

Other nonoperating revenue decreased by $12.4 million, or 56.1% from $22.1 million to $9.7 million in fiscal year 2024 for LAWA and LAX. The decrease was primarily due to one-time litigation settlement of $5.6 million to cover attorneys' fees and costs of litigation incurred by LAX, $5.1 million net gain on bond defeasance for bond series 2016A, 2019C, 2021 D&E, and $1.0 million gain related to leases in fiscal year 2023.

Other nonoperating expenses decreased by $61.9 million or 84.2% from $73.5 million to $11.6 million in fiscal year 2024 for LAWA and LAX. The decrease was primarily due to write-off of $10.0 million discontinued project costs in fiscal year 2024 versus the write-off of $29.0 million and $33.3 million assets on demolition of T3 and T4, respectively, and write-off of $6.2 million project costs due to discontinuation of certain Capital Improvement Plan projects in fiscal year 2023.

LAWA's federal and other government grants decreased by $265.6 million or 67.4% in fiscal year 2024. At LAX, federal and other government grants decreased by $260.0 million or 67.1% from $387.5 million to $127.5 million. The decrease was primarily due to reimbursements for The American Rescue Plan Act (ARPA) grants of $27.2 million in fiscal year 2024 versus the reimbursements for ARPA grants of $267.0 million and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) grants of $54.7 million in fiscal year 2023.

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023
(continued)

Nonoperating Transactions, Fiscal Year 2023

PFCs increased by $19.5 million or 15.6% from $124.9 million to $144.3 million as a result of the increase of 16.9% passenger traffic in fiscal year 2023. CFCs, which are imposed on each car rental transaction collected by car rental concessionaires and remitted to LAWA, increased by $5.5 million or 9.1% from $61.0 million to $66.5 million in fiscal year 2023. The increase was primarily due to the increase in passenger traffic in fiscal year 2023.

Interest and investment income increased by $155.9 million from $(78.7) million to $77.2 million in fiscal year 2023. In LAX, interest and investment income increased by $155.9 million from $(78.8) million to $77.1 million in fiscal year 2023. This was primarily due to higher interest rates, higher average balance of cash and pooled investments held in City Treasury, in addition to higher construction funds balances as a result of the unspent bond proceeds, offset by a decrease of $47.4 million in net year-end adjustment to the fair value of investment securities.)

Interest income from leases decreased by $1.1 million from $8.0 million to $6.9 million in fiscal year 2023. In LAX, interest income from leases decreased by $0.9 million from $6.7 million to $5.8 million. The decrease was due to recognition of the annual amortization related to leases.

Interest expenses increased by $65.2 million or 18.1% from $361.1 million to $426.3 million in fiscal year 2023 for LAWA and LAX. The increase was mainly due to increase of $75.4 million bond interest expenses due to the net additional issuances of $1.2 billion revenue bonds (after refunding) to finance capital improvement projects at LAX, and increase of $2.2 million interest expenses related to the capitalization of ConRAC, offset by additional amortization of bond premium in the amount of $12.4 million in fiscal year 2023.

Other nonoperating revenue increased by $11.4 million, or 106.3% from $10.7 million to $22.1 million in fiscal year 2023 for LAWA and LAX. The increase was primarily due to one-time litigation settlement of $5.6 million to cover attorneys' fees and costs of litigation incurred by LAX, $5.1 million net gain on bond defeasance for bond series 2016A, 2019C, 2021 D&E, and $1.0 million gain related to leases, offset by decrease of $0.6 million in BABs subsidy in fiscal year 2023.

Other nonoperating expenses increased by $65.0 million or 768.9% from $8.5 million to $73.5 million in fiscal year 2023 for LAWA and LAX. The increase was primarily due to write-off of $29.0 million and $33.3 million assets on demolition of T3 and T4, respectively, and write-off of $6.2 million project costs due to discontinuation of certain Capital Improvement Plan projects, offset by decrease of $3.5 million in bond expenses in fiscal year 2023.

LAWA's federal and other government grants increased by $348.6 million or 763.8% in fiscal year 2023. At LAX, federal and other government grants increased by $355.7 million or 1,116.2% from $31.9 million to $387.5 million. The increase was primarily due to reimbursements for the ARPA grants of $267.0 million, in addition to the increase of $46.2 million in CRRSAA grants from $8.5 million in fiscal year 2022 to $54.7 million in fiscal year 2023, increase of $37.3 million in TSA contributions from $1.1 million in fiscal year 2022 to $38.4 million in fiscal year 2023, and increase of other AIP grants of $5.3 million in fiscal year 2023.

Long-Term Debt

As of June 30, 2024, LAWA's outstanding long-term debt before unamortized premium was $10.9 billion. There was no bond issuance during the year. Payments for scheduled maturities were $203.2 million. Together with the unamortized premium, bonded debt of LAWA decreased by $311.9 million to a total of $12.4 billion.

As of June 30, 2023, LAWA's outstanding long-term debt before unamortized premium was $11.1 billion. Issuances during the year amounted to $1.5 billion, redemption and refunding totaled $328.5 million, and payments for scheduled maturities were $137.0 million. Together with the unamortized premium, bonded debt of LAWA increased by $1.0 billion to a total of $12.7 billion.

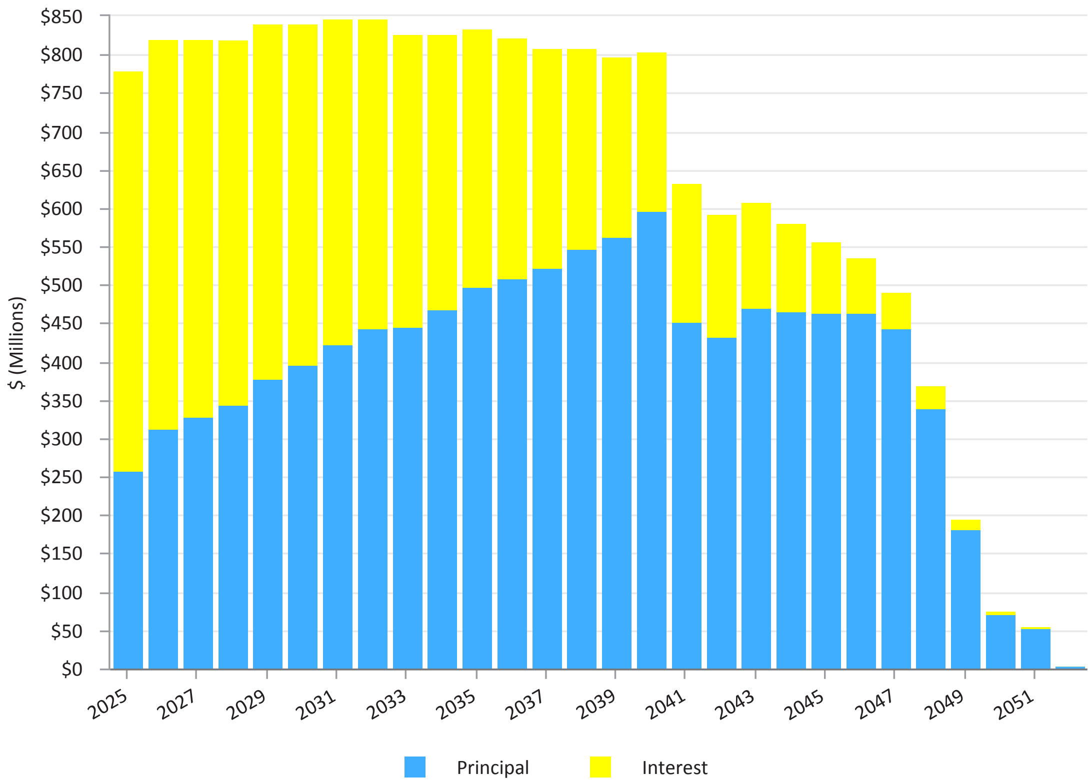
As of June 30, 2024 and 2023, LAWA had $1.1 billion bond security funds held by fiscal agents that are pledged for the payment or security of the outstanding bonds.

As of June 30, 2024 and 2023, LAWA has underlying ratings of "AA", "Aa2" and "AA" on its senior lien debt and underlying ratings of "AA-", "Aa3" and "AA-" on its subordinate lien debt from Fitch Ratings (Fitch), Moody's Investors Service (Moody's) and Standard & Poor's Global Ratings (S&P), respectively.

Additional information regarding LAWA's bonded debt can be found in Note 6 of the notes to the financial statements.

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023
(continued)

Outstanding principal, plus scheduled interest as of June 30, 2024, is scheduled to mature as shown in the following chart (amounts in millions).



Capital Assets

LAWA's investment in capital assets, net of accumulated depreciation, as of June 30, 2024 and 2023 were $17.7 billion and $16.5 billion, respectively. This investment, which accounts for 82.0% and 77.3% of LAWA's total assets as of June 30, 2024 and 2023, respectively, includes land, air easements, buildings, improvements, equipment and vehicles, emission reduction credits, and construction work in progress. LAWA adopted GASB Statement No. 96, *SBITA,* effective July 1, 2021, and GASB Statement No. 87, *Leases,* effective July 1, 2020, and recognized net right-of-use assets of $67.7 million and $64.4 million as of June 30, 2024 and 2023, respectively.

LAWA's policy affecting capital assets can be found in Note 1f of the notes to the financial statements. Additional information can be found in Note 4 of the notes to the financial statements.

Capital Assets, Fiscal Year 2024

Major capital expenditure activities during fiscal year 2024 included:

- LAX - $1.2 billion improvements at Terminals 1 to 8
- LAX - $272.2 million construction of runways, taxiways and other airfield projects
- LAX - $243.1 million construction of Automated People Mover System (APM)
- LAX - $65.8 million construction of Consolidated Rental Car Facility (ConRAC)
- LAX - $29.2 million construction of Intermodal Transportation Facility - West

Additional details of capital commitments can be found in Note 16a of the notes to the financial statements.

Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023
(continued)

Capital Assets, Fiscal Year 2023

Major capital expenditure activities during fiscal year 2023 included:

- LAX - $1.1 billion improvements at Terminals 1 to 8
- LAX - $699.8 million construction of ConRAC
- LAX - $245.0 million construction of APM
- LAX - $60.5 million construction of runways and taxiways
- LAX - $30.8 million Receiving Station Project (RS-X)
- LAX - $9.8 million construction of Intermodal Transportation Facility - West

Additional details of capital commitments can be found in Note 16a of the notes to the financial statements.

Landing Fees

Los Angeles International Airport

The airline landing fees for fiscal year 2025, as approved by the LAWA Board of Commissioners on June 13, 2024 and became effective as of July 1, 2024, are as follows:

	Permitted air carriers	Non-permitted air carriers
For each landing of aircraft having a maximum gross landing weight of 12,500 pounds or less	$85.00	$106.00
For each landing of aircraft having a maximum gross landing weight of more than 12,500 pounds up to and including 25,000 pounds	163.00	204.00
Per 1,000 pounds of maximum gross landing weight for each landing by an air carrier cargo having a maximum gross landing weight of more than 25,000 pounds	4.89	6.11
Per 1,000 pounds of maximum gross landing weight for each landing by an air carrier passenger having a maximum gross landing weight of more than 25,000 pounds	6.50	8.13

The airline landing fees for fiscal year 2024, as approved by the LAWA Board of Commissioners on June 15, 2023 and became effective as of July 1, 2023, are as follows:

	Permitted air carriers	Non-permitted air carriers
For each landing of aircraft having a maximum gross landing weight of 12,500 pounds or less	$83.00	$104.00
For each landing of aircraft having a maximum gross landing weight of more than 12,500 pounds up to and including 25,000 pounds	160.00	200.00
Per 1,000 pounds of maximum gross landing weight for each landing by an air carrier cargo having a maximum gross landing weight of more than 25,000 pounds	4.82	6.03
Per 1,000 pounds of maximum gross landing weight for each landing by an air carrier passenger having a maximum gross landing weight of more than 25,000 pounds	6.40	8.00

Landing fee rates were based on budgeted operating expenses and revenues. Reconciliation between actual revenues and expenses and amounts estimated in the initial calculation result in a fiscal year-end adjustment. The resulting net overcharges or undercharges are recorded as a reduction or addition to unbilled receivables.

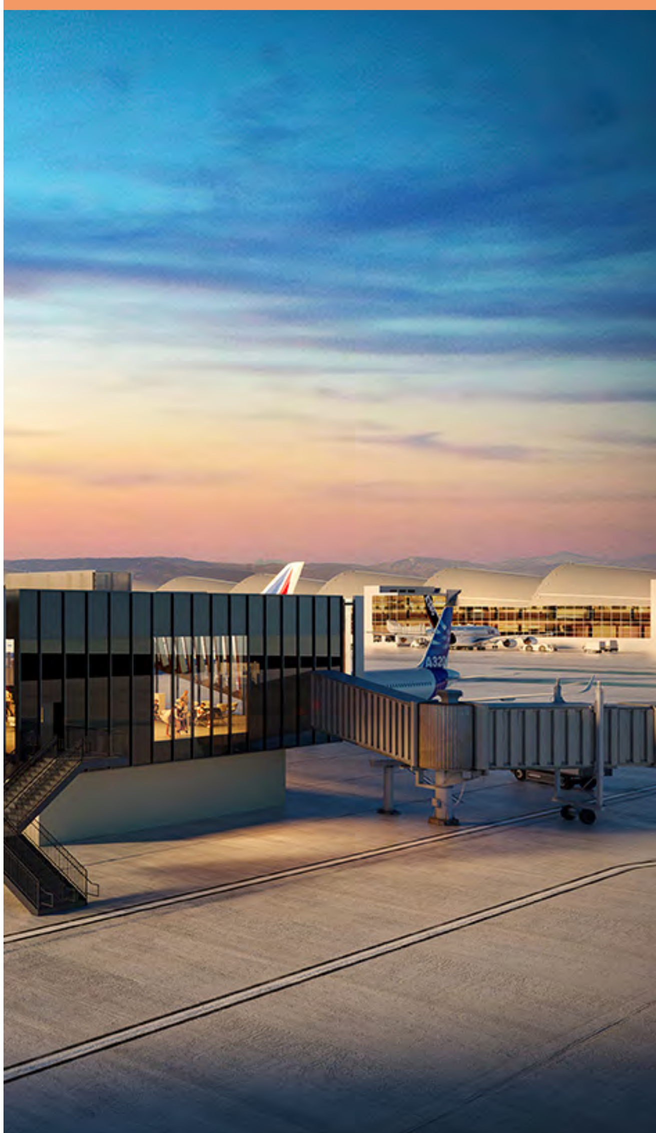
Management's Discussion and Analysis (Unaudited)
June 30, 2024 and 2023
(continued)

Request for Information

This report is designed to provide a general overview of the Los Angeles World Airports' finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Chief Financial Officer, Los Angeles World Airports, 1 World Way, Los Angeles, CA 90045.

Financial Statements

2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT | LOS ANGELES WORLD AIRPORTS



Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Statements of Net Position
June 30, 2024 and 2023
(amounts in thousands)

	2024	2023
ASSETS		
Current Assets		
Unrestricted current assets		
Cash and pooled investments held in City Treasury	$ 1,708,954	$ 1,857,402
Investments with fiscal agents	1,633	1,879
Accounts receivable, net of allowance for uncollectible accounts: 2024 - $3,333; 2023 - $504	27,200	24,736
Unbilled receivables	56,768	45,298
Accrued interest receivable	15,194	9,304
Grants receivable	32,291	17,643
Lease receivable	23,586	38,895
Prepaid expenses	16,715	10,646
Inventories	1,517	1,538
Total unrestricted current assets	1,883,858	2,007,341
Restricted current assets		
Cash and pooled investments held in City Treasury	548,385	499,279
Investments with fiscal agents, includes cash and cash equivalents, related to bonded debt: 2024 - $553,311; 2023 - $1,861,281	1,184,168	2,172,009
Accrued interest receivable	1,820	953
Passenger facility charges receivable	23,602	23,158
Customer facility charges receivable	7,679	5,897
Total restricted current assets	1,765,654	2,701,296
Total current assets	3,649,512	4,708,637
Noncurrent Assets		
Capital assets		
Not depreciated	4,117,481	3,918,900
Depreciated, net	13,473,731	12,524,461
Amortized, net	67,691	64,435
Total capital assets	17,658,903	16,507,796
Other noncurrent assets		
Investment with fiscal agents	54,646	—
Prepaid bond insurance premium	4,335	4,516
Lease receivable, net of current portion	139,605	147,716
Net pension asset	1,819	—
Net OPEB asset	16,003	—
Total other noncurrent assets	216,408	152,232
Total noncurrent assets	17,875,311	16,660,028
TOTAL ASSETS	21,524,823	21,368,665
DEFERRED OUTFLOWS OF RESOURCES		
Loss on debt refundings	32,011	36,789
Pension and OPEB	234,700	251,993
TOTAL DEFERRED OUTFLOWS OF RESOURCES	266,711	288,782

Statements of Net Position (continued)
June 30, 2024 and 2023
(amounts in thousands)

	2024	2023
LIABILITIES		
Current Liabilities		
Current liabilities payable from unrestricted assets		
Contracts and accounts payable	$ 395,899	$ 351,942
Accrued salaries	21,500	20,337
Accrued employee benefits	11,459	7,747
Estimated claims payable	13,491	11,374
Lease liabilities	9,097	8,387
Subscription liabilities	8,514	2,294
PPP availability payment liabilities	10,669	9,774
Commercial paper	320,927	229,541
Accrued interest payable	87	92
Unearned revenue	9,605	—
Obligations under securities lending transactions	1,876	7,725
Other current liabilities	30,823	38,062
Total current liabilities payable from unrestricted assets	833,947	687,275
Current liabilities payable from restricted assets		
Contracts and accounts payable	865	2,468
Current maturities of bonded debt	259,970	203,250
Accrued interest payable	66,428	67,553
Obligations under securities lending transactions	590	1,939
Other current liabilities	6,110	4,730
Total current liabilities payable from restricted assets	333,963	279,940
Total current liabilities	1,167,910	967,215
Noncurrent Liabilities		
Bonded debt, net of current portion	12,159,510	12,528,171
Accrued employee benefits, net of current portion	69,813	53,248
Estimated claims payable, net of current portion	92,296	88,294
Lease liabilities, net of current portion	50,034	52,942
Subscription liabilities, net of current portion	5,227	2,218
PPP availability payment liabilities, net of current portion	573,462	584,131
Net pension liability	863,879	884,582
Net OPEB liability	—	27,484
Other long-term liabilities	20,860	885
Total noncurrent liabilities	13,835,081	14,221,955
TOTAL LIABILITIES	15,002,991	15,189,170
DEFERRED INFLOWS OF RESOURCES		
Gain on debt refundings	50,893	54,716
Pension and OPEB	154,821	109,339
Leases	148,381	172,181
TOTAL DEFERRED INFLOWS OF RESOURCES	354,095	336,236
NET POSITION		
Net investment in capital assets	5,298,165	4,905,809
Restricted for:		
Passenger facility charges eligible projects	302,672	274,714
Customer facility charges eligible projects	13,164	11,820
Operations and maintenance reserve	257,416	232,615
Federally forfeited property and protested funds	2,229	1,753
Net pension/OPEB asset	17,822	—
Unrestricted	542,980	705,330
TOTAL NET POSITION	$ 6,434,448	$ 6,132,041

See accompanying notes to the financial statements.

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2024 and 2023
(amounts in thousands)

	2024	2023
OPERATING REVENUE		
Aviation revenue		
Landing fees	$ 344,334	$ 328,099
Building rentals	929,420	824,066
Land rentals	139,158	134,394
Other aviation revenue	20,885	8,851
Total aviation revenue	1,433,797	1,295,410
Concession revenue	512,406	447,491
Other operating revenue	11,908	9,954
Total operating revenue	1,958,111	1,752,855
OPERATING EXPENSES		
Salaries and benefits	493,682	443,590
Contractual services	311,625	283,679
Materials and supplies	57,536	42,843
Utilities	63,095	59,622
Other operating expenses	39,695	23,702
Total operating expenses before depreciation and amortization	965,633	853,436
Operating income before depreciation and amortization	992,478	899,419
Depreciation and amortization	765,423	697,168
OPERATING INCOME	227,055	202,251
NONOPERATING REVENUE (EXPENSES)		
Passenger facility charges	151,506	144,322
Customer facility charges	70,732	66,518
Interest and investment gain	182,040	77,183
Interest income from leases	5,900	6,861
Interest expense	(461,543)	(426,326)
Other nonoperating revenue	9,704	22,123
Other nonoperating expenses	(11,593)	(73,457)
Total nonoperating expenses, net	(53,254)	(182,776)
INCOME BEFORE CAPITAL GRANTS	173,801	19,475
Federal and other government grants	128,606	394,231
CHANGE IN NET POSITION	302,407	413,706
NET POSITION, BEGINNING OF YEAR	6,132,041	5,718,335
NET POSITION, END OF YEAR	$ 6,434,448	$ 6,132,041

See accompanying notes to the financial statements.

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2024 and 2023
(amounts in thousands)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 1,949,256	$ 1,747,818
Payments to suppliers	(348,552)	(192,389)
Payments for employee salaries and benefits	(475,239)	(441,781)
Payments for City services	(137,509)	(120,561)
Net cash provided by operating activities	987,956	993,087
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital grants received	9,343	10,069
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of revenue bonds and commercial paper notes	92,865	1,695,161
Principal paid on revenue bonds and commercial paper notes	(204,729)	(351,101)
Interest paid on revenue bonds and commercial paper notes	(540,351)	(525,642)
Principal paid on leases and subscription assets	(17,620)	(21,253)
Interest paid on leases and subscription assets	(2,291)	(2,314)
Interest received on leases	5,966	7,015
Revenue bonds issuance costs	(4)	(1,793)
Payments to escrow accounts for bond defeasance	—	(111,985)
Acquisition and construction of capital assets	(1,893,907)	(1,714,032)
Proceeds from passenger facility charges	151,062	135,631
Proceeds from customer facility charges	68,950	67,287
Capital contributed by federal agencies	123,563	401,917
Net cash used in capital and related financing activities	(2,216,496)	(421,109)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	166,783	121,468
Net change in fair value of investments	30,032	(47,732)
Cash collateral (paid) under securities lending transactions	(7,198)	(17,848)
Net sales (purchases) of investments	(3,203)	8,939
(Purchases) of investments held by fiscal agents	(374,775)	(310,728)
Net cash used in investing activities	(188,361)	(245,901)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,407,558)	336,146
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,219,841	3,883,695
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,812,283	$ 4,219,841
CASH AND CASH EQUIVALENTS COMPONENTS		
Cash and pooled investments held in City Treasury- unrestricted	$ 1,708,954	$ 1,857,402
Cash with fiscal agents- unrestricted	1,633	1,879
Cash and pooled investments held in City Treasury- restricted	548,385	499,279
Cash with fiscal agents- restricted	553,311	1,861,281
Total cash and cash equivalents	$ 2,812,283	$ 4,219,841

	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 227,055	$ 202,251
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	765,423	697,168
Change in provision for uncollectible accounts	2,829	31
Other nonoperating revenues, net	362	6,932
Changes in operating assets and liabilities and deferred outflows and inflows of resources		
Accounts receivable	(5,293)	(2,747)
Unbilled receivables	(11,470)	(43,199)
Lease receivable	23,420	55,411
Prepaid expenses and inventories	(6,050)	(1,598)
Net pension/OPEB assets	(17,822)	30,574
Contracts and accounts payable	(4,576)	130,915
Accrued salaries	1,163	6,250
Accrued employee benefits	20,277	2,182
Other liabilities	1,850	1,486
Net pension/OPEB liabilities and related deferred outflows/inflows	14,588	(35,403)
Deferred inflows related to leases	(23,800)	(57,166)
Total adjustments	760,901	790,836
Net cash provided by operating activities	$ 987,956	$ 993,087
SIGNIFICANT NONCASH CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES		
Acquisition of capital assets included in contracts and accounts payable	$ 119,919	$ 72,989
Acquisition of capital assets included in PPP arrangement liabilities	—	593,905
Revenue bonds proceeds received in escrow trust fund	—	214,475
Debt defeased and related costs paid through escrow trust fund with revenue bonds	—	(214,475)
Net change in grants receivable	(14,648)	7,686

See accompanying notes to the financial statements.

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Index to the Notes to the Financial Statements

The notes to the financial statements include disclosures that are necessary for a better understanding of the accompanying financial statements. An index to the notes follows:

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Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Notes to the Financial Statements
June 30, 2024 and 2023

1. Reporting Entity and Summary of Significant Accounting Policies

a. Organization and Reporting Entity

Los Angeles World Airports (Department of Airports of the City of Los Angeles, California) (LAWA) is an independent, financially self-sufficient department of the City of Los Angeles (the City) established pursuant to Article XXIV, Section 238 of the City Charter. LAWA operates and maintains Los Angeles International Airport (LAX) and Van Nuys Airport (VNY) general aviation airport. In addition LAWA owns approximately 17,750 acres of land located east of United States Air Force Plant 42 in the City of Palmdale and retains the rights for future development of the Palmdale property.

LAWA is under the management and control of a seven-member Board of Airport Commissioners (the Board) appointed by the City Mayor and approved by the City Council. Under the City Charter, the Board has the general power to, among other things: (a) acquire, develop, and operate all property, plant, and equipment as it may deem necessary or convenient for the promotion and accommodation of air commerce; (b) borrow money to finance the development of airports owned, operated, or controlled by the City; and (c) fix, regulate, and collect rates and charges for the use of the Airport System. An Executive Director administers LAWA and reports to the Board.

LAWA is reported as a major enterprise fund in the City's basic financial statements presented in its Annual Comprehensive Financial Report. The accompanying financial statements present the net position and changes in net position and cash flows of LAWA. These financial statements are not intended to present the financial position and the changes in financial position of the City, or cash flows of the City's enterprise funds.

b. Basis of Accounting

LAWA is reported as an enterprise fund and maintains its records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred. Separate funds are used to account for each of the two airports referred to above, and the Palmdale property.

c. Cash, Cash Equivalents, and Investments

LAWA's cash, cash equivalents, and investments and a significant portion of its restricted cash and investments are maintained as part of the City's pool of cash and investments. LAWA's portion of the pool is presented on the statements of net position as 'Cash and Pooled Investments Held in City Treasury'. Interest earned on such pooled investments is allocated to the participating City funds based on each fund's average daily cash balance during the allocation period. LAWA considers its unrestricted and restricted cash and investments held in the City Treasury as demand deposits and therefore these amounts are reported as cash equivalents. LAWA has funds that are held by fiscal agents. Investments with maturities of three months or less at the time of purchase are considered cash equivalents.

As permitted by the California Government Code, the City engages in securities lending activities. LAWA's share of assets and liabilities arising from the reinvested cash collateral has been recognized in the statements of net position.

d. Accounts Receivables and Unbilled Receivables

LAWA recognizes revenue in the period earned. Receivables outstanding beyond 90 days are put into the collection process and then referred after 120 days to LAWA's resident City attorneys for possible write-off. An allowance for uncollectible accounts is set up as a reserve by LAWA policy. This policy requires that 2% of outstanding receivables plus 80% of all bankruptcy accounts and all referrals to City Attorney be reserved as uncollectible through a provisional month-end charge to operating expense.

Unbilled receivables balances are the result of revenue accrued for services that exceed $5,000 each, but not yet billed as of year-end. This accrual activity occurs primarily at year-end when services provided in the current fiscal year period might not get processed through the billing system for up to sixty days into the next fiscal year.

e. Inventories

LAWA's inventories consist primarily of general custodial supplies and are recorded at cost on a first-in, first-out basis.

f. Capital Assets

All capital assets are carried at cost, or at acquisition value when properties are acquired by donation or by termination of leases, less allowance for accumulated depreciation. Maintenance and repairs are charged to operations in the period incurred. Renewals and betterments are capitalized in the asset accounts. LAWA has a capitalization threshold of $5,000 for all capital assets other than internally generated computer software where the threshold is $100,000. Preliminary costs of capital projects incurred prior to the finalization of formal construction contracts are recorded in construction work in progress. In the event the proposed capital projects are abandoned, the associated preliminary costs are charged to expense in the year of abandonment.

Depreciation and amortization are computed on a straight-line basis. The estimated useful lives of the major property classifications are as follows: buildings and facilities, 10 to 40 years; building components, 5 to 40 years; airfield and other improvements, 10 to 35 years; infrastructures, 36 to 100 years; equipment and vehicles, 5 to 20 years. The estimated useful lives of intangible assets are as follows: noise mitigation, 5 years; computer software, 5 to 15 years. The estimated useful lives of right to use lease/subscription assets follows the major property classifications described above. No depreciation is provided for construction work in process until construction is completed and/or the asset is placed in service. Also, no depreciation is taken on land, air easements and emission reduction credits because they are considered inexhaustible.

g. Contracts Payable, Accounts Payable, and Other Liabilities

All transactions for goods and services obtained by LAWA from City-approved contractors and vendors are processed for payment via its automated payment system. This procedure results in the recognition of expense in the period when a vendor first provided the goods and/or services. If the goods and/or services were received or if the invoice was received but not yet processed in the system, an accrual is made manually by journal voucher into the general ledger to reflect the liability to the vendor. When LAWA makes agreements that require customers to make cash deposits, these amounts are then reflected as other current liabilities.

h. Operating and Nonoperating Revenues and Expenses

LAWA distinguishes between operating revenues and expenses, and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with LAWA's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. LAWA derives its operating revenues primarily from landing fees, terminal space rental, auto parking, and concessions. LAWA's major operating expenses include salaries and employee benefits, fees for contractual services including professional services, parking operations and shuttle services, and other expenses including depreciation and amortization, maintenance, insurance, and utilities.

i. Landing Fees

Landing fee rates determine the charges to the airlines each time that a qualified aircraft lands at LAX. Landing fees are calculated annually to recover the costs of constructing, maintaining and operating airfield facilities. Costs recovered through these fees are identified using allocation methods of relevant costs attributable to those facilities. Landing fees are initially set using estimates of cost and activity and are reconciled to actual results following each fiscal year end, and the reconciled differences are recognized in Unbilled Receivables at the fiscal year end. VNY serves as a reliever airport for LAX. Any VNY subsidy, when provided, is recovered by LAX through an increase in landing fees at LAX. Landing fees at LAX are calculated based on LAX's operating costs and amortization of debt as well as certain costs associated with VNY.

j. Terminal Rates and Charges

On September 17, 2012, the Board approved a methodology of calculating rates and charges for airlines and airline consortia using passenger terminals at LAX. The rates, which will recover the costs of acquiring, constructing, operating and maintaining terminal facilities, are as follows: terminal building rate, federal inspection services area (FIS) rate, common use holdroom rate, common use baggage claim rate, common use outbound baggage system rate, common use ticket counter rate, and terminal special charges for custodial services, outbound baggage system maintenance, terminal airline support systems, and loading bridge capital and maintenance.

The rates were effective January 1, 2013 to airlines and airline consortia (signatory airlines) agreeing to the methodology and executing a rate agreement with LAWA. The rate agreement provided a Signatory Transitional Phase-in (STP) program that allowed for reduced rates during the first five years of the implementation period; this program expired in fiscal year 2018 for the calendar 2018 rate setting. Signatory airlines in good standing are also eligible to participate in rate agreement revenue sharing programs.

In December 2019, the Board approved a ten year extension of the Rate Agreement ("Amended and Restated Rate Agreement," or "Rate Agreement Amendment") which, among other things: (i) extended the term of the Rate Agreement through December 2032; (ii) required airlines executing a Rate Agreement Amendment to pay an "extraordinary debt service coverage charge" to LAWA designed to maintain a debt service coverage ratio equal to not less than 1.40X; and (iii) under certain circumstances, eliminated the requirement that a participating airline provide a performance guarantee and instead pay to LAWA a 'bad debt surcharge', a pooled surcharge designed to compensate LAWA for bad debt costs.

Prior to fiscal year 2019, airlines with existing leases that opted not to sign an agreement under the methodology (non-signatory tenant airlines) continued to pay rates and charges based on their legacy leases. During fiscal year 2019, all such remaining aeronautical leases were transitioned to the rate agreement methodology.

In response to the COVID-19 pandemic, LAWA proactively implemented measures intended to mitigate operational and financial impacts. Among those measures were the April 2020 approvals of the Passenger Airline Temporary Relief Program and the Concessionaires and Services Temporary Relief Program. On October 21, 2021, the Board approved to amend concession agreements at LAX to revise payment terms due to the continuing impacts of COVID-19. For concessions that were open and conducting business at LAX, the Board approved to extend the revised rent payment terms, required payment of percentage rents instead of Minimum Annual Guarantee (MAG) rent for the period July 1, 2021 through June 30, 2022, and established new MAG rents effective July 1, 2022.

In addition, LAWA developed an Airline Cost Stability and Recovery Plan (ACSRP) aimed at managing rates and charges at LAX through fiscal year 2023. The key objectives of this plan were to: 1) make LAX rates and charges more competitive; 2) mitigate the increase in rates and charges for airlines due to reduced activity; 3) harmonize common use costs across the airport; and 4) achieve stability in LAX financial operations. As part of the ACSRP, LAWA completed taking over the operations and maintenance and rate setting responsibilities for the common use facilities from the Tom Bradley International Terminal Equipment Company, an airline consortium. LAWA completed the following actions according to the Plan: (1) amended the methodology for establishing rates and charges for the use of terminal facilities and equipment (Amended Rate Methodology); (2) amended and restated the Amended and Restated Rate Agreement (Further Amended and Restated Rate Agreement or FARRA); (3) revised terminal rates and charges to include costs previously collected by the consortium and cost reduction and deferral measures per the ACSRP; (4) revised landing and apron fees to include cost deferrals, per the ACSRP.

In June 2021, the Board adopted the Amended Rate Methodology and the FARRA. The FARRA, which extended the Agreement to fiscal year 2033, implemented the Amended Rate Methodology and streamlined LAWA's common use rate structure. Passenger airlines and approved airline consortiums that are party to the current Amended and Restated Rate Agreement were given a deadline of September 30, 2021 to execute and deliver to LAWA the FARRA. Overall, about 69% of passenger airlines executed and delivered the FARRA.

As aeronautical activity continues to recover from the adverse impact of the COVID-19 pandemic, LAWA revised and amended the Rate Methodology and Rate Agreement to complete the rate stabilization and harmonization efforts started several years ago. The revisions to the Methodology further streamline the common use rates and charges, permit LAWA to defer common use cost requirements due to exogenous causes, and allow LAWA to expense capital outlays into the current year rate base. The Amended and Restated Agreement (Amended and Restated Rate Agreement, or 2023 ARRA) implements the Amended Rate Methodology and offer signatory carriers certain concessions, including a gradual phase-in of newly-developed access facilities acreage and costs allocable to airline cost centers and cost reductions to certain activity based requirements, collectively, the FY2024 Adjustments.

In June 2023, the BOAC approved the Tariff Amendment No.6, the Amended Rate Methodology, and the 2023 ARRA effective July 1, 2023. LAWA provided the airlines currently operating at LAX the opportunity to execute and deliver the 2023 ARRA to LAWA by the deadline of December 31, 2023. LAWA reserves the right to reverse the mitigations for the carriers who choose not to sign the 2023 ARRA by the deadline. After December 31, 2023, 2023 ARRA signatories are charged pursuant to that agreement; carriers that are signatories to prior Rate Agreements, but do not sign 2023 ARRA, are charged according to their Rate Agreement in effect.

Airlines and consortiums that choose to execute the Agreement but deliver after the deadline date do not receive the benefit of the FY2024 Adjustments. Such airlines only receive the benefit of the Access Area Phase-In from the Fiscal Year that immediately follows the execution date. At the end of September 2024, about 70 carriers comprising more than 97% of terminal revenues have signed the 2023 ARRA.

k. Concession Revenue

Concession revenues are generated through LAWA concessionaires, tenants or airport service providers who pay monthly fees or rents for using or accessing airport facilities to offer their goods and services to the general public and air transportation community. Payments to LAWA are typically based on negotiated agreements with these parties to remit amounts based on either a MAG or on gross receipts. Amounts recorded to revenue are determined by the type of revenue category set up in the general ledger system and integrated with the monthly accounts receivable billing process. Concession revenue is recorded as it is earned. Some tenant agreements require self-reporting of concession operations and/ or sales. The tenants' operations report and payment are due to LAWA in the month following the activity. The timing of concessionaire reporting and when revenue earned is recorded, will determine when or if accruals are required for each tenant agreement.

l. Unearned Revenue

Unearned revenue consists of concessionaire rentals and payments received in advance and is recorded as other current liabilities.

m. Accrued Employee Benefits

Accrued employee benefits include estimated liability for vacation and sick leave. LAWA employees accumulate annual vacation and sick leave in varying amounts based on length of service. Vacation and sick leave are recorded as earned. Upon termination or retirement, employees are paid the cash value of their accumulated leave. Accrued employee benefits as of June 30, 2024 and 2023 are as follows (amounts in thousands):

Type of benefit	2024	2023
Accrued vacation leave	$ 37,800	$ 39,135
Accrued sick leave	43,472	21,860
Sub-total	81,272	60,995
Current portion	(11,459)	(7,747)
Noncurrent portion	$ 69,813	$ 53,248

n. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, LAWA reports a separate section for deferred outflows of resources and deferred inflows of resources, respectively. Deferred outflows of resources (DO) represent a consumption of net assets that applies to a future period(s) and won't be recognized as an outflow of resources until then. Deferred inflows of resources (DI) represent an acquisition of net assets that applies to future reporting period(s) that won't be recognized as an inflow of resources until then. LAWA has deferred charges on debt refunding to account for gain/loss on bond refunding transactions, deferred outflows/inflows of resources related to pensions and other postemployment benefit (OPEB), and deferred inflows of resources related to leases.

For fiscal years ended June 30, 2024 and 2023, LAWA reported total DO/DI related to pensions/OPEB as below (amounts in thousands):

	2024	2023
Deferred outflows of resources related to pensions		
LACERS - proportionate shares	$ 207,124	$ 214,523
LAFPP - proportionate shares	2,702	3,223
Total	$ 209,826	$ 217,746
Deferred outflows of resources related to OPEB		
LACERS - proportionate shares	$ 23,640	$ 32,900
LAFPP - proportionate shares	1,234	1,347
Total	$ 24,874	$ 34,247
Total deferred outflows of resources related to pensions/OPEB	$ 234,700	$ 251,993
Deferred inflows of resources related to pensions		
LACERS - proportionate shares	$ 86,841	$ 63,247
LAFPP - proportionate shares	1,955	826
Total	$ 88,796	$ 64,073
Deferred inflows of resources related to OPEB		
LACERS - proportionate shares	$ 64,983	$ 44,701
LAFPP - proportionate shares	1,042	565
Total	$ 66,025	$ 45,266
Total deferred inflows of resources related to pensions/OPEB	$ 154,821	$ 109,339

o. Federal Grants

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a federal grant receivable and as nonoperating revenue (operating grants) or capital grant contributions in the statements of revenues, expenses, and changes in net position.

p. Bond Premiums and Discounts

Bond premiums and discounts are deferred and amortized over the life of the bonds. At the time of bond refunding, the unamortized premiums or discounts are amortized over the life of the refunded bonds or the life of the refunding bonds, whichever is shorter. Bonds payable is reported net of the applicable bond premium or discount.

LAWA amortizes bond premiums or discounts using the effective interest method. The effective interest method allocates bond interest expense over the life of the bonds in such a way that it yields a constant rate of interest, which in turn is the market rate of interest at the date of issue of bonds. With effective interest method, the amortization of bond premiums or discounts is calculated using the effective market interest rate at the time of issuances versus the coupon rate used in straight-line method.

q. Leases

LAWA as Lessee

LAWA, as a lessee, recognizes a lease liability and an intangible right-of-use asset at the commencement of a lease, unless the lease is considered a short-term lease or transfers ownership of the underlying assets. Right-of-use lease asset is measured based on the net present value of the future payments to be made, using LAWA's weighted average cost of capital, which approximates LAWA's incremental borrowing rate. Remeasurement of lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

LAWA calculates amortization of the discount on the lease liability and reports that amount as outflow of resources in that period. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations and are recognized as outflows of resources in the periods in which the obligation for the payments are incurred.

LAWA as Lessor

LAWA, as a lessor, recognizes a lease receivable, measured using a present value of the lease payments (based on LAWA's weighted average cost of capital, which approximates a discount rate that LAWA charges the lessee) expected to be received for the lease term, and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for regulated leases and short-term leases. The deferred inflow of resources is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

Periodic amortization of the discount on the receivable is reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. Any initial direct costs are reported as an outflow of resources for that period. Remeasurement of lease receivable occurs when there are modifications, including but not limited to changes in the lease charges, lease term and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, LAWA will reduce the carrying value of the lease receivable and the related deferred inflow of resources and include a gain or loss for the difference.

For lease agreements that are short-term, LAWA recognizes lease payments as inflows of resources (revenues) based on the payment provisions of the lease agreement. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

Regulated Leases

The leases between LAWA and air carriers and other aeronautical users are subject to external laws and regulations. As permitted by GASB Statement No. 87, LAWA recognizes inflows of resources based on the payment provisions of the lease agreement, and the accounting policies under 'LAWA as Lessor' do not apply to regulated leases. Additional disclosures regarding regulated leases are in Note 8.

Subscription Based Information Technology Agreements (SBITA)

In accordance with GASB 96, LAWA recognizes short-term subscription payments, which have a maximum possible term under the SBITA contract of 12 months or less, as outflows of resources in the period incurred.

LAWA recognizes subscription liability and intangible right-of-use subscription asset at the commencement of the contract, unless the contract is considered a transfer ownership of the underlying assets. Right-of-use subscription asset is measured based on the net present value of the future payments to be made, using LAWA's weighted average cost of capital, which approximates LAWA's incremental borrowing rate. Remeasurement of subscription liability occurs when there is a change in the subscription term and/or other changes that are likely to have a significant impact on the subscription liability.

LAWA calculates amortization of the discount on the subscription liability and reports that amount as outflow of resources in that period. Payments are allocated first to accrued interest liability and then to the subscription liability. Variable subscription payments based on the usage of the underlying subscription assets are not included in the subscription liability calculations and are recognized as outflows of resources in the periods in which the obligation for the payments are incurred.

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

r. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- *Net Investment in Capital Assets* - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

- *Restricted Net Position* - This category presents restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Those assets are restricted due to external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted Net Position* - This category represents net position of LAWA that is not restricted for any project or other purpose.

s. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes of which both restricted and unrestricted resources are available, LAWA's policy is to apply restricted resources first.

t. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts in the financial statements and accompanying notes. Actual results could differ from the estimates.

u. Reclassifications

Certain reclassifications have been made to fiscal year 2023 amounts in order to conform to the fiscal year 2024 presentation. Such presentations had no effect on the previously reported change in net position.

2. New Accounting Standards

Implementation of the following GASB statements is effective fiscal year 2024.

Issued in April 2022, GASB Statement No. 99, *Omnibus 2022* aims to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The requirements related to extension of the use of London Interbank Offered Rate (LIBOR), accounting for the Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34**,** *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources,* are effective in April 2022, and were implemented. The requirements related to leases, public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for fiscal year 2023, and were implemented. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective in fiscal year 2024. LAWA implemented this statement without material impact.

Issued in June 2022, GASB Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*, is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. LAWA implemented this statement without material impact.

The GASB has issued several pronouncements that have effective dates that may impact future presentations. LAWA is evaluating the potential impacts of the following GASB statements on its accounting practices and financial statements.

Issued in June 2022, GASB Statement No. 101, *Compensated Absences* is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. Implementation of this statement is effective in fiscal year 2025.

Issued in December 2023, GASB Statement No. 102, *Certain Risk Disclosures,* provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Implementation of this statement is effective in fiscal year 2025.

Issued in April 2024, GASB Statement No. 103, *Financial Reporting Model Improvements,* continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government’s financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. Implementation of this statement is effective in fiscal year 2026.

Issued in September 2024, GASB Statement No. 104, *Disclosure of Certain Capital Assets,* requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34, *Basic Financial Statements—and Management’s Discussion and Analysis*. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this statement requires intangible assets other than those three types to be disclosed separately by major class. This statement also requires additional disclosures for capital assets held for sale. The requirements of this statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Implementation of this statement is effective in fiscal year 2026.

3. Cash and Investments

a. Pooled Investments

Pursuant to the California Government Code and the Los Angeles City Council File No. 94-2160, the City Treasurer provides an Annual Statement of Investment Policy (the Policy) to the City Council. The Policy governs the City's pooled investment practices with the following objectives, in order of priority, safety of principal, liquidity, and rate of return. The Policy addresses soundness of financial institutions in which the Treasurer will deposit funds and types of investment instruments permitted under California law.

Each investment transaction and the entire portfolio must comply with the California Government Code and the Policy. Examples of investments permitted by the Policy are obligations of the U.S. Treasury and government agencies, commercial paper notes, negotiable certificates of deposit, guaranteed investment contracts, bankers' acceptances, medium-term corporate notes, money market accounts, and the State of California Local Agency Investment Fund (LAIF).

LAWA maintains a portion of its unrestricted and restricted cash and investments in the City's cash and investment pool (the Pool). LAWA's share of $2.3 billion and $2.4 billion in the Pool as of June 30, 2024 and 2023 represented approximately 15.5% in both years. There are no specific investments belonging to LAWA. Included in LAWA's portion of the Pool is the allocated investment agreements traded at year-end that were settled in the subsequent fiscal year. LAWA's allocated shares for fiscal years 2024 and 2023 were $17.4 million and $23.4 million, respectively, and were reported as other current liabilities in the statement of net position. The City issues a publicly available financial report that includes complete disclosures related to the entire cash and investment pool. The report may be obtained by writing to the City of Los Angeles, Office of the Controller, 200 North Main Street, City Hall East Suite 300, Los Angeles, CA 90012, or by calling (213) 978-7200.

b. City of Los Angeles Securities Lending Program

The Securities Lending Program (SLP) is permitted and limited under provisions of California Government Code Section 53601. The City Council approved the SLP on October 22, 1991 under Council File No. 91-1860, which complies with the California Government Code. The objectives of the SLP in priority order are: safety of loaned securities and prudent investment of cash collateral to enhance revenue from the investment program. The SLP is governed by a separate policy and guidelines, with oversight responsibility of the Investment Advisory Committee.

The City's custodial bank acts as the securities lending agent. In the event a counterparty defaults by reason of an act of insolvency, the bank shall take all actions which it deems necessary or appropriate to liquidate permitted investment and collateral in connection with such transaction and shall make a reasonable effort for two business days (Replacement Period) to apply the proceeds thereof to the purchase of securities identical to the loaned securities not returned. If during the Replacement Period the collateral liquidation proceeds are insufficient to replace any of the loaned securities not returned, the bank shall, subject to payment by the City of the amount of any losses on any permitted investments, pay such additional amounts as necessary to make such replacement.

Under the provisions of the SLP, and in accordance with the California Government Code, no more than 20% of the fair value of the Pool is available for lending. The City receives cash, U.S. treasury securities, and federal agency issued securities as collateral on loaned securities. The cash collateral is reinvested in securities permitted under the policy. In accordance with the Code, the securities lending agent marks to market the value of both the collateral and the reinvestments daily. Except for open loans where either party can terminate a lending contract on demand, term loans have a maximum life of 90 days. Earnings from securities lending accrue to the Pool and are allocated on a pro rata basis to all Pool participants.

LAWA participates in the City's securities lending program through the pooled investment fund. LAWA recognizes its proportionate share of the cash collateral received for securities loaned and related obligation for the general investment pool. At June 30, 2024, LAWA's portion of the cash collateral and the related obligation in the City's program was $2.5 million. LAWA's portion of the securities purchased from the reinvested cash collateral at June 30, 2024 was $2.5 million. Such securities are stated at fair value and reported under the cash and pooled investment held in City Treasury. LAWA's portion of the noncash collateral at June 30, 2024 was $65.5 million. At June 30, 2023, LAWA's portion of the cash collateral and the related obligation in the City's program was $9.7 million. LAWA's portion of the securities purchased from the reinvested cash collateral at June 30, 2023 was $9.7 million. Such securities are stated at fair value and reported under the cash and pooled investment held in City Treasury. LAWA's portion of the noncash collateral at June 30, 2023 was $40.7 million.

During the fiscal years ended June 30, 2024 and 2023, collateralizations on all loaned securities were within the required 102% of market value. The City can sell collateral securities only in the event of borrower default. The lending agent provides indemnification for borrower default. There were no violations of legal or contractual provisions and no borrower or lending agent default losses during the years. There was no credit risk exposure to the City at June 30, 2024 and 2023 because the amounts owed to the borrowers exceeded the amounts borrowed. Loaned securities are held by the City's agents in the City's name and are not subject to custodial credit risk.

c. Investments with Fiscal Agents

The investment practices of the fiscal agents that relate to LAWA's portfolio are similar as those of the City Treasurer, and have similar objectives. LAWA's investments held by fiscal agents are for the following purposes as of June 30 (amounts in thousands):

	2024	2023
Unrestricted, current		
Commercial paper and cash at bank	$ 1,633	$ 1,879
Restricted, current and noncurrent		
Bond security funds	1,110,925	1,104,030
Construction funds	127,889	1,067,979
Subtotal	1,238,814	2,172,009
Total	$ 1,240,447	$ 2,173,888

The bond security funds are pledged for the payment or security of certain bonds. These investments are generally short-term securities and have maturities designed to coincide with required bond retirement payments. The construction funds are bond proceeds on deposit with the fiscal agents. They are used to reimburse LAWA for capital expenditures incurred or to be incurred at LAX.

At June 30, 2024, the investments and their maturities are as follows (amounts in thousands):

		Investment maturities		
	Amount	1 to 60 days	61 to 365 days	366 days to over 5 years
Money Market Funds	$ 448,778	$ 448,778	$ —	$ —
State of California LAIF	6	—	6	—
U.S. Treasury securities	788,238	102,735	630,858	54,645
Subtotal	1,237,022	$ 551,513	$ 630,864	$ 54,645
Bank deposit accounts	3,425			
Total	$ 1,240,447			

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

At June 30, 2023, the investments and their maturities are as follows (amounts in thousands):

	Amount	Investment maturities: 1 to 60 days	Investment maturities: 61 to 365 days
Money Market Funds	$ 1,378,213	$ 1,378,213	$ —
State of California LAIF	6	—	6
U.S. Treasury securities	790,731	—	790,731
Subtotal	2,168,950	$ 1,378,213	$ 790,737
Bank deposit accounts	4,938		
Total	$ 2,173,888		

Fair Value Measurements

The investments are categorized into its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and.
- Level 3: Investments reflect prices based upon unobservable sources.

At June 30, 2024, the investments by fair value level are as follows (amounts in thousands):

	Amount	Fair Value Measurements Using Level 1
Money Market Funds	$ 448,778	$ 448,778
U.S. Treasury securities	788,238	788,238
Total investments by fair value level	1,237,016	$ 1,237,016
Investments not subject to fair value hierarchy		
State of California LAIF	6	
Bank deposit accounts	3,425	
Total	$ 1,240,447	

At June 30, 2023, the investments by fair value level are as follows (amounts in thousands):

		Amount		Fair Value Measurements Using Level 1
Money Market Funds	$	1,378,213	$	1,378,213
U.S. Treasury securities		790,731		790,731
Total investments by fair value level		2,168,944	$	2,168,944
Investments not subject to fair value hierarchy				
State of California LAIF		6		
Bank deposit accounts		4,938		
Total	$	2,173,888		

Interest Rate Risk. LAWA adopts the City's policy that limits the maturity of investments to five years for U.S. Treasury and government agency securities. The policy allows funds with longer term investments horizons, to be invested in securities that at the time of the investment have a term remaining to maturity in excess of five years, but with a maximum final maturity of thirty years.

Credit Risk. The City's policy requires that a mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies. At June 30, 2024 and 2023, the money market mutual funds were rated AAAm by Standard and Poor's, and Aaa by Moody's.

Concentration of Credit Risk. The City's policy does not allow more than 40% of its investment portfolio to be invested in commercial paper and bankers' acceptances, 30% in certificates of deposit and medium term notes, 20% in mutual funds, money market mutual funds or mortgage pass through securities. The policy further provides for a maximum concentration limit of 10% in any one issuer including its related entities. There is no percentage limitation on the amount that can be invested in the U.S. Treasury and government agencies.

As of June 30, 2024, LAWA's investments in the LAIF held by fiscal agents totaled $6.0 thousand. The total amount invested by all public agencies in LAIF at that date was $22.0 billion. The LAIF is part of the State's Pooled Money Investment Account (PMIA). As of June 30, 2024, the investments in the PMIA totaled $179.0 billion, of which 97.0% is invested in non-derivative financial products and 3.0% in structured notes and asset-backed securities. The weighted average maturity of LAIF investments was 217 days as of June 30, 2024. LAIF is not rated. As of June 30, 2023, LAWA's investments in the LAIF held by fiscal agents totaled $6.0 thousand. The total amount invested by all public agencies in LAIF at that date was $25.7 billion. As of June 30, 2023, the investments in the PMIA totaled $177.0 billion, of which 97.2% is invested in non-derivative financial products and 2.8% in structured notes and asset-backed securities. The weighted average maturity of LAIF investments was 260 days as of June 30, 2023.

The Local Investment Advisory Board (Advisory Board) has oversight responsibility for LAIF. The Advisory Board consists of five members as designated by State statute. The Pooled Money Investment Board whose members are the State Treasurer, Director of Finance, and State Controller, has oversight responsibility for PMIA. The value of the pool shares in LAIF, which may be withdrawn anytime, is determined on a historical basis, which is different than the fair value of LAWA's position in the pool. The bank deposit accounts are covered by Federal depository insurance up to a certain amount. Financial institutions are required under California law to collateralize the uninsured portion of the deposits by pledging government securities or first trust deed mortgage notes. The collateral is held by the pledging institution's trust department and is considered held in LAWA's name.

4. Capital Assets

LAWA had the following activities in capital assets during fiscal year 2024 (amounts in thousands):

	July 1, 2023	Additions	Retirements & disposals	Transfers	Balance at June 30, 2024
Capital assets not depreciated					
Land and land clearance	$ 1,290,867	$ —	$ —	$ (11,327)	$ 1,279,540
Air easements	44,913		—	—	44,913
Emission reduction credits	2,772	—	—	—	2,772
Construction work in progress	2,580,348	1,889,873	(10,626)	(1,669,339)	2,790,256
Total capital assets not depreciated	3,918,900	1,889,873	(10,626)	(1,680,666)	4,117,481
Capital assets depreciated					
Buildings	8,788,051	(338)	—	1,075,328	9,863,041
Improvements	8,308,953	258	(1,619)	543,047	8,850,639
Equipment and vehicles	437,086	13,078	(9,332)	59,445	500,277
Intangible assets	64,755	427	—	2,846	68,028
Total capital assets depreciated	17,598,845	13,425	(10,951)	1,680,666	19,281,985
Accumulated depreciation					
Buildings	(1,554,923)	(328,985)	—	—	(1,883,908)
Improvements	(3,216,189)	(381,542)	895	—	(3,596,836)
Equipment and vehicles	(244,402)	(28,174)	9,263	—	(263,313)
Intangible assets	(58,870)	(5,327)	—	—	(64,197)
Total accumulated depreciation	(5,074,384)	(744,028)	10,158	—	(5,808,254)
Capital assets depreciated, net	12,524,461	(730,603)	(793)	1,680,666	13,473,731
Capital assets - right to use					
Land	45,911	—	—	—	45,911
Buildings	8,688	—	—	—	8,688
Equipment	7,958	7,518	—	—	15,476
Vehicles	32,789	1	—	—	32,790
Subscription assets	23,343	17,132	—	—	40,475
Total amortized assets	118,689	24,651	—	—	143,340
Accumulated amortization					
Land	(8,484)	(2,828)	—	—	(11,312)
Buildings	(4,326)	(1,478)	—	—	(5,804)
Equipment	(6,473)	(2,720)	—	—	(9,193)
Vehicles	(18,621)	(3,688)	—	—	(22,309)
Subscription assets	(16,350)	(10,681)	—	—	(27,031)
Total accumulated amortization	(54,254)	(21,395)	—	—	(75,649)
Assets amortized, net	64,435	3,256	—	—	67,691
Total	$ 16,507,796	$ 1,162,526	$ (11,419)	$ —	$ 17,658,903

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

LAWA had the following activities in capital assets during fiscal year 2023 (amounts in thousands):

	As Restated* Balance at July 1, 2022	Additions	Retirements & disposals	Transfers	June 30, 2023
Capital assets not depreciated					
Land and land clearance	$ 1,272,794	$ —	$ —	$ 18,073	$ 1,290,867
Air easements	44,472	—	—	441	44,913
Emission reduction credits	2,772	—	—	—	2,772
Construction work in progress	3,562,349	2,262,641	(6,185)	(3,238,457)	2,580,348
Total capital assets not depreciated	4,882,387	2,262,641	(6,185)	(3,219,943)	3,918,900
Capital assets depreciated					
Buildings	6,332,719	(2,544)	(3,115)	2,460,991	8,788,051
Improvements	7,722,461	1,218	(136,338)	721,612	8,308,953
Equipment and vehicles	386,417	14,142	(813)	37,340	437,086
Intangible assets	64,062	693	—	—	64,755
Total capital assets depreciated	14,505,659	13,509	(140,266)	3,219,943	17,598,845
Accumulated depreciation					
Buildings	(1,287,204)	(270,619)	2,900	—	(1,554,923)
Improvements	(2,919,557)	(370,926)	74,294	—	(3,216,189)
Equipment and vehicles	(216,041)	(29,132)	771	—	(244,402)
Intangible assets	(53,287)	(5,583)	—	—	(58,870)
Total accumulated depreciation	(4,476,089)	(676,260)	77,965	—	(5,074,384)
Capital assets depreciated, net	10,029,570	(662,751)	(62,301)	3,219,943	12,524,461
Capital assets - right to use					
Land	45,911	—	—	—	45,911
Buildings	8,688	—	—	—	8,688
Equipment	7,958	—	—	—	7,958
Vehicles	15,981	16,808	—	—	32,789
Subscription assets	18,223	5,120	—	—	23,343
Total amortized assets	96,761	21,928	—	—	118,689
Accumulated amortization					
Land	(5,656)	(2,828)	—	—	(8,484)
Buildings	(2,848)	(1,478)	—	—	(4,326)
Equipment	(3,708)	(2,765)	—	—	(6,473)
Vehicles	(14,017)	(4,604)	—	—	(18,621)
Subscription assets	(7,118)	(9,232)	—	—	(16,350)
Total accumulated amortization	(33,347)	(20,907)	—	—	(54,254)
Assets amortized, net	63,414	1,021	—	—	64,435
Total	$ 14,975,371	$ 1,600,911	$ (68,486)	$ —	$ 16,507,796

**The fiscal year 2022 financial statements have been restated for the adoption of GASB 96, SBITA, effective July 1, 2021.*

5. Commercial Paper

As of June 30, 2024 and 2023, LAWA had outstanding commercial paper (CP) notes of $320.9 million and $229.5 million, respectively. The respective average interest rates in effect as of June 30, 2024 and 2023 were 3.67% and 3.19%. The CP notes mature no more than 270 days from the date of issuance. The CP notes were issued as a means of interim financing for certain capital expenditures and redemption of certain bond issues.

As of June 30, 2024, LAWA had letters of credit (LOC) and reimbursement agreements with the following institutions to provide credit support for the CP program: Barclays Bank PLC (Barclays) for $327.0 million, to expire on August 24, 2026; Bank of America, N.A. (Bank of America) for $109.0 million, to expire on August 24, 2026; and PNC Bank, National Association (PNC) for $109.0 million, to expire on August 24, 2027.

As of June 30, 2023, LAWA had letters of credit (LOC) and reimbursement agreements with the following institutions to provide credit support for the CP program: Barclays Bank PLC (Barclays) for $327.0 million, to expire on August 24, 2026; Bank of America, N.A. (Bank of America) for $109.0 million, to expire on August 24, 2026; and PNC Bank, National Association (PNC) for $109.0 million, to expire on August 24, 2027.

As of June 30, 2024, LAWA had undrawn LOC balances of $196.7 million from Barclays, $8.1 million from PNC, and $16.3 million from Bank of America. As of June 30, 2023, LAWA had undrawn LOC balances of $239.3 million from Barclays, and $8.3 million from PNC, and $66.1 million from Bank of America.

In fiscal year 2024, LAWA paid the LOC banks an annual commitment fee ranging from 0.29% and 0.32% on the stated amount of the LOC. In fiscal year 2023, LAWA paid the LOC banks an annual commitment fee ranging from 0.29% and 0.32% on the stated amount of the LOC. LOC fees of $1.3 million and $1.6 million were paid for fiscal years 2024 and 2023, respectively.

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

LAWA had the following CP activity during fiscal year 2024 (amounts in thousands):

	Balance at July 1, 2023	Additions	Reductions	Balance at June 30, 2024
Series A	$ 76,908	$ 49,475	$ (960)	$ 125,423
Series B	152,122	43,382	—	195,504
Series C	511	8	(519)	—
Total	$ 229,541	$ 92,865	$ (1,479)	$ 320,927

LAWA had the following CP activity during fiscal year 2023 (amounts in thousands):

	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023
Series A	$ 79,876	$ 51,544	$ (54,512)	$ 76,908
Series B	50,927	237,122	(135,927)	152,122
Series C	23,113	1,100	(23,702)	511
Total	$ 153,916	$ 289,766	$ (214,141)	$ 229,541

6. Bonded Debt

Bonds issued by LAWA are payable solely from revenues of LAWA and are not general obligations of the City.

a. Outstanding Debt

Outstanding revenue and revenue refunding bonds are due serially in varying annual amounts. Bonds outstanding as of June 30, 2024 and 2023 are as follows (amounts in thousands):

Bond issues	Issue date	Interest rate	FY of last scheduled maturity	Original principal	Outstanding principal 2024	Outstanding principal 2023
Issue of 2009, Series C	12/3/09	5.175% - 6.582%	2039	$ 307,350	$ 220,885	$ 232,035
Issue of 2010, Series C	11/4/10	7.053%	2040	59,360	59,360	59,360
Issue of 2015, Series A	2/24/15	2.000% - 5.000%	2045	267,525	225,905	231,950
Issue of 2015, Series B	2/24/15	3.000% - 5.000%	2045	47,925	40,230	41,325
Issue of 2015, Series C	2/24/15	2.000% - 5.000%	2038	181,805	142,545	149,470
Issue of 2015, Series D	11/24/15	5.000%	2041	296,475	242,155	250,160
Issue of 2015, Series E	11/24/15	2.000% - 5.000%	2041	27,850	20,190	21,285
Issue of 2016, Series A	6/1/16	3.000% - 5.000%	2042	289,210	16,110	23,595
Issue of 2016, Series B	1/19/17	4.000% - 5.000%	2046	451,170	409,620	418,300
Issue of 2016, Series C	12/6/16	1.425% - 3.887%	2038	226,410	148,005	148,005
Issue of 2017, Series A	7/26/17	5.000%	2047	260,610	241,900	246,070
Issue of 2017, Series B	7/26/17	5.000%	2042	88,730	75,160	77,705
Issue of 2018, Series A	3/15/18	4.000% - 5.250%	2048	426,475	406,025	410,900
Issue of 2018, Series B	4/12/18	5.000%	2034	226,500	209,920	226,500
Issue of 2018, Series C	8/8/18	5.000% - 5.750%	2044	425,000	376,745	388,125
Issue of 2018, Series D	11/14/18	5.000%	2048	418,390	356,440	370,300
Issue of 2018, Series E	11/14/18	5.000%	2048	159,980	156,630	159,980
Issue of 2019, Series A	3/12/19	4.000% - 5.000%	2049	199,830	180,635	185,315
Issue of 2019, Series B	3/12/19	4.000% - 5.000%	2049	49,410	45,360	46,455
Issue of 2019, Series C	3/12/19	5.000%	2039	189,095	69,770	77,325
Issue of 2019, Series D	6/27/19	4.000% - 5.000%	2049	167,955	161,450	164,780
Issue of 2019, Series E	6/27/19	4.000% - 5.000%	2049	265,190	257,270	262,560
Issue of 2019, Series F	12/17/19	2.250% - 5.000%	2049	411,575	390,280	398,245
Issue of 2020, Series A	3/11/20	5.000%	2040	738,575	709,005	714,950
Issue of 2020, Series B	8/27/20	4.000% - 5.000%	2040	558,500	526,940	558,500
Issue of 2020, Series C	8/27/20	5.000%	2050	380,000	372,160	380,000
Issue of 2020, Series D	8/27/20	4.000% - 5.000%	2048	120,000	117,405	120,000
Issue of 2021, Series A	2/17/21	5.000%	2051	405,405	405,405	405,405
Issue of 2021, Series B	2/17/21	5.000%	2048	395,005	395,005	395,005
Issue of 2021, Series C	2/17/21	0.698% - 2.213%	2036	92,945	92,945	92,945
Issue of 2021, Series D	10/6/21	3.000% - 5.000%	2051	753,195	735,015	735,015
Issue of 2021, Series E	10/6/21	0.264% - 2.626%	2051	125,815	116,665	117,945
Issue of 2022, Series A	1/20/22	4.000% - 5.000%	2049	347,415	347,415	347,415
Issue of 2022, Series B	1/20/22	4.000% - 5.000%	2048	157,625	157,625	157,625
Issue of 2022, Series C	2/15/22	3.250% - 5.000%	2049	307,070	305,015	307,070

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

Bond issues	Issue date	Interest rate	FY of last scheduled maturity	Original principal	Outstanding principal 2024	Outstanding principal 2023
Issue of 2022, Series D	2/15/22	4.000% - 5.000%	2036	101,545	96,085	100,575
Issue of 2022, Series E	2/15/22	2.750% - 5.000%	2039	20,225	20,225	20,225
Issue of 2022, Series F	2/15/22	2.040% - 3.450%	2042	40,985	40,985	40,985
Issue of 2022 CFC, Series A	3/16/22	3.158% - 4.242%	2048	546,015	546,015	546,015
Issue of 2022, Series G	8/24/22	4.000% - 5.500%	2052	602,820	602,820	602,820
Issue of 2022, Series H	8/24/22	4.000% - 5.500%	2052	373,735	373,735	373,735
Issue of 2022, Series I	8/24/22	4.000% - 5.000%	2048	206,825	206,825	206,825
Issue of 2023, Series A	4/11/23	4.125% - 5.250%	2048	248,010	239,855	248,010
Issue of 2023, Series B	4/11/23	5.000%	2038	46,875	44,700	46,875
Total principal				$ 12,012,405	10,904,435	11,107,685
Unamortized premium					1,515,045	1,623,736
Net revenue bonds					12,419,480	12,731,421
Current portion of debt					(259,970)	(203,250)
Net noncurrent debt					$ 12,159,510	$ 12,528,171

b. Pledged Revenue

The bonds are subject to optional and mandatory sinking fund redemption prior to maturity. LAWA has agreed to certain covenants with respect to bonded indebtedness. The bonds are secured by a pledge of and lien on net pledged revenues as defined in the master senior and subordinate indentures, which pledge and lien remains in place until the bonds are no longer outstanding. Under the bond indentures, pledged revenues include substantially the total operating revenue with the Build America Bonds (BABs) subsidy, nonoperating Transportation Security Administration (TSA) revenue, interest income net of PFC, CFC and construction funds, but do not include PFC revenues, CFC revenues, and certain other nonoperating revenues.

LAWA has received approval from the FAA to collect and use passenger facility charges (PFCs) to pay for debt service on bonds issued to finance the Automated People Mover (APM) System, Tom Bradley International Terminal (TBIT) Renovations, Bradley West projects and Terminal 6 improvements. Board of Airport Commissioners authorized amounts of $130.2 million and $129.9 million were used for debt service in fiscal years 2024 and 2023, respectively.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), which became law on December 27, 2020, provided additional direct aid to LAWA. LAWA was allocated approximately $72.3 million in Airport Coronavirus Response Grant Program funds pursuant to CRRSAA. LAWA used approximately $54.7 million and $8.4 million of CRRSAA grants for payment of LAX maintenance and operation expenses in fiscal year 2023 and 2022, respectively. The remaining balance of $9.2 million CRRSAA funds is anticipated to be used in fiscal year 2025. The American Rescue Plan Act (ARPA) became law on March 11, 2021. LAWA was awarded $303.8 million in American Rescue Grants pursuant to ARPA. LAWA received $36.8 million in grant reimbursement in fiscal year 2024 for concessions rent relief. LAWA got reimbursed $22.4 million for the MAG waiver provided to concessionaires in 2021, and provided rent relief of $4.8 million to concessionaires in fiscal year 2024. LAWA recognized unearned grant revenue of $9.6 million in fiscal year 2024. LAWA received $267.0 million in grant reimbursement in fiscal year 2023 for the eligible operation and maintenance and debt service expenses incurred since March 2021, including $3.5 million and $12.9 million for expenses incurred in fiscal years 2021 and 2022, respectively.

The total principal and interest remaining to be paid on the bonds is $17.9 billion as of June 30, 2024. Principal and interest paid during fiscal year 2024 and the net pledged revenues on US GAAP basis (as defined in the master senior and subordinate indentures, after application of the $130.2 million PFCs funds, were $733.9 million and $1.2 billion, respectively. Principal and interest paid during fiscal year 2023 and the net pledged revenues on US GAAP basis (as defined in the master senior and subordinate indentures, after application of the $129.9 million PFCs funds and CRRSAA and ARPA grants discussed in the preceding paragraph), were $657.0 million and $1.2 billion, respectively.

c. Bond Issuances

Fiscal Year 2024

There was no bond issuance during the year.

Fiscal Year 2023

On August 24, 2022, LAWA issued $602.8 million of LAX senior revenue bonds Series 2022G with a premium of $59.9 million; $373.7 million of LAX senior revenue bonds Series 2022H with a premium of $37.8 million and $206.8 million of LAX senior refunding and revenue bonds Series 2022I with a premium of $29.5 million. The Series 2022GHI bonds were issued to fund certain capital projects at LAX and refund a portion of the outstanding commercial paper notes.

On April 11, 2023, LAWA issued $248.0 million of LAX subordinate refunding revenue bonds Series 2023A with a premium of $23.3 million and $46.9 million of LAX subordinate refunding revenue bonds Series 2023B with a premium of $7.9 million. The Series 2023AB bonds were issued to refund senior revenue bonds Series 2013A, subordinate revenue bonds Series B and refund a portion of the outstanding commercial paper notes. These transactions resulted in cash flow savings of $25.1 million, an economic gain of $5.9 million; and a net loss for accounting purposes of $6.2 million, which is included in deferred outflows of resources and is being amortized over the life of the bonds.

d. Defeasance of Debt

On November 28, 2022, LAWA defeased a portion of the debt service on the LAWA subordinate revenue/refunding revenue bonds 2016 Series A, 2019 Series C, 2021 Series D, and 2021 Series E, with par amounts of $4.1 million, $71.7 million, $18.2 million, and $6.6 million, respectively. These transactions resulted in a reduction of total net debt service by approximately $147.2 million through fiscal year 2042. The total debt service defeased was $118.9 million and the defeasance cost paid by cash was $112.2 million, resulting in a present value savings of $6.8 million. LAWA's average annual debt service payments were reduced by approximately $7.4 million between fiscal year 2024 through 2042. These transactions resulted in a net gain for accounting purposes of $5.1 million, which was recognized as an inflows of resources in fiscal year 2023.

e. Principal Maturities and Interest

Scheduled annual principal maturities and interest are as follows (amounts in thousands):

Fiscal year(s) ending	Principal	Interest	Total
2025	$ 259,970	$ 520,422	$ 780,392
2026	312,985	507,710	820,695
2027	328,265	492,516	820,781
2028	343,930	476,827	820,757
2029	379,865	460,440	840,305
2030 - 2034	2,184,620	2,008,567	4,193,187
2035 - 2039	2,643,390	1,431,316	4,074,706
2040 - 2044	2,423,720	799,414	3,223,134
2045 - 2049	1,896,345	253,541	2,149,886
2050 - 2052	131,345	8,778	140,123
Total	$ 10,904,435	$ 6,959,531	$ 17,863,966

f. Build America Bonds (BABs)

LAX subordinate revenue bonds 2009 Series C and 2010 Series C with par amounts of $307.4 million and $59.4 million, respectively, were issued as federally taxable BABs under the American Recovery and Reinvestment Act of 2009. LAWA receives a direct federal subsidy payment in the amount equal to 35% of the interest expense on the BABs. The interest subsidy on the BABs was $6.5 million for both fiscal years 2024 and 2023. The automatic cuts in spending (referred to as "sequestration") were originally expected to end after fiscal year 2021, however, Congress has repeatedly extended the cuts, with the current annual cut of 5.7% expected to last through the federal fiscal year ending September 30, 2031. The subsidy is recorded as a non-capital grant, a component of other nonoperating revenue.

g. Other Significant Obligations

Aside from LAWA's debt obligations incurred under the Master Senior and Subordinate Indentures, LAWA's other significant obligations include:

APM Agreement

The APM Agreement contains (1) a provision that if LAX terminates the agreement for any of the allowable reasons under the agreement, LAX will owe the APM Developer various amounts, as applicable, including amounts associated with equity and debt contributions made or arranged by the APM Developer and various other breakage costs, with such amounts being payable by LAX within 120 days of the termination date of the agreement, and (2) a provision that if the APM Developer terminates the agreement for any of the allowable reasons under the agreement, LAX will owe the APM Developer various amounts, as applicable, including amounts associated with equity and debt contributions made or arranged by the APM Developer and various other breakage costs, with such amounts being payable by LAX within 120 days of the termination date of the agreement.

ConRAC Agreement

The ConRAC Agreement contains (1) a provision that if LAX terminates the agreement for any of the allowable reasons under the agreement, LAX will owe the ConRAC Developer various amounts, as applicable, including amounts associated with equity and debt contributions made or arranged by the ConRAC Developer and various other breakage costs, with such amounts being payable by LAX within 120 days of the termination date of the agreement, and (2) a provision that if the ConRAC Developer terminates the agreement for any of the allowable reasons under the agreement, LAX will owe the ConRAC Developer various amounts, as applicable, including amounts associated with equity and debt contributions made or arranged by the ConRAC Developer and various other breakage costs, with such amounts being payable by LAX within 120 days of the termination date of the agreement.

7. Changes in Long-Term Liabilities

LAWA had the following long-term liabilities activities for fiscal year ended June 30, 2024 (amounts in thousands):

	Balance at July 1, 2023	Additions	Reductions	Balance at June 30, 2024	Current Portion
Revenue bonds	$ 11,107,685	$ —	$ (203,250)	$ 10,904,435	$ 259,970
Unamortized premium	1,623,736	—	(108,691)	1,515,045	—
Net revenue bonds	12,731,421	—	(311,941)	12,419,480	259,970
Accrued employee benefits	60,995	28,024	(7,747)	81,272	11,459
Estimated claims payable	99,668	17,493	(11,374)	105,787	13,491
Lease liabilities	61,329	6,189	(8,387)	59,131	9,097
Subscription liabilities	4,512	11,523	(2,294)	13,741	8,514
PPP availability arrangement liabilities	593,905	—	(9,774)	584,131	10,669
Net pension liability	884,582	—	(20,703)	863,879	—
Net OPEB liability	27,484	—	(27,484)	—	—
Other long-term liabilities	885	21,598	(373)	22,110	1,250
Total	$ 14,464,781	$ 84,827	$ (400,077)	$ 14,149,531	$ 314,450

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

LAWA had the following long-term liabilities activities for fiscal year ended June 30, 2023 (amounts in thousands):

	*As restated Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Current Portion
Revenue bonds	$ 10,094,845	$ 1,478,265	$ (465,425)	$ 11,107,685	$ 203,250
Unamortized premium	1,594,512	158,383	(129,159)	1,623,736	—
Net revenue bonds	11,689,357	1,636,648	(594,584)	12,731,421	203,250
Accrued employee benefits	58,813	8,769	(6,587)	60,995	7,747
Estimated claims payable	99,794	9,919	(10,045)	99,668	11,374
Lease liabilities	54,252	14,645	(7,568)	61,329	8,387
Subscription liabilities	10,913	748	(7,149)	4,512	2,294
PPP availability arrangement liabilities	—	593,905	—	593,905	9,774
Net pension liability	545,697	338,885	—	884,582	—
Net OPEB liability	—	27,484	—	27,484	—
Other long-term liabilities	885	—	—	885	—
Total	$ 12,459,711	$ 2,631,003	$ (625,933)	$ 14,464,781	$ 242,826

**The fiscal year 2022 financial statements have been restated for the adoption of GASB 96, SBITA, effective July 1, 2021.*

8. Leases

LAWA has adopted the following policies to account for agreements in accordance with the requirements of GASB 87 (unless otherwise specified, the following policies pertain to agreements in which LAWA is lessee, and agreements in which LAWA is lessor):

Basis of lease classification

In accordance with GASB No. 87, LAWA does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. LAWA, being a lessee and lessor, recognizes short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

Term

At the time of lease commencement or conversion, the term of the lease will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal. For extension periods without explicit rent payment amounts in the lease agreement, LAWA assumed a CPI increase of 3.65% and 8.50% for fiscal years 2024 and 2023, respectively, to prior rent payment amounts on an annual basis.

Discount rate

Unless explicitly stated in the lease agreement, known by LAWA, or LAWA is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-of-use assets and liabilities and related lease receivable is LAWA's incremental borrowing rate at the end of each fiscal year. The incremental borrowing rates were 3.34% and 3.33% as of June 30, 2024 and 2023, respectively, and were the discount rates utilized for applicable leases beginning in fiscal year 2024 and 2023.

Variable payments

Variable payments based on the future performance of the lessee or lessor or usage of the underlying asset are not included in the measurement of lease assets or liabilities. For the fiscal years ended June 30, 2024 and 2023, all leases are based on fixed payments and do not have variable payment components.

Remeasurement

For the fiscal years ended June 30, 2024 and 2023, LAWA did not have to remeasure any lease liabilities due to (1) early termination of leases, (2) reduction in monthly lease payment, and (3) change in borrowing rate.

LAWA as Lessee

LAWA, as lessee, has entered into various agreements for land, buildings, equipment, and vehicles with lease terms expiring between 2025 and 2042, with some leases containing options to renew. The terms and conditions for these leases vary by the type of underlying asset. All these agreements have fixed, periodic payments over the lease term, and do not contain variable payments or guaranteed residual values in the lease agreements. For those agreements that are cancellable by the lessors or LAWA with an advance notice, they are considered as non-cancellable in accordance with GASB Statement No. 87.

Lease related right-of-use assets by major class of underlying assets consist of the following (amounts in thousands):

	FY 2024	FY 2023
Right to use assets	$ 102,865	$ 95,346
Accumulated amortization	(48,618)	(37,904)
Total lease related assets	$ 54,247	$ 57,442

Total lease related assets consist of the following (amounts in thousands):

	FY 2024	FY 2023
Land	$ 45,911	$ 45,911
Buildings	8,688	8,688
Equipment	15,476	7,958
Vehicles	32,790	32,789
Total right to use assets	$ 102,865	$ 95,346

In accordance with GASB No. 87, as lessee, LAWA recognized $10.7 million and $11.7 million of amortization expense for the years ended June 30, 2024 and 2023, respectively. LAWA also recognized $1.8 million and $2.0 million of interest expense for the years ended 2024 and 2023, respectively.

Principal and interest payments to be made, under these leases for each of the next five years and in five-year increments thereafter are as follows (amounts in thousands):

Fiscal year(s) ending	Principal	Interest	Total
2025	$ 9,097	$ 1,845	$ 10,942
2026	8,256	1,545	9,801
2027	7,754	1,283	9,037
2028	4,675	1,048	5,723
2029	2,903	940	3,843
2030 - 2034	11,267	3,336	14,603
2035 - 2039	7,961	1,926	9,887
2040 - 2042	7,218	439	7,657
Total	$ 59,131	$ 12,362	$ 71,493

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

LAWA as Lessor

LAWA leases terminal space (except for regulated leases as described below), aircraft maintenance and overhaul facilities, cargo facilities, hangars, and other building facilities and ancillary land facilities at LAX to air carriers and other tenants under various agreements, majority of which is non-cancellable and terminate no later than fiscal year 2040. Certain provisions of the leases provide for fixed and variable rental payments, and all are generally designed to allow LAWA to meet its debt service requirements and recover certain operating and maintenance costs.

LAWA, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for regulated leases and short-term leases. As lessor, the asset underlying the lease is not derecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The leases typically include provisions for rent changes based on the consumer price index or other market indexes, resulting in additional variable lease revenues that are not included in the measurement of the lease receivables. These variable payments based on index are considered to be 'fixed in substance' and are included in the calculation of the lease receivable. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

Building and Land Leases

LAWA leases terminal space, aircraft maintenance and overhaul facilities, cargo facilities, hangars, and other building facilities and ancillary land facilities at LAX to air carriers and other tenants under various agreements. The terms of these long-term leases range from more than one to forty years and generally expire between fiscal years 2025 and 2040. There is one lease with term of 50 years that started in fiscal year 2024. The building and lease agreements (except for regulated leases as described below) are accounted for as agreements under GASB Statement No. 87.

LAWA also leases office spaces in Skyview Center to air carriers and other tenants under various agreements. The terms of these long-term leases range from two to ten years and generally expire between fiscal years 2024 and 2030. The building and lease agreements (except for regulated leases as described below) are accounted for as agreements under GASB Statement No. 87.

Concessions Leases

LAWA operates a comprehensive concessions program at LAX that includes advertising and sponsorship, duty free merchandise, food and beverage, retail, and services operators in the terminal facilities. Contractually, concessionaires pay rent to LAWA in an amount equal to the greater of a percentage of gross sales or a Minimum Annual Guarantee (MAG). The decline in passenger traffic due to COVID-19 significantly reduced concession sales and prompted the Board of Airport Commissioners (Board) to temporarily authorize revised payment terms to suspend MAGs through June 30, 2021, and require concessionaires to pay rent only in the amount of the percentage of gross sales defined in each agreement. The ongoing impacts of COVID-19 on travel have slowed the recovery of concession sales. The Board approved to extend the temporary suspension of MAG rent from July 1, 2021 through June 30, 2022, and required payment of rent based on percentage of gross sales if the concession units are open and operational. Due to the variable nature of the above revenues from year-to-year, expected future minimum payments are indeterminable. Accordingly, these concession agreements with MAG waiver are not recognized as agreements under GASB Statement No. 87 in fiscal years 2021 and 2022. These leases will be recognized as agreements under GASB Statement No. 87 when the MAG is reinstated.

Expected future payments, which are included in the measurement of the lease receivable, at June 30, 2024, are as follows (in thousands):

Building Rentals

Fiscal year(s) ending	Principal	Interest	Total
2025	$ 10,919	$ 2,375	$ 13,294
2026	10,037	2,026	12,063
2027	9,838	1,693	11,531
2028	8,282	1,377	9,659
2029	7,796	1,119	8,915
2030 - 2034	29,049	2,490	31,539
2035 - 2039	193	2	195
Total	$ 76,114	$ 11,082	$ 87,196

Skyview - Building Rentals

Fiscal year(s) ending	Principal	Interest	Total
2025	$ 1,694	$ 291	$ 1,985
2026	1,743	259	2,002
2027	1,779	190	1,969
2028	1,897	129	2,026
2029	1,656	66	1,722
2030 - 2034	1,131	17	1,148
Total	$ 9,900	$ 952	$ 10,852

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(continued)

Land Rentals

Fiscal year(s) ending	Principal	Interest	Total
2025	$ 9,566	$ 2,295	$ 11,861
2026	9,159	1,980	11,139
2027	7,876	1,688	9,564
2028	6,977	1,444	8,421
2029	6,606	1,214	7,820
2030 - 2034	20,514	3,217	23,731
2035 - 2039	5,764	1,590	7,354
2040 - 2044	190	1,044	1,234
2045 - 2049	112	1,041	1,153
2050 - 2054	378	1,001	1,379
2055 - 2059	740	910	1,650
2060 - 2064	1,226	748	1,974
2065 - 2069	1,868	493	2,361
2070 - 2073	1,943	130	2,073
Total	$ 72,919	$ 18,795	$ 91,714

Concessions

Fiscal year(s) ending	Principal	Interest	Total
2025	$ 1,407	$ 121	$ 1,528
2026	1,453	73	1,526
2027	742	32	774
2028	510	14	524
2029	146	1	147
Total	$ 4,258	$ 241	$ 4,499

	Total		
Fiscal year(s) ending	Principal	Interest	Total
2025	$ 23,586	$ 5,082	$ 28,668
2026	22,392	4,338	26,730
2027	20,235	3,603	23,838
2028	17,666	2,964	20,630
2029	16,204	2,400	18,604
2030 - 2034	50,694	5,724	56,418
2035 - 2039	5,957	1,592	7,549
2040 - 2044	190	1,044	1,234
2045 - 2049	112	1,041	1,153
2050 - 2054	378	1,001	1,379
2055 - 2059	740	910	1,650
2060 - 2064	1,226	748	1,974
2065 - 2069	1,868	493	2,361
2070 - 2073	1,943	130	2,073
Total	$ 163,191	$ 31,070	$ 194,261

For fiscal year ended June 30, 2024, LAWA recognized the following balances related to the leases as lessor (amounts in thousands):

	Fixed Payments	Interest Income	Variable Payments
Building Rentals	$ 18,935	$ 3,106	$ —
Land Rentals	19,973	2,654	—
Concession Revenue	1,244	140	595

For fiscal year ended June 30, 2023, LAWA recognized the following balances related to the leases as lessor (amounts in thousands):

	Fixed Payments	Interest Income	Variable Payments
Building Rentals	$ 27,193	$ 3,614	$ —
Land Rentals	23,489	3,113	—
Concession Revenue	2,909	134	538

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

Airport Facilities Use Leases

LAWA has issued Airport Facilities Use Terms and Conditions (UTC) permits for various facility users using non-terminal airport facility space at LAX. These UTCs are not subject to a lease or the Airport Terminal Tariff, and have no term or expiration date and can be cancelled by either party at any time. The use of the facility does not create a property right, and they are being charged based on a square footage rental rate charge subject to annual and 5-year periodic market rent adjustments as approved by the Board. As there is no term or expiration date, expected future minimum payments are indeterminable. Accordingly, these agreements are not recognized under GASB Statement No. 87.

Regulated Leases

LAWA entered into various Terminal Rate Agreements with airlines as described in Note 1j for usage of LAX facilities for the purpose of conducting business as air transportation businesses. The 2021 Rate Agreement Amendment was executed with a term that extended through December 2032. The Further Amended and Restated Rate Agreement extended the term through June 2033. The 2023 Amended and Restated Rate Agreement extended the term through June 2035. Under the terms of these agreements, airlines pay LAX monthly fees based on an approved methodology of calculating rates and charges for airlines and airline consortia. The other regulated lease agreements expire between fiscal years 2025 and 2049.

In accordance with GASB Statement No. 87, LAWA does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between airports and air carriers and other aeronautical users.

For the fiscal year ended June 30, 2024, LAWA recognized the following balances related to regulated leases (in thousands):

	Fixed Payments	Variable Payments
Building Rentals	$ 465,004	$ —
Land Rentals	39,195	—

For the fiscal year ended June 30, 2023, LAWA recognized the following balances related to regulated leases (in thousands):

	Fixed Payments	Variable Payments
Building Rentals	$ 399,871	$ —
Land Rentals	38,923	—

Expected future minimum lease payments from regulated leases at June 30, 2024 based on the assumption that current agreements are carried to contractual termination, without considering the potential effect of the ongoing COVID-19 pandemic, and without considering future expansion and changes in operations by LAWA or the signatory airlines, are as follows (amounts in thousands):

Fiscal year(s) ending	Total
2025	$ 535,841
2026	415,283
2027	369,377
2028	368,384
2029	347,222
2030-2034	1,347,604
2035-2039	167,346
2040-2044	96,184
2045-2049	87,716
Total	$ 3,734,957

LAWA’s outstanding revenue and revenue refunding bonds are secured by net revenues earned from the airlines. Additional information can be found in Note 6b of the notes to the financial statements.

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

Under the agreements with the airlines, they may have preferential and exclusive use of certain space and facilities of the terminals and gates in LAX as summarized below:

Terminal	Total Terminal Area (SQFT)	Non-exclusively Used Terminal Area (SQFT)	Exclusively Used Terminal Area (SQFT)	Airlines using the Terminal Area Exclusively
T1 & T1.5	200,034	30,089	169,945	Southwest Airlines
T2	152,045	2,246	149,799	Delta Air Lines
T3	330,271	3,011	327,260	Delta Air Lines
T4	316,456	1,490	314,966	American Airlines
T5	467,323	33,753	433,570	American Airlines
T6	134,845	31,507	103,338	Alaska Airlines
T7	335,087	4,081	331,006	United Airlines
T8	17,278	583	16,695	United Airlines
TBIT/MSC	214,192	214,192	—	
Total	2,167,531	320,952	1,846,579	

Note: The information above is based on June 2024 billing.

	Total no. of Gates	Common Use Gates	Preferential Use Gates	Airlines using the Gates Preferentially
T1 & T1.5	13	0	13	Southwest Airlines
T2	12	0	12	Delta Air Lines
T3	19	0	19	Delta Air Lines
T4	16	0	16	American Airlines
T5	15	0	5	American Airlines
T5	0	0	4	Jetblue Airlines
T5	0	0	4	Spirit Airlines
T5	0	2	0	Various airlines
T6	15	2	11	Alaska Airlines
T6	0	0	2	Air Canada
T7	15	0	15	United Airlines
T8	8	0	8	United Airlines
TBIT & MSC	36	0	1	Delta Air Lines
TBIT & MSC	0	35	0	Various airlines
Remote	9	9	0	Various airlines
Commuter	9	0	9	Various airlines
Total	167	48	119	

Note: According to the lease agreements, the above airlines are entitled to use the gates on a preferential basis in accordance with the scheduling protocols. LAWA has the rights to schedule aircraft operations of other airlines on the preferential-use gates if such scheduling will not interfere with the above airlines' operation.

9. Passenger Facility Charges

Passenger Facility Charges (PFCs) are fees imposed on enplaning passengers by airports to finance eligible airport related projects that preserve or enhance safety, capacity, or security of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers. Both the fee and the intended projects are reviewed and approved by the Federal Aviation Administration (FAA). Airlines operating at LAX have been collecting PFCs on behalf of LAWA. PFCs are recorded as nonoperating revenue and presented as restricted assets in the financial statements. The current PFCs at LAX are $4.50 per enplaned passenger. PFCs collection authorities approved by FAA was $9.5 billion at LAX as of June 30, 2024 and 2023. LAWA has received approval from the FAA to collect and use passenger facility charges (PFCs) to pay for debt service on bonds issued to finance the Automated People Mover (APM) System, Tom Bradley International Terminal (TBIT) Renovations, Bradley West projects and Terminal 6 improvements. Board of Airport Commissioners authorized amounts of $130.2 million and $129.9 million were used for debt service in fiscal years 2024 and 2023, respectively.

The following is a summary of LAX projects approved by FAA as of June 30, 2024 and 2023 (amounts in thousands):

	2024 & 2023
Terminal development	$ 4,891,679
Automated People Mover System	3,475,250
Noise mitigation	1,064,015
Airfield development and equipment	83,620
Total	$ 9,514,564

LAX's PFCs collected and the related interest earnings through June 30, 2024 and 2023 were as follows (amounts in thousands):

	2024	2023
Amount collected	$ 3,234,360	3,082,854
Interest earnings	248,021	240,567
Total	$ 3,482,381	$ 3,323,421

LAX's cumulative expenditures on approved PFCs projects totaled $3.2 billion and $3.0 billion for fiscal years 2024 and 2023, respectively.

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June 30, 2024 and 2023
(continued)

10. Customer Facility Charges

California CFC Legislation permits LAWA to require the collection by rental car companies of CFCs at a rate charged on a per-day basis up to $9.00 per day (for up to 5 days), and CFCs collected by the rental car companies on behalf of LAWA are permitted under the California CFC Legislation to finance, design and construct the ConRAC; to finance, design, construct and operate the APM System, as well as acquiring vehicles for use in that system; and to finance, design and construct terminal modifications to accommodate the common-use transportation system.

In November 2001, in anticipation of constructing a consolidated rental car facility (ConRAC) identified in LAX's master plan, the Board approved collection of CFCs of $10.00 per rental contract and began collections in August 2007. On October 5, 2017, the Board authorized collection of an updated CFC pursuant to the California CFC Legislation to fund costs of a ConRAC and its share of a common-use transportation system (CTS) at LAX. The Board authorized collection of CFCs of $7.50 per day for the first five days of each car rental contract, effective January 1, 2018, by rental car companies serving LAX. On June 20, 2019, the Board authorized collection of $9.00 per day for the first five days of each car rental contract, effective September 1, 2019, by rental car companies serving LAX.

CFCs are recorded as nonoperating revenue and presented as restricted assets in the financial statements. CFCs collected, related interest earnings, and cumulative expenditures to date are summarized as follows (amounts in thousands):

	2024	2023
Amount collected	$ 699,144	$ 628,412
Interest earnings	64,988	51,128
Subtotal	764,132	679,540
Expenditures		
ConRAC planning, design and construction	729,132	659,630
Unexpended CFCs revenue and interest earnings	$ 35,000	$ 19,910

LAWA is in the stages of delivering LAMP to modernize and improve landside access at LAX with the ConRAC as a critical component. Pursuant to Board Resolution No. 26684 that was adopted on January 17, 2019, LAWA has authority to use up to $2.1 billion for the payment/reimbursement of Design-Build-Finance-Operate-Maintain (DBFOM) Agreement with LA Gateway Partners for the ConRAC from sources of revenue including but not limited to CFCs, LAX non-aeronautical revenues, special facility bond proceeds, and revenues derived from concession and lease agreements between LAWA and rental car companies using the ConRAC. In this regard, the amount of CFC funds that was used for ConRAC Design and Construction (D&C) payments was $69.5 million and $66.0 million in fiscal years 2024 and 2023, respectively. LAWA's cumulative expenditures on approved CFCs projects totaled $729.1 million and $659.6 million for fiscal years 2024 and 2023, respectively.

11. Capital Grant Contributions

Contributed capital related to government grants and other aid totaled $128.6 million and $394.2 million in fiscal years 2024 and 2023, respectively. Capital grant funds are primarily provided by the FAA Airport Improvement Program and Transportation Security Administration.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), which became law on December 27, 2020, provided additional direct aid to LAWA. LAWA was allocated approximately $72.3 million in Airport Coronavirus Response Grant Program funds pursuant to CRRSAA. LAWA used approximately $54.7 million and $8.4 million of CRRSAA grants for payment of LAX maintenance and operation expenses in fiscal year 2023 and 2022, respectively. The remaining balance of $9.2 million CRRSAA funds is anticipated to be used in fiscal year 2025.

The American Rescue Plan Act (ARPA) became law on March 11, 2021. LAWA was awarded $303.8 million in American Rescue Grants pursuant to ARPA. LAWA received $36.8 million in grant reimbursement in fiscal year 2024 for concessions rent relief. LAWA got reimbursed $22.4 million for the MAG waiver provided to concessionaires in 2021, and provided rent relief of $4.8 million to concessionaires in fiscal year 2024. LAWA recognized unearned grant revenue of $9.6 million in fiscal year 2024. LAWA received $267.0 million in grant reimbursement in fiscal year 2023 for the eligible operation and maintenance and debt service expenses incurred since March 2021, including $3.5 million and $12.9 million for expenses incurred in fiscal years 2021 and 2022, respectively.

The federal Infrastructure Investment and Jobs Act of 2021 (referred to as the “Bipartisan Infrastructure Law” or “BIL”) was approved by the United States Congress and signed by the President on November 15, 2021. LAWA was awarded approximately $79.2 million of Infrastructure Grants for LAX, and $763.0 thousand for VNY, in the 2022 federal fiscal year (October 1, 2021 through September 30, 2022). LAWA was awarded approximately $79.1 million of Infrastructure Grants for LAX, and $844.0 thousand for VNY, in the 2023 federal fiscal year (October 1, 2022 through September 30, 2023). LAWA was awarded approximately $72.5 million of Infrastructure Grants for LAX, and $851.0 thousand for VNY, in the 2024 federal fiscal year (October 1, 2023 through September 30, 2024). In addition to the Infrastructure Grants, BIL provides for approximately $1.0 billion per year of grants to be awarded through the Airport Terminal Program (“ATP”) provisions of BIL, with up to 55% going to large hub airports. LAWA was awarded a $31.0 million ATP grant in federal fiscal year 2024 for the auxiliary curbs project at LAX. LAWA was awarded a $50.0 million ATP grant in federal fiscal year 2023 for terminal roadway improvements at LAX.

12. Related Party Transactions

The City provides services to LAWA such as construction and building inspection, fire and paramedic, police, water and power, and certain administrative services. The costs for these services for fiscal years ended June 30, 2024 and 2023 were $130.7 million and $119.8 million, respectively.

LAWA collects parking taxes at LAX on behalf of the City's General Fund. The parking taxes collected and remitted during each of fiscal years 2024 and 2023 were $17.8 million and $16.1 million, respectively.

13. Pension Plan

I. *Los Angeles City Employees' Retirement System*

a. General Information

Plan Description

All full-time employees of LAWA are eligible to participate in the Los Angeles City Employees' Retirement System (LACERS), a single-employer defined benefit pension plan (the Pension Plan). LACERS serves as a common investment and administrative agent for City departments and agencies that participate in LACERS. LACERS is under the exclusive management and control of its Board of Administration whose authority is granted by statutes in Article XVI, Section 17 of the California State Constitution, and Article XI of the Los Angeles City Charter. Benefits and benefit changes are established by ordinance and approved by City Council and the Mayor. All employees who became members of LACERS before July 1, 2013 are designated as Tier 1 members. On or after July 1, 2013, new employees became members of LACERS Tier 2. On July 9, 2015, Tier 2 was rescinded and a new tier of benefits was created. As a result, Ordinance No. 184134 was adopted on January 12, 2016, where all active Tier 2 members were transferred to Tier 1 as of February 21, 2016. Thereafter, new members became Tier 3 members of LACERS. Membership to Tier 1 is now closed to new entrants. In fiscal year 2018, LACERS became closed to Airport Peace Officers (APO) and all new APO hired after January 6, 2018 would be enrolled in City of Los Angeles Fire and Police Pensions (LAFPP) Tier 6, rather than in LACERS. Please refer to Note 13.II for more information.

LACERS' publicly issued financial report, which covers both pension benefits and other postemployment benefits, may be obtained by writing or calling: Los Angeles City Employees' Retirement System, 202 W. First Street, Suite 500, Los Angeles, CA 90012-4401, (800) 779-8328 or LACERS' website *http://lacers.org/aboutlacers/reports/index.html*. As a City department, LAWA shares in the risks and costs with the City. LAWA presents the related defined benefit disclosures as a participant in a single employer plan of the City on a cost-sharing basis. As of the report date of LAWA's financial statements, LACERS' financial statements and the Pension Plan's actuarial valuation study for fiscal year 2021 are not yet available.

Benefits Provided

LACERS provides for service and disability retirement benefits, as well as death benefits. Members of LACERS have a vested right to their own contributions and accumulated interest posted to their accounts. Generally, after five years of employment, members are eligible for future retirement benefits, which increase with length of service. If a member who has five or more years of continuous City service terminates employment, the member has the option of receiving retirement benefits when eligible or having his or her contributions and accumulated interest refunded. Benefits are based upon age, length of service, and compensation. LACERS Tier 1 members are eligible to retire with unreduced benefits if they have 10 or more years of continuous City service at age 60, or at least 30 years of City service at age 55, or with any years of City service at age 70 or older. Members also are eligible to retire with age-based reduced benefits after reaching age 55 with 10 or more years of continuous City service, or at any age with 30 or more years of City service. Full (unreduced) retirement benefits are determined as 2.16% of the member's average monthly pensionable salary during the member's last 12 months of service, or during any other 12 consecutive months of service designated by the member, multiplied by the member's years of service credit. Members with five years of continuous service are eligible for disability retirement, and the benefits are determined as 1/70 of the member's final average monthly salary for each year of service or 1/3 of the member's final average monthly salary, if greater.

Upon an active member's death, a refund of the member's contributions and, depending on the member's years of service, a limited pension benefit equal to 50% of monthly salary will be paid up to 12 months. Or, if such member was eligible to retire, survivor benefits may be paid to an eligible spouse or qualified domestic partner. Upon a retired member's death, a $2,500 funeral allowance is paid, and modified or unmodified allowance is continued to an eligible spouse or qualified domestic partner.

LACERS Tier 3 members are eligible to retire with unreduced benefits if they have at least 10 or more years of City service at age 60 or at least 30 years of City service at age 55, provide that five years of service must be continuous. Full unreduced retirement benefits at age 60 with 10 years of City service are determined with a 1.5% retirement factor. Members also are eligible to retire with an age-based reduced benefits before reaching age 60 with 30 or more years of City service with a retirement factor of 2.0%. If the member is age 55 or older with 30 years of service at the time of retirement, his or her retirement allowance will not be subject to reduction on account of age. However, if the member is younger than age 55 with 30 years of service at the time of retirement, his or her retirement allowance will be reduced by the applicable early retirement reduction factor. In addition, LACERS also provides Tier 3 members an enhanced retirement benefits with a 2.0% retirement factor if the member retires at age 63 with at least 10 years of service; or a retirement factor of 2.1% if the member retires at age 63 with 30 years of service. Tier 3 retirement benefits are determined by multiplying the member's retirement factor (1.5% - 2.1%), with the member's last 36 months of final average compensation or any other 36 consecutive months designated by the member, and by the member's years of service credit.

Tier 3 members with five years of continuous service are eligible for disability retirement, and the benefits are determined as 1/70 of the member's final average monthly salary for each year of service or 1/3 of the member's final average monthly salary, if greater. Upon an active member's death, a refund of the member's contributions and, depending on the member's years of service, a limited pension benefit equal to 50% of monthly salary may be paid up to 12 months. Or, if such member was eligible to retire, survivor benefits may be paid to an eligible spouse or qualified domestic partner. Upon a retired member's death, a $2,500 funeral allowance is paid, and a modified or unmodified allowance is continued to an eligible spouse or qualified domestic partner.

Retirement allowances are indexed annually for inflation. The LACERS Board of Administration has authority to determine the average annual percentage change in the Consumer Price Index (CPI) for the purpose of providing a cost-of-living adjustment (COLA) to the benefits of eligible members and beneficiaries in July. The adjustment is based on the prior year's change of Los Angeles area CPI subject to a maximum of 3.0% for Tier 1 members or 2.0% for Tier 3 members. The excess over the maximum will be banked for Tier 1 members only.

Membership

The components of LACERS membership in both tiers (Tier 1 and Tier 3) for the measurement dates as of June 30, 2023 and June 30, 2022, respectively, were as follows: (Note: information for fiscal year 2024 is not yet available as of this report issue date.)

	2023	2022
Active		
Vested	17,968	17,312
Non-vested	7,907	7,605
	25,875	24,917
Inactive		
Non-vested	7,759	7,790
Terminated entitled to benefits, not yet receiving benefits	3,389	2,589
Retired	22,510	22,399
Total	59,533	57,695

Member Contributions

The current contribution rate for most of the Tier 1 members is 11% of their pensionable salary including a 1% increase in the member contribution rate pursuant to the 2009 Early Retirement Incentive Program (ERIP) ordinance for all employees for a period of 15 years (or until the ERIP cost obligation is fully recovered, whichever comes first); and 4% additional contributions in exchange for a vested right to future increases in the maximum retiree medical subsidy pursuant to a 2011 City Council ordinance. As of June 30, 2019 and June 30, 2018, all active Tier 1 members are now paying additional contributions, and are not subject to the retiree medical subsidy cap. The contribution rate for Tier 3 members is 11% of their pensionable salary including 4% of additional contributions in exchange for a vested right to future increases in the maximum retiree medical subsidy. Unlike Tier 1, Tier 3 members do not pay the ERIP contribution; therefore, Tier 3 members’ contribution rate will not drop down when Tier 1 members cease to pay the 1% ERIP contribution.

Employer Contributions

The City contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Administration. Employer contribution rates are adopted annually based upon recommendations received from LACERS actuary after the completion of the annual actuarial valuation. The average employer contribution rates were 29.39% and 27.96% of compensation as of June 30, 2023 (based on the June 30, 2021 valuation) and June 30, 2022 (based on the June 30, 2020 valuation), respectively. (Note: information for fiscal year 2024 is not yet available as of this report issue date).

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

The total City contributions to LACERS of $994.0 million and $929.4 million for the years ended June 30, 2024 and June 30, 2023, respectively, consisted of the following (amounts in thousands):

	2024	2023
Required contributions - Retirement Plan	$ 714,338	$ 669,391
Family death benefit Plan	51	47
Total City contributions	714,389	669,438
Member contributions - Retirement Plan	279,636	259,977
Total	$ 994,025	$ 929,415

The required City contribution of $714.3 million was equal to 100% of the actuarially determined employer contribution. Member contributions of $279.6 million were made toward the retirement and voluntary family death benefits for fiscal year 2024.

The required City contribution of $669.4 million was equal to 100% of the actuarially determined employer contribution. Member contributions of $260.0 million were made toward the retirement and voluntary family death benefits for fiscal year 2023.

LAWA's Contributions to the Pension Plan

LAWA's contributions to the Pension Plan for the year ended June 30 (amounts in thousands):

	2024	2023
LAWA's required contributions to the Pension Plan	$ 80,556	$ 78,717

The LAWA contributions made to the Pension Plan under the required contribution category in the amounts of $80.6 million and $78.7 million for fiscal years 2024 and 2023, respectively, were equal to 100% of the actuarially determined contribution of the employer.

b. Net Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to the Pension Plan

LACERS' Net Pension Liability (NPL) for fiscal year 2024 was measured as of June 30, 2023 and determined based upon the Plan Fiduciary Net Position (FNP) and Total Pension Liability (TPL) from actuarial valuation as of June 30, 2023.

The Pension Plan's fiduciary net position has been determined on the same basis used by the Pension Plan and the plans basis of accounting, including policies with respect to benefit payments and valuation of investments. Detailed information about LACERS net position is available in the separately issued LACERS financial reports, which can be found on the LACERS website.

As of the reporting dates June 30, 2024 (measurement date of June 30, 2023) and June 30, 2023 (measurement date of June 30, 2022), LAWA reported its proportionate shares of TPL, FNP and NPL as follows (amounts in thousands):

	Reporting date 6/30/24 Measurement date 6/30/23	Reporting date 6/30/23 Measurement date 6/30/22
LAWA's proportionate share:		
Total Pension Liability	$ 2,975,090	$ 3,012,555
Plan Fiduciary Net Position	(2,111,211)	(2,128,552)
Net Pension Liability	$ 863,879	$ 884,003
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.96 %	70.66 %

Change in LAWA's proportionate share of the NPL as of June 30, 2024 (measurement date June 30, 2023) and 2023 (measurement date June 30, 2022) was as follows (amounts in thousands):

	NPL	Proportion
Proportion - Reporting date June 30, 2024 (measurement date June 30, 2023)	$ 863,879	11.76%
Proportion - Reporting date June 30, 2023 (measurement date June 30, 2022)	$ 884,003	12.51%
Change - decrease	$ (20,124)	(0.75)%

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

For the year ended June 30, 2024, LAWA recognized pension expense of $91.4 million. At June 30, 2024, LAWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	$ 80,556	$ —
Differences between expected and actual experience	50,624	13,595
Changes of assumptions	12,382	10,433
Net difference between projected and actual earnings on pension plan investments	63,436	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	126	62,813
Total	$ 207,124	$ 86,841

$80.6 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts in thousands):

Fiscal year ending	Amount
2025	$ 6,689
2026	(28,195)
2027	63,294
2028	(2,061)

For the year ended June 30, 2023, LAWA recognized pension expense of $85.2 million. At June 30, 2023, LAWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	$ 78,717	$ —
Differences between expected and actual experience	16,203	22,014
Changes of assumptions	29,252	—
Net difference between projected and actual earnings on pension plan investments	90,055	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	296	41,233
Total	$ 214,523	$ 63,247

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

Actuarial Assumptions

The total pension liability as of June 30, 2024 was determined by actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Date of Experience Study	June 30, 2022 (July 1, 2019 through June 30, 2022)
Long-Term Expected Rate of Return	7.00%
Inflation	2.50%
Projected Salary Increases	Ranges from 4.00% to 9.00% based on years of service, including inflation
Mortality Table for Healthy Retirees	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Disabled Retirees	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries	Pub-2010 Contingent Survivor Amount-Weighted Above Meridian Mortality Tables with rates increased by 5% for males and 10% for females, projected generationally with the two- dimensional mortality improvement scale MP-2021.
Percent Married/Domestic Partner	76% of male and 52% of female are assumed to be married or have a qualified domestic parnter.
Spouse Age Difference	Male retirees are assumed to be three years older than their female spouses. Female retirees are assumed to be two years younger than their male spouses.

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023 and June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially-determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the retirement plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of both June 30, 2023 and June 30, 2022.

The long-term expected rate of return on retirement plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption that was used in the actuarial valuation as of June 30, 2023. This information is subject to change every three years based on the actuarial experience study. last experience study was for July 1, 2019 through June 30, 2022. The next experience study will be conducted in 2026.

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	15.00%	6.00%
Small/Mid Cap U.S. Equity	6.00	6.65
Developed International Large Cap Equity	15.00	7.01
Developed International Small Cap Equity	3.00	7.34
Emerging Markets Equity	6.67	8.80
Core Bonds	11.25	1.97
High Yield Bonds	1.50	4.63
Bank Loans	1.50	4.07
Protected Securities (TIPS)	3.60	1.77
Emerging Market External Debt	2.00	4.72
Emerging Market Local Currency Debt	2.00	4.53
Real Estate Core	4.20	3.86
Cash & Equivalents	1.00	0.63
Private Equity	16.00	9.84
Private Credit (Private Debt)	5.75	6.47
Emerging Market Small-Cap Equity	1.33	11.10
REIT	1.40	6.80
Real Estate -Non Core	2.80	5.40
Total	100.00%	

Sensitivity of LAWA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents LAWA’s proportionate share of the NPL as of June 30, 2024, calculated using the discount rate of 7.00%, as well as what LAWA’s proportionate share of NPL would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate (amounts in thousands):

	June 30, 2024
1% decrease	6.00%
Net Pension Liability	$1,254,786
Current discount rate	7.00%
Net Pension Liability	$863,879
1% increase	8.00%
Net Pension Liability	$540,650

II. *City of Los Angeles Fire and Police Pensions*

a. General Information

In November 2016, voters approved a ballot measure that allowed for approximately 500 sworn Airport Peace Officers (APO) to opt-out of the LACERS Plan and transfer to the City of Los Angeles Fire and Police Pensions (LAFPP) as Tier 6 members. On March 28, 2017, the City Council adopted Ordinance No. 184853 to amend the Los Angeles Administrative Code authorizing certain sworn APO at LACERS an option to transfer to Tier 6 of LAFPP Plan or to remain in the LACERS Plan. All new APO hired after January 7, 2018 would be enrolled in LAFPP Tier 6. Under the ordinance, APO members who elect to remain in LACERS would be Tier 1 members, and be eligible for enhanced benefits including more favorable disability benefits, death benefits, and a higher retirement factor of 2.3% (versus 2.16% for all other Tier 1 members), contingent upon a mandatory additional contribution payment of $5,700 per remaining member to LACERS. The enhanced benefits was effective from January 7, 2018.

Plan Description

LAFPP operates under the City of Los Angeles Charter and Administrative Code provisions as a single-employer defined benefit pension plan covering all full-time active sworn firefighters, police officers, certain LAWA APO and Harbor Port Police officers of the City of Los Angeles. LAFPP is composed of six tiers.

Tier 6 is the current tier for all LAWA APO hired on or after January 7, 2018. Under provisions of the City Charter, the City Administrative Code and the State Constitution, the LAFPP Board has the responsibility to administer the plan. Changes to the benefit terms require approval by the City Council.

LAFPP issues a publicly available financial report that may be obtained by writing or calling: Los Angeles Fire and Police Pension System, 701 East 3rd Street, Suite 200, Los Angeles, CA 90013, (213) 279-3000 or LAFPP's website https://www.lafpp.com/financial-reports. As of the completion date of LAWA's financial statements, the LAFPP's financial statements and the plan's actuarial valuation study for fiscal year 2024 are not yet available.

Benefits Provided by the LAFPP Plan

Information about benefits for Tiers 1 through 5 members is available in the separately issued LAFPP financial report. Tier 6 members must be at least age 50, with 20 or more years of service, to be entitled to a service pension. Annual pension benefits are equal to 40% of their two-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 6 provides for postemployment COLAs based on the CPI to a maximum of 3% per year. However, any increase in the CPI greater 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant a discretionary ad hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of their contributions plus LAFPP Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Member Contributions to the LAFPP Plan

The Board of Administration/Commissioners of LAFPP establishes and may amend the contribution requirements of members and the City. The City's annual contribution for the LAFPP plan is actuarially determined and represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize unfunded actuarial liabilities over a period not to exceed thirty years. The City Administrative Code and related ordinance define member contributions.

All members are required to make contributions to LAFPP regardless of tier in which they are included. For fiscal years 2023 and 2022, the average employer contribution rates for pension benefits are 26.13% and 28.01%, respectively, of covered payroll. LAWA has made 100% of the actuarially determined contributions for both fiscal years.

LAWA's Contributions to the LAFPP Plan

In fiscal year 2024 LAWA's contribution rate for the APO that are members of the LAFPP Tier 6 plan, as determined by the actuary was 26.20% of covered payroll. Based on LAWA's reported covered payroll of $13.7 million for Tier 6, LAWA's pro rata share of the combined actuarially determined contribution for pension and postemployment healthcare benefits, and actual contribution made to LAFPP was $3.6 million. In fiscal year 2023, LAWA's contribution rate for the APO that are members of the LAFPP Tier 6 plan, as determined by the actuary was 27.80% of covered payroll. Based on LAWA's reported covered payroll of $13.2 million for Tier 6, LAWA's pro rata share of the combined actuarially determined contribution for pension and postemployment healthcare benefits, and actual contribution made to LAFPP was $3.7 million.

b. Net Pension Liability/Asset, Pension Expenses and Deferred Outflows/Inflows of Resources Related to the LAFPP Plan

At June 30, 2024, LAWA recognized its proportionate shares of Net Pension Asset (NPA) of $1.8 million and pension expense of $1.8 million for the LAFPP plan. LAWA also reported deferred outflows of resources and deferred inflows of resources related to pensions for the LAFPP plan from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	$ 2,562	$ —
Differences between expected and actual experience	10	1,063
Changes of assumptions	86	892
Net difference between projected and actual earnings on pension plan investments	44	—
Total	$ 2,702	$ 1,955

Notes to the Financial Statements
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(continued)

$2.6 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (NPL) in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts in thousands):

Fiscal year ending	Amount
2025	$ (513)
2026	(629)
2027	(116)
2028	(408)
2029	(149)

At June 30, 2023, LAWA recognized its proportionate shares of NPL of $579.0 thousand and pension expense of $1.9 million for the LAFPP plan. LAWA also reported deferred outflows of resources and deferred inflows of resources related to pensions for the LAFPP plan from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	$ 2,622	$ —
Differences between expected and actual experience	370	826
Changes of assumptions	167	—
Net difference between projected and actual earnings on pension plan investments	64	—
Total	$ 3,223	$ 826

14. Other Postemployment Benefit Plan (OPEB)

I. *Los Angeles City Employees' Retirement System*

a. General Information

Plan Description

Los Angeles City Employees' Retirement System (LACERS) provides other postemployment health care benefits under a Postemployment Health Care Plan to eligible retirees and their eligible spouses/ domestic partners who participate in the Pension Plan. Benefits and benefit changes are established by ordinance and approved by the City Council and the Mayor. Under Division 4, Chapter 11 of the City's Administrative Code, certain retired employees are eligible for a health insurance premium subsidy. This subsidy is to be funded entirely by the City. These benefits may also extend to the coverage of other eligible dependent(s). To be eligible for health care benefits, member must: 1) be at least age 55; 2) had at least 10 whole years of service with LACERS; and 3) enrolled in a System-sponsored medical or dental plan or are a participant in the Medical Premium Reimbursement Program (MPRP). Retirees and surviving spouses/domestic partners can choose from the health plans that are available, which include medical, dental, and vision benefits, or participate in the MPRP if he/she resides in an area not covered by the available medical plans. Retirees and surviving spouses/domestic partners receive medical subsidies based on service years and service credit. The dental subsidies are provided to the retirees only, based on service years and service credit.

LACERS' publicly issued financial report, which covers both pension benefits and other postemployment benefits, may be obtained by writing or calling: Los Angeles City Employees' Retirement System, 202 W. First Street, Suite 500, Los Angeles, CA 90012-4401, (800) 779-8328 or LACERS' website *http://lacers.org/aboutlacers/reports/index.html*. As a City department, LAWA shares in the risks and costs with the City. LAWA presents the related OPEB benefit disclosures as a participant in a single employer plan of the City on a cost-sharing basis. As of the report date of LAWA's financial statements, LACERS' financial statements and the OPEB's actuarial valuation study for fiscal year 2021 are not yet available.

Benefits Provided

The maximum subsidies are set annually by the LACERS Board of Administration. Both Tier 1 and Tier 3 members will be eligible for 40% of maximum medical plan premium subsidy for 1 – 10 whole years of service credit, and the eligible members earn 4% per year of service credit for their annual medical subsidy accrual after 10 years of service. Eligible spouses/domestic partners of Pension Plan members are entitled to LACERS' postemployment health care benefits after the retired member's death. During fiscal year 2011, the City adopted an ordinance (Subsidy Cap Ordinance) to limit the maximum medical subsidy at $1,190 for those members who retire on or after July 1, 2011; however, members who at any time prior to retirement made additional contributions are exempted from the subsidy cap and obtain a vested right to future increases in the maximum medical subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and Part B premium. As of June 30, 2019, all active Tier 1 and Tier 3 Members were making the additional contributions, and therefore will not be subject to the medical subsidy cap.

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

Membership

As of the measurement dates June 30, 2023 and June 30, 2022, the components of membership, excluding non-participating retirees and surviving spouses of LACERS postemployment healthcare benefits were as follows: (Note: information for fiscal year 2024 is not yet available as of this report issue date.)

	2023	2022
Retirement members/Surviving spouses [(a)]	17,759	17,753
Vested terminated members entitled to, but not yet receiving benefits [(b)]	1,617	1,537
Retired members and surviving spouses not yet eligible for health benefits	132	139
Active members	25,875	24,917
Total	45,383	44,346

(a) Total participants including married dependents and dependent children receiving benefits were 23,696 and 23,798 as of June 30, 2023 and 2022, respectively.
(b) Including terminated members due a refund of employee contributions.

Employer Contributions

The Los Angeles City Charter Sections 1158 and 1160 require periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. The required contribution rate for the Postemployment Health Care Plan for the fiscal year ended June 30, 2023, was 3.92% of covered payroll, determined by the June 30, 2021 actuarial valuation. The required contribution rate for the Postemployment Health Care Plan for the fiscal year ended June 30, 2022, was 4.29% of covered payroll, determined by the June 30, 2020 actuarial valuation. (Note: information for fiscal year 2024 is not yet available as of this report issue date.)

LACERS uses the Entry Age cost method to determine the required annual contribution amount for the Postemployment Health Plan. The required annual contribution amount is composed of two components: normal cost which is the cost of the portion of the benefit that is allocated to a given year, and the payment to amortize the unfunded actuarial accrued liability (UAAL) which is the difference between LACERS actuarial liabilities and actuarial assets. The components of the UAAL are amortized as a level percent of pay. Based on LACERS funding policy, increases or decreases in the UAAL due to assumption changes are amortized over 20 years, except that health cost trend and premium assumption changes are amortized over 15 years. Plan changes and experience gains and losses are amortized over 15 years, subject to adjustments to comply with GASB requirements on maximum amortization period of 30 years for all layers combined. The amortization periods are closed as each layer of the UAAL is systematically amortized over a fixed period.

The total OPEB contributions to LACERS for the years ended June 30, 2024 and 2023 was $90.6 million and $91.6 million, respectively, representing 100% of the actuarially determined contribution of the employer as defined by GASB Statement No. 74[3]. (Note: information for fiscal year 2024 is not yet available as of this report issue date.)

LAWA's Contributions to the Postemployment Health Care Plan

LAWA's contributions to the Postemployment Health Care Plan for the years ended June 30 (amounts in thousands):

	2024	2023
LAWA's required contributions to the Postemployment Health Care Plan	$ 10,369	$ 10,110

LAWA's contributions made for the Postemployment Health Care Plan, in the amounts of $10.4 million and $10.1 million for fiscal years 2024 and 2023, respectively, represent 100% of the ADC as defined by GASB Statement No. 74. The Postemployment Health Care Plan is administered through a trust that meets the criteria of GASB Statement No. 75[4].

[3] *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, issued in June 2015*

[4] *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, issued in June 2015*

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

(a) Net OPEB Liability, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to the OPEB Plan

LACERS' Net OPEB Liability (NOL)/Net OPEB Asset (NOA) for fiscal year 2024 was measured as of June 30, 2023 and determined based upon the Plan Fiduciary Net Position (FNP) and Total OPEB Liability (TOL) from actuarial valuation as of June 30, 2023.

As of the reporting dates June 30, 2024 (measurement date of June 30, 2023) and June 30, 2023 (measurement date of June 30, 2022), LAWA reported its proportionate shares of TOL, FNP and NOL/NOA as follows (amounts in thousands):

	Reporting date 6/30/24 Measurement date 6/30/23	Reporting date 6/30/23 Measurement date 6/30/22
LAWA's proportionate share:		
Total OPEB Liability	$ 373,986	$ 422,704
Plan Fiduciary Net Position	(388,846)	(395,207)
Plan's Net OPEB Liability (Asset)	$ (14,860)	$ 27,497
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	103.97 %	93.49 %

LAWA's NOL/NOA was measured as the proportionate share of the NOL/NOA based on the employer contributions made by LAWA during fiscal year 2023. The NOL/NOA was measured as of June 30, 2023 and determined based upon the Postemployment Health Care Plan's FNP (plan assets) and TOL from actuarial valuations as of June 30, 2023.

Change in LAWA's proportionate share of the NOL/NOA as of June 30, 2024 (measurement date June 30, 2023) and 2023 (measurement date June 30, 2022) was as follows (amounts in thousands):

	NOL/NOA	Proportion
Proportion - Reporting date June 30, 2024 (measurement date June 30, 2023)	$ (14,860)	10.98%
Proportion - Reporting date June 30, 2023 (measurement date June 30, 2022)	$ 27,497	11.81%
Change - Decrease	$ (42,357)	(0.83)%

For the year ended June 30, 2024, LAWA recognized a Postemployment Health Care Plan's OPEB credit of ($2.6 million). At June 30, 2024, LAWA reported deferred outflows of resources and deferred inflows of resources related to the Postemployment Health Care Plan from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
OPEB contributions subsequent to measurement date	$ 10,369	$ —
Differences between expected and actual experience	618	9,449
Changes of assumptions	5,343	48,164
Net difference between projected and actual earnings on OPEB plan investments	6,984	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	326	7,370
Total	$ 23,640	$ 64,983

$10.4 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to net OPEB liability will be recognized as OPEB expense as follows (amounts in thousands):

Fiscal year ending	Amount
2025	$ (15,752)
2026	(17,975)
2027	488
2028	(10,645)
2029	(7,086)
2030	(742)

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

For the year ended June 30, 2023, LAWA recognized a Postemployment Health Care Plan's OPEB credit of $0.3 million. At June 30, 2023, LAWA reported deferred outflows of resources and deferred inflows of resources related to the Postemployment Health Care Plan from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
OPEB contributions subsequent to measurement date	$ 10,110	$ —
Differences between expected and actual experience	1,004	14,214
Changes of assumptions	10,111	23,619
Net difference between projected and actual earnings on OPEB plan investments	11,271	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	404	6,868
Total	$ 32,900	$ 44,701

Actuarial Assumptions

The total OPEB liability as of June 30, 2024 was determined by actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Date of Experience Study	June 30, 2022 (July 1, 2019 through June 30, 2022)
Long-Term Expected Rate of Return	7.00%
Inflation	2.50%
Projected Salary Increases	Range from 4.00% to 9.00% based on years of service, including inflation
Mortality Table for Retirees	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Disabled Retirees	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries	Pub-2010 Contingent Survivor Amount-Weighted Above Meridian Mortality Tables with rates increased by 5% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Marital Status	60% of male and 35% of female retirees who receive a subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage.
Spouse Age Difference	Male retirees are assumed to be four years older than their female spouses. Female retirees are assumed to be two years younger than their male spouses.
Surviving Spouse Coverage	With regard to Members who are currently alive, 100% of eligible spouses or domestic partners are assumed to elect continued health coverage after the Member's death.
Healthcare Cost Trend Rates	Medical Premium Trend Rates to be applied in the following fiscal years, to all health plans. Trend Rate is to be applied to the premium for shown fiscal year to calculate next fiscal year's projected premium.

Medical Premium Trend Rates to be applied to fiscal year 2021 are:

First Fiscal Year (July 1, 2023 through June 30, 2024)

Carrier	Under Age 65	Age 65 & Over
Kaiser HMO	9.49%	3.25%
Anthem Blue Cross HMO	8.01%	N/A
Anthem Blue Cross PPO	8.01%	(3.35)%
UHC Medicare HMO	N/A	(4.51)%

Dental Premium Trend - 1.50%, then 3.00% thereafter.

Medicare Part B Premium Trend is 5.20%, then 4.50% thereafter.

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023 and June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially-determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB Liability as of both June 30, 2023 and June 30, 2022.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption that was used in the actuarial valuation as of June 30, 2023. This information is subject to change every three years based on the actuarial experience study. The last experience study was for July 1, 2019 through June 30, 2022. The next experience study will be conducted in fiscal year 2026.

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	15.00%	6.00%
Small/Mid Cap U.S. Equity	6.00	6.65
Developed International Large Cap Equity	15.00	7.01
Developed International Small Cap Equity	3.00	7.34
Emerging Markets Equity	6.67	8.80
Core Bonds	11.25	1.97
High Yield Bonds	1.50	4.63
Bank Loans	1.50	4.07
Protected Securities (TIPS)	3.60	1.77
Emerging Market External Debt	2.00	4.72
Emerging Market Local Currency Debt	2.00	4.53
Real Estate Core	4.20	3.86
Cash & Equivalents	1.00	0.63
Private Equity	16.00	9.84
Private Credit (Private Debt)	5.75	6.47
Emerging Market Small-Cap Equity	1.33	11.10
REIT	1.40	6.80
Real Estate - Non Core	2.80	5.40
Total	100.00%	

The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially-determined contribution rates. For this purpose, employer contributions are intended only to fund the benefits of current plan members and their beneficiaries. Based on those assumptions, LACERS fiduciary net position was projected to be available to make all projected future benefit payments for current plan Members and their beneficiaries. Therefore, in accordance with the GASB Statement No. 74, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2024.

Sensitivity of LAWA's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount Rate

The following presents the net OPEB liability/asset of LACERS as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what LACERS net OPEB liability/asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (dollar in thousands):

	June 30, 2024
1% decrease	6.00%
Net OPEB Liability	$34,758
Current discount rate	7.00%
Net OPEB Asset	$(14,860)
1% increase	8.00%
Net OPEB Asset	$(55,877)

Sensitivity of LAWA's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Healthcare Cost Trend Rates

The following presents LAWA's proportionate share of the net OPEB liability/asset as of June 30, 2024, as well as what LAWA's proportionate share of the net OPEB liability/asset would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current trend rate[5] (amounts in thousands):

	June 30, 2024
1% decrease	
Net OPEB Asset	$(59,976)
Current Healthcare Cost Trend Rates	
Net OPEB Asset	$(14,860)
1% increase	
Net OPEB Liability	$40,908

[5]Current healthcare cost trend rates: 7.12% graded down to 4.50% over 11 years for Non-Medicare medical plan costs, and 6.37% graded down to 4.50% over 8 years for Medicare medical plan costs. Actual premium increase in first year, then 3.00% for all years for Dental and 4.50% for all years for Medicare part B subsidy cost.

II. *City of Los Angeles Fire and Police Pensions*

a. Benefits Provided by the LAFPP Plan - OPEB

LAFPP provides other postemployment healthcare benefits to eligible members. Detailed information about the LAFPP OPEB plan is available in the separately issued LAFPP financial report.

b. Net OPEB Liability, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to the LAFPP Plan

At June 30, 2024, LAWA recognized its proportionate shares of Net OPEB Asset of $1.1 million and OPEB expense of $0.5 million for the LAFPP plan. LAWA also reported deferred outflows of resources and deferred inflows of resources related to OPEB for the LAFPP plan from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
OPEB contributions subsequent to measurement date	$ 1,039	$ —
Differences between expected and actual experience	115	385
Changes of assumptions	42	657
Net difference between projected and actual earnings on OPEB plan investments	38	—
Total	$ 1,234	$ 1,042

$1.0 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the NOL in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to net OPEB liability will be recognized as OPEB expense as follows (amounts in thousands):

Fiscal year ending	Amount
2025	$ (119)
2026	(223)
2027	(103)
2028	(166)
2029	(146)
2030	(90)

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

At June 30, 2023, LAWA recognized its proportionate shares of NOL of $13.0 thousand and OPEB expense of $0.6 million for the LAFPP plan. LAWA also reported deferred outflows of resources and deferred inflows of resources related to OPEB for the LAFPP plan from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
OPEB contributions subsequent to measurement date	$ 1,038	$ —
Differences between expected and actual experience	215	240
Changes of assumptions	63	325
Net difference between projected and actual earnings on OPEB plan investments	31	—
Total	$ 1,347	$ 565

15. Risk Management

The Risk Management Division administers LAWA's risk and claims management program by implementing a comprehensive risk identification, assessment, regulation and insurance program. The program addresses key risks that may adversely affect LAWA's ability to meet its business goals and objectives and effectively insures against losses, transfers risk or otherwise mitigates risk losses.

LAWA has purchased parametric insurance coverage for earthquake losses up to $25.0 million at LAX and $5.0 million at VNY, for a total of $30 million with a zero deductible. LAWA self-insures for earthquake losses in excess of $30.0 million.

LAWA carries commercial aviation general liability insurance with coverage limits of $1.3 billion for losses arising out of liability for airport operations. The self-insured retention on the commercial aviation general liability coverage is $500,000 per occurrence for bodily injury and property damage. The liability coverage has endorsements to cover third-party bodily injury and property damage claims and suits, on premises automobile coverage, personal and advertising injury coverage, errors and omissions coverage and hangar and aircraft owner's liability coverage. As a separate coverage agreement, LAWA carries employment practices liability insurance with coverage limits of $10.0 million for protection against employment-related losses, including coverage for defense costs and damages, with a self-insured retention of $1.5 million per occurrence.

LAWA carries all-risk property insurance with coverage limits of $2.5 billion for all LAWA properties. The deductible on this coverage is 5% per insured structure subject to $500,000 per occurrence with no aggregate. LAWA's property insurance also incorporates a special endorsement that provides coverage of $2.0 billion for property losses resulting from acts of terrorism for declared foreign acts of terrorism and "business interruption" losses resulting from a covered property peril as well as terrorism. LAWA's property insurance coverage also incorporates a special endorsement that provides for coverage for "boiler and machinery" losses up to a covered limit of $250.0 million.

LAWA carries cyber liability, ransom ware and technical errors and omissions insurance with coverage limits of $30.0 million for protection against cyber liability risks as well as critical financial protection from loss, disclosure, or theft of data in any form, including but not limited to, media and content rights infringement and liability, network security failure, denial of service attacks and transmission of malicious code. LAWA has a self-insured retention of $500,000.

LAWA also has purchased excess War and Risk Perils buy-back coverage with limits of $1.0 billion for any one occurrence and in the aggregate. War and Risk Perils coverage includes but is not limited to any act of one or more persons, whether or not agents for a sovereign for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional and any malicious act or act of sabotage. Coverage under the War and Allied Perils endorsement may be terminated at any time by the underwriters and terminates automatically upon the outbreak of war (whether there has been a declaration of war or not) between any two or more of the following: France, the People's Republic of China, the Russian Federation, the United Kingdom or the United States, and certain provisions of the endorsement are terminated upon the hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force.

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

LAWA maintains an insurance reserve fund pursuant to Board policy. This fund has been established to fund uninsured or under-insured losses or where insurance capacity is unavailable or excessive in cost relative to coverage. This reserve fund would provide primary funding for catastrophic losses with respect to both LAX and VNY and Palmdale Land Holdings. The insurance reserve fund balance was approximately $248.2 million and $242.1 million at June 30, 2024 and June 30, 2023, respectively.

A number of claims/lawsuits were pending against LAWA that arose in the normal course of its operations. LAWA recognizes a liability for claims and judgments when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. Outside counsel provides estimates for the amount of liabilities with a probability of occurring from these lawsuits. The probability weighted liability for litigation and other claims for the fiscal years ended June 30, 2024 and 2023 was $10.1 million.

LAWA is self-insured as part of the City’s program for workers’ compensation. All workers’ compensation cases are processed by LAWA under the City's workers compensation program. Liability and risk are retained by LAWA. The actuarially determined accrued liability for workers’ compensation includes provision for incurred but not reported claims and loss adjustment expenses. The present value of the estimated outstanding losses was calculated based on a 3% yield on investments. LAWA’s accrued workers’ compensation liabilities at June 30, 2024 and 2023 were $95.7 million and $89.6 million, respectively.

The changes in LAWA's estimated claims payable are as follows (amounts in thousands):

	June 30		
	2024	2023	2022
Balance at beginning of year	$ 99,668	$ 99,794	$ 101,973
Provision for current year's events and changes in provision for prior years' events	17,493	9,919	7,651
Claims payments	(11,374)	(10,045)	(9,830)
Balance at end of year	105,787	99,668	99,794
Current portion	(13,491)	(11,374)	(10,045)
Noncurrent portion	$ 92,296	$ 88,294	$ 89,749

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

16. Public-Private and Public-Public Partnerships and Availability Payment Arrangements

According to GASB Statement No. 94, *Public-private and public-public partnerships and Availability payment arrangements*, public-private and public-public partnerships, collectively referred to as PPPs, comprise a wide variety of arrangements between a government and another party that are engaged in providing services to a government's constituents. Availability payment arrangements (APAs) also have been used in practice to procure governmental services. LAWA have Public-Private Partnership (PPP) agreements for APM and ConRAC projects.

Automated People Mover System (APM)

On April 11, 2018, LAWA and LAX Integrated Express Solutions, LLC (APM Developer) entered into a design-build-finance-operate-maintain agreement, as amended (APM Agreement), for the purposes of developing, financing, operating and maintaining the approximately 2.25-mile elevated, grade-separated APM System that will generally run from the ConRAC to the CTA. The APM System will include six stations: (i) one in the ConRAC; (ii) one to be located at the multi-modal/transit facility located at 96th Street and Aviation Boulevard, which facility will also contain a connection to the Los Angeles County Metropolitan Transportation Authority's light rail system; (iii) one to be located at the multi-modal/transit facility located north of 96th Avenue between Jetway Boulevard and Airport Boulevard; and (iv) three stations to be located in the CTA. Under the APM Agreement, LAWA has granted the APM Developer the exclusive right, during a 30-year term, to design, build, finance, operate and maintain the APM System. Construction of the APM System is continuing and, based on the APM Developer's current projections, LAWA currently estimates that the APM will begin service for LAX passengers in the first quarter of 2026.

The APM Agreement provides that beginning on the PSA date, LAWA must make monthly payments to the APM Developer (APM Availability Payments). The APM Availability Payments are intended to compensate the APM Developer for the costs of designing, building and financing the APM System not otherwise paid from the APM Milestone Payments, as well as the costs of operating and maintaining the APM System over the term of the APM Agreement. The original contractual PSA date of March 31, 2023 has been extended under various change orders and is now December 8, 2025. For the extended period LAWA has agreed to make stepped-down Availability Payments to cover the APM Developer's financing costs. The Operations and Maintenance period of 25 years has been reduced by the same duration as the extended PSA date.

For the components of the APM Availability Payments that are related to the design, construction, and financing of the APM in which ownership of the APM belongs to LAWA, all future payments for these components will be reported as a financed purchase of the APM by LAWA. For the components of the APM Availability Payments that are related to providing services for the operation or maintenance of the APM, future payments for these components will be accounted for as outflows of resources in the period to which the payments relate by LAWA.

The APM Agreement provides that the APM Developer will be entitled to receive a series of six milestone payments from LAWA upon its completion of certain design and construction milestones in the aggregate principal amount of approximately $1.01 billion, subject to deductions provided in the APM Agreement, as partial compensation for the APM Developer's performance of the work required to design and construct the APM System. LAWA paid the last APM Milestone Payment of $168.3 million in September 2024.

On July 18, 2024, the Board approved a change order in the amount of $550.0 million to finalize the bilateral agreement on terms to settle claims between LAWA and LAX Integrated Express Solutions, LLC (LINXS) for delay and compensation amounts, occurring prior to and including May 31, 2024 (Global Settlement) and establishes schedule certainty. LAWA paid $200.0 million of the settlement amount in a lump sum payment in September 2024. The remainder of the settlement amount will be paid in six lump sum payments following LINXS' achievement of certain completion milestones. Additional information can be found in Note 19 of the notes to the financial statements.

Consolidated Rental Car Facility (ConRAC)

On November 6, 2018, LAWA and LA Gateway Partners, LLC (ConRAC Developer) entered into a design-build-finance-operate-maintain agreement for the ConRAC (ConRAC Agreement). The ConRAC Developer is comprised of Fengate Capital Management Ltd., PCL Investments USA, LLC, Johnson Controls, and MVI Finance LLC. Under the ConRAC Agreement, subject to certain limitations, LAWA granted to the ConRAC Developer the exclusive right, during the 28-year term of the ConRAC Agreement, to design, build, finance, operate and maintain the ConRAC.

As construction of the ConRAC was substantially completed in fiscal year 2023, the ConRAC is currently in an Operation Readiness Phase. Because the ConRAC Date of Beneficial Occupancy is currently expected to occur prior to the APM PSA date, LAWA is evaluating different options to transport rental car customers and other people between the CTA and the ConRAC until the APM is operational, including, among others, the use of a common transportation shuttle bus system. As of the date of this report, LAWA has partially opened the ConRAC to accommodate the operations of the Avis Budget Group but has not made a final decision as to the timing of the move of the other rental car operator in to the new facility.

The ConRAC Agreement (as adjusted in accordance with the settlement of certain claims) further provides that, commencing on March 31, 2023, payments will be made to the ConRAC Developer to compensate the ConRAC Developer for the costs of designing, building and financing a portion of the ConRAC (ConRAC Capital Availability Payments), for the cost of operating and maintaining certain portions of the ConRAC (ConRAC Operations and Maintenance Availability Payments), and for the costs of renewing the ConRAC (ConRAC Renewal Availability Payments, and collectively with ConRAC Capital Availability Payments and ConRAC Operations and Maintenance Availability Payments, the ConRAC Availability Payments). LAWA expects to make the ConRAC Capital Availability Payments and the ConRAC Renewal Availability Payments from CFC revenues, subject to the prior payment of the principal of and interest on the LAX CFC Bonds and the other deposits required to be made to the funds and accounts established and maintained pursuant to the trust indenture entered into with respect to the LAX CFC Bonds.

For the components of the ConRAC Capital Availability Payments that are related to the design, construction, and financing of the ConRAC in which ownership of the ConRAC belongs to LAWA, all future payments for these components is reported as a financed purchase of the ConRAC by LAWA in the statement of net position as PPP availability payment liability. For the components of the ConRAC Operations and Maintenance Availability Payments that are related to providing services for the operation or maintenance of the ConRAC, future payments for these components will be accounted for as outflows of resources in the period to which the payments relate by LAWA. For the components of the ConRAC Renewal Availability Payments that are related to the renewal of the capital assets for ConRAC in which ownership of the ConRAC belongs to LAWA, all future payments for these components is reported as a financed purchase of the ConRAC by LAWA.

LAWA has capitalized ConRAC for approximately $1.5 billion on June 30, 2023, with depreciation starting from July 2023. The capitalization costs included three elements: Periodic Payments, Milestones Payments and Change Orders, Capital Availability Payments, and Capital Renewal Payments.

ConRAC	Amount (in millions)
Periodic and Milestone Payments, Change Orders, etc.	$ 905.0
Capital Availability Payment (Note)	525.2
Capital Renewal Payment	69.6
	$ 1,499.8

Note: The Capital Availability Payment includes payments of $0.8 million recognized in fiscal year 2023 and future payments of $524.4 million through fiscal year 2047.

Capital Availability Payment of $525.2 million was computed based on the present value of future payments of $892.5 million with discount rate of 4.71%. Capital Renewal Payment of $69.6 million was computed based on the present value of future payments of $120.9 million with discount rate of 4.71%. In connection with the capitalization, LAWA recognized PPP availability payment liability of $573.5 million, current liabilities of $10.7 million, interest expense of $27.7 million, and depreciation of $71.1 million in fiscal year 2024. LAWA recognized PPP availability payment liability of $584.1 million, current liabilities of $9.8 million, interest expense of $2.2 million, and zero depreciation in fiscal year 2023. In fiscal year 2024, LAWA made the Capital Availability Payment of $33.6 million, Capital Renewal Payment of $4.8 million, and Operations and Maintenance Availability Payment of $8.1 million.

Subject to any limitations and exceptions expressly provided in the ConRAC Agreement, Annual Availability Payments (covering the ConRAC Capital Availability Payments, ConRAC Operations and Maintenance Availability Payments, and ConRAC Renewal Availability Payments) shall be paid to Developer in monthly installments. Each month, the Maximum Monthly Payment shall be calculated as the sum of (a) the monthly amount of the annual maximum availability payment, plus (b) the amount of Variable O&M Costs projected to be paid by Developer in the immediately subsequent month, plus (c) for the Month immediately following the end of each Quarter, a Utility Rate Risk Share calculated pursuant to the terms of the ConRAC Agreement.

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

Principal and interest payments to be made related to the Capital Availability Payment for each of the next five years and in five-year increments thereafter are as follows (amounts in thousands):

Fiscal year(s) ending	Principal	Interest	Total
2025	$ 9,775	$ 24,066	$ 33,841
2026	10,592	23,588	34,180
2027	11,451	23,071	34,522
2028	12,355	22,512	34,867
2029	13,305	21,910	35,215
2030 - 2034	82,605	98,825	181,430
2035 - 2039	114,894	75,790	190,684
2040 - 2044	156,269	44,142	200,411
2045 - 2047	104,124	6,909	111,033
Total	$ 515,370	$ 340,813	$ 856,183

Principal and interest payments to be made related to the Capital Renewal Payment for each of the next five years and in five-year increments thereafter are as follows (amounts in thousands):

Fiscal year(s) ending	Principal	Interest	Total
2025	$ 894	$ 3,220	$ 4,114
2026	1,021	3,175	4,196
2027	1,155	3,124	4,279
2028	1,298	3,067	4,365
2029	1,450	3,002	4,452
2030 - 2034	9,861	13,773	23,634
2035 - 2039	15,236	10,858	26,094
2040 - 2044	22,322	6,488	28,810
2045 - 2047	15,524	1,034	16,558
Total	$ 68,761	$ 47,741	$ 116,502

17. Subscription Based Information Technology Agreements (SBITA)

LAWA utilizes IT software contracts to purchase all software, including a variety of software products that are installed on servers, workstations, mobile devices, notebooks, and other hardware. These software products include core software used throughout the organization, such as Microsoft Office 365; Microsoft Teams; Adobe Acrobat Pro DC; Software -as -a -Service (SaaS), such as Amazon Web Services and Azure; and Firewall-as-a-Service (FWaaS), such as Cloudflare. These contracts are also used to purchase specialized programs, such as project scheduling, other airport-specific software, and associated software support services used throughout the organization, and to purchase software for capital and operating initiatives, including Interactive Kiosks, Workforce Central, SharePoint, OpenText, and software used for estimating, construction project management, drafting, aerial imagery, large document review and collaboration, Building Information Modeling, and project risk management, etc. In many cases, LAWA is required to purchase the annual licenses for these products to obtain functional and security updates as well as maintenance support services.

LAWA evaluates these contracts and identifies the qualified SBITAs in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The present value of the SBITAs, calculated based on the incremental borrowing rate discussed below, are aggregated on a portfolio basis. LAWA has adopted the following policies to account for agreements in accordance with the requirements of GASB No. 96.

Basis of SBITA classification

In accordance with GASB 96, LAWA recognizes short-term subscription payments, which have a maximum possible term under the SBITA contract of 12 months or less, as outflows of resources based on the payment provisions of the contract.

For purposes of determining the applicability of GASB No. 96, Software as a Service, Platform as a Service, and Infrastructure as a Service are three common deployment models of cloud computing arrangements. Each deployment model may contain IT software used in combination with tangible capital assets. The substance of the arrangement is evaluated by LAWA in accordance with GASB No. 96 to determine whether the arrangement meets the definition of SBITA.

Term

At the time of the SBITA commencement or conversion, the term will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal. For extension periods without explicit rent payment amounts in the agreement, LAWA assumed a CPI increase of 3.65% and 8.5% for fiscal year 2024 and 2023, respectively, to prior payment amounts on an annual basis.

Discount rate

Unless explicitly stated in the agreement, known by LAWA, or LAWA is able to determine the rate implicit within the agreement, the discount rate used to calculate the right-to-use subscription assets and liabilities is LAWA's incremental borrowing rate at the end of each fiscal year.

The discount rate utilized for the applicable agreement beginning in each fiscal year were as follows:

Term of Agreement	2024	2023
2-year	3.58	3.42
3-year	3.47	3.32
4-year	3.45	3.21
5-year	3.42	3.20
Above 5-year	3.34	3.33

Variable payments

Variable payments based on the future performance of the agreement or usage of the underlying asset are not included in the measurement of subscription assets or liabilities. For the fiscal years ended June 30, 2024 and 2023, all agreements are based on fixed payments and do not have variable payment components.

Remeasurement

For the fiscal years ended June 30, 2024 and 2023, LAWA did not have to remeasure any right-to-use subscription liabilities due to (1) early termination of subscription, (2) reduction in monthly subscription payment, and (3) change in borrowing rate.

Right-to-use subscription assets consist of the following (amounts in thousands):

	2024	2023
Right-to-use subscription assets	$ 40,475	$ 23,343
Accumulated amortization	(27,031)	(16,350)
Total amortized assets	$ 13,444	$ 6,993

In accordance with GASB No. 96, LAWA recognized $10.7 million and $9.2 million of amortization expense for the years ended June 30, 2024 and 2023, respectively. LAWA also recognized $463.0 thousand and $185.2 thousand of interest expense for the years ended June 30, 2024 and 2023, respectively.

Principal and interest payments to be made, under these SBITAs for each of the next five years and in five-year increments thereafter are as follows (amounts in thousands):

Fiscal year(s) ending	Principal	Interest	Total
2025	$ 8,514	$ 297	$ 8,811
2026	3,158	70	3,229
2027	428	48	476
2028	425	35	460
2029	283	25	308
2030 - 2032	933	27	961
Total	$ 13,741	$ 502	$ 14,245

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

18. Commitments, Litigations, and Contingencies

a. Commitments

LAWA has commitments for open purchase orders of approximately $91.9 million and $120.0 million as of June 30, 2024 and 2023, respectively.

LAWA has the following commitments on major construction contracts[6]:

Project		Amount (in millions)
MSC South	$	197
TBIT Baggage Optimization Project Phase 2		147
ATMP Roadway Improvements		256
Baggage Handling System		69
Total	$	669

LAWA has the following commitments on major tenant based acquisitions:

Project		Amount (in millions)
Terminals 2/3 Improvement	$	206
Terminals 4/5 Improvement		697
Terminal 6 Improvement		61
Total	$	964

Multiple Award Task Order Contracts

LAWA has approved the following Multiple Award Task Order Contracts (MATOC) in fiscal year 2024:

- the award of 15 five-year MATOC, with two one-year renewal options, in the amount not to exceed $950.0 million, to provide highly specialized consulting services in support of the Capital Improvement Program.
- the award of 10 five-year MATOC, with two one-year renewal options, in the amount not to exceed $100.0 million, to provide planning and design services.

[6] *Unpaid portion of total commitments.*

b. Aviation Security

Concerns about the safety and security of airline travel and the effectiveness of security precautions may influence passenger travel behavior and air travel demand, particularly in the light of existing international hostilities, potential terrorist attacks, and world health concerns, including epidemics and pandemics. As a result of terrorist activities, certain international hostilities and risk of violent crime, LAWA has implemented enhanced security measures mandated by the FAA, the Transportation Security Administration (TSA), the Department of Homeland Security and Airport management. Current and future security measures may create significantly increased inconvenience, costs and delays at LAX which may give rise to the avoidance of air travel generally and the switching from air to ground travel modes and may adversely affect LAWA's operations, expenses and revenues. LAX has been the target of a foiled terrorist bombing plot and has been recognized as a potential terrorist target. Recent incidents at United States and international airports underscore this risk. LAX is a high profile public facility in a major metropolitan area. LAWA cannot predict whether LAX or any of LAWA's other airports will be actual targets of terrorists or other violent acts in the future.

c. Environmental Issues

LAWA bears ultimate responsibility for the cleanup of environmental contamination on property it owns. However, there are instances where tenants accept responsibility for the cleanup actions. Under certain applicable laws, LAWA may become liable for cleaning up soil and/or groundwater contamination on a property in the event that the previous responsible party does not perform its assessment or remediation obligations. No assurance can be given that any future investigation and/or remediation costs for any such contamination will not be material.

On November 7, 2019, the Board approved: (i) an update to the LAX Ground Support Equipment Emissions Reduction Policy (GSE ERP) with new emission reduction targets for 2023 and 2031; (ii) the LAX Air Quality Improvement Measures (AQIM), which consolidated existing air quality improvement programs or previously adopted policies into one plan to more efficiently track progress and align with LAWA’s Sustainability Action Plan; and (iii) a Memorandum of Understanding (MOU) with the South Coast Air Quality Management District (SCAQMD) to quantify emission reductions associated with the following LAX AQIM measures identified in the MOU to assist SCAQMD in obtaining emission reductions for these measures to meet its obligations under the Clean Air Act:

- Ground Support Equipment Emissions Reduction Policy
- Alternative Fuel Vehicle Incentive Program
- Zero-Emission Bus Program

LAWA’s primary obligations under the MOU are to implement the above measures and provide annual reports to SCAQMD on implementation of the measures, including equipment data and emission inventory calculations. In the event that actual emission reduction is less than the estimated emission reduction projected for these measures, LAWA and SCAQMD will work together to consider potential new or enhanced programs, or better efforts to quantify existing programs, to help SCAQMD address any shortfalls. On June 15, 2023, the Board approved $0.5 million for LAX Electric Ground Support Incentive Program to accelerate the deployment of zero-emission ground support equipment (eGSE) at LAX. Participating airport tenants and service providers have been preparing to be reimbursed $0.5 million for eGSE purchases to be performed in fiscal year 2025.

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

In 2022, California banned the use of class B firefighting foam containing Per- and Polyfluoroalkyl Substances (PFAS) with an exception made for certain facilities that utilize fixed foam fire suppression systems whose compliance deadline was extended to January 1, 2024. At that time, Aqueous Film-Forming Foam (AFFF) with PFAS can no longer be used in hangar systems. The United Reservoir in the West Campus at LAX has provided fire water to the Federal Express (FedEx) Hangar, the former United Airlines (United) Hangar, and the American Airlines (American) Superbay Hangar complexes, among other facilities. American asserts that it has invested approximately $20.0 million into a PFAS-free fire suppression system at the American Superbay and that they intended to activate the system, which is connected to the United Reservoir by January 1, 2024, but now may not activate it due to the contaminated fire water supply. LAWA has pursued FedEx and United as potentially responsible parties to identify the source of the AFFF with PFAS, delineate the extent of contamination, and investigate remedies. While LAWA continues to work with FedEx, United, and American, the time sensitive nature of the matter has required LAWA to conduct sampling, delineate the extent of the contamination, and retain both engineering and technical support staff to investigate and recommend solutions.

The Board approved the increase of the contract authority of Geosyntec Consultants, Inc. from $4.5 million to $13.0 million to cover the cost of remediation of AFFF contamination of the United Reservoir and associated facilities on the West Campus at LAX. LAWA does not have any pollution remediation obligations as defined under GASB 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, based on analysis of the obligating events and balancing equities as the PFAS obligations will not be charging on the airports.

19. Subsequent Events

On July 18, 2024, the Board approved a change order in the amount of $550.0 million to finalize the bilateral agreement on terms to settle claims between LAWA and LAX Integrated Express Solutions, LLC (LINXS) (herein known as the Parties) for delay and compensation amounts, occurring prior to and including May 31, 2024 (Global Settlement) and establishes schedule certainty. The key terms of the Global Settlement include, but are not limited to, the following:

- Time Extension
  LAWA grants LINXS a time extension to establish the Passenger Service Availability date on December 8, 2025. LINXS has committed to achieving Passenger Service Availability by December 8, 2025.

- Payment Terms
  The total settlement amount is $550.0 million. Once LAWA receives a schedule it deems acceptable, then LAWA will pay $200.0 million of the settlement amount in a lump sum payment. The remainder of the settlement amount will be paid in six lump sum payments following LINXS' achievement of the following completion milestones:

  a) $119.0 million payable upon successful completion of first series of APM systems integration testing
  b) $115.5 million, which will be payable in the following four payments, upon successfully obtaining a Temporary Certificate of Occupancy for each of the following stations:
     - Central Terminal Area (CTA) West Station ($52.5 million)
     - CTA Center Station ($17.5 million)
     - CTA East Station ($17.5 million)
     - Intermodal Transportation Facility West Station ($28 million)
  c) $115.5 million payable upon the earlier to occur of: (i) achievement of Passenger Service Availability conditioned on certification by the Independent Engineer in accordance with the DBFOM Agreement; or (ii) only if the Passenger Service Availability date is agreed to be extended pursuant to Section 14.1.3 of the Design-Build-Finance-Operate-Maintain (DBFOM) Agreement beyond such date, then on December 8, 2025.

On July 18, 2024, the Board approved a change order modifying the insurance benchmarking provisions contained in the contract with Los Angeles Gateway Partners (LAGP) for the Landside Access Modernization Program's Consolidated Rent-A-Car Facility (ConRAC) Project at LAX such that LAGP will be able to provide adequate insurance coverage for the facility per the requirements of the contract. These modifications are necessary due to significant volatility in the insurance markets. This change order adjusts the benchmarking regime provided in the contract to take into account the insurance premiums from the date of the financial close, affording the developer and its lenders a reasonable increase in the premiums. This change in the benchmarking procedure results in LAWA paying an additional $30.4 million in insurance costs over the term of the contract. LAGP is estimated to pay $22.0 million in insurance costs, which is 120 percent of the originally budgeted cost.

On July 18, 2024, the Board approved the award of a 12-year Common-Use Passenger Lounge Concession Agreement, with an option to extend the term for one period of three years, to AD Partnership, LLC to develop and operate a new common use passenger lounge in the Tom Bradley International Terminal (TBIT) at LAX that will generate approximately $79.0 million in rent revenue over the 12-year term.

Notes to the Financial Statements
June 30, 2024 and 2023
(continued)

On August 15, 2024, the Board approved the request for authorization to accept grant offer and execute a grant agreement with the Federal Aviation Administration (FAA) for Airport Improvement Program funds issued through the Voluntary Airport Low Emission Program, for the purchase and installation of Electric Ground Support Equipment Chargers at LAX. Final grant award amounts are subject to approval by the FAA. This provides a funding source for the purchase and installation of twenty-seven tri-port electric ground support equipment (eGSE) chargers to be operated at LAX. The procurement of these chargers will support LAWA's strategic commitment to voluntarily reduce the airport-wide average of emissions and electrify airport and tenant-owned fleet vehicles and equipment.

Required Supplementary Information (Unaudited)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Required Supplementary Information (Unaudited)
Last Ten Fiscal Years Ended June 30
(amounts in thousands)

Pension Plan

Schedule of LAWA's Proportionate Share of the Net Pension Liability (1) (2)

Los Angeles City Employees' Retirement System (LACERS)

Fiscal Year	Proportion of the Net Pension Liability	Proportionate share of the Net Pension Liability	Covered Payroll (3)	Proportionate share of the Net Pension Liability as a percentage of its Covered Payroll	Proportionate share of Pension Plan's Fiduciary Net Position	Proportionate share of Pension Plan's Total Pension Liability	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2015	13.80 %	$ 615,349	$ 249,228	246.90 %	$ 1,627,643	$ 2,242,992	72.57 %
2016	13.98 %	$ 697,482	$ 255,014	273.51 %	$ 1,666,366	$ 2,363,848	70.49 %
2017	13.79 %	$ 774,356	$ 260,929	296.77 %	$ 1,628,551	$ 2,402,907	67.77 %
2018	13.70 %	$ 723,062	$ 271,035	266.78 %	$ 1,805,783	$ 2,528,845	71.41 %
2019	13.75 %	$ 785,272	$ 278,682	281.78 %	$ 1,957,905	$ 2,743,177	71.37 %
2020	13.72 %	$ 819,996	$ 280,596	292.23 %	$ 2,032,238	$ 2,852,234	71.25 %
2021	13.45 %	$ 1,021,523	$ 292,406	349.35 %	$ 2,008,385	$ 3,029,908	66.29 %
2022	12.51 %	$ 545,803	$ 270,630	201.68 %	$ 2,366,212	$ 2,912,015	81.26 %
2023	12.51 %	$ 884,003	$ 255,761	345.64 %	$ 2,128,552	$ 3,012,555	70.66 %
2024	11.76 %	$ 863,879	$ 258,019	334.81 %	$ 2,111,211	$ 2,975,090	70.96 %

Required Supplementary Information (Unaudited) (continued)
Last Ten Fiscal Years Ended June 30
(amounts in thousands)

Notes to schedule:

1. Changes of assumptions

   The June 30, 2014 calculations reflected various assumption changes based on the triennial experience study for the period from July 1, 2011 through June 30, 2014. The increase of total pension liability for fiscal years ended on June 30, 2014 is primarily due to the lowered assumed investment rate of return from 7.75% to 7.50%, and longer assumed life expectancies for Members and beneficiaries while the June 30, 2017 increase is primarily due to the lowered assumed investment rate of return from 7.50% to 7.25%. The June 30, 2018 calculations reflected changes in the actuarial assumptions adopted by the Board on August 14, 2018 based on the triennial experience study for the period from July 1, 2014 through June 30, 2017, including revising the mortality tables from static to generational to reflect future mortality improvement, contributing to increased total pension liability. The June 30, 2020 calculations reflected changes in the actuarial assumptions based on the actuarial experience study covering the period from July 1, 2016 to June 30, 2019, and adopted by the Board on June 23, 2020. The changes included lowered assumed investment rate of return from 7.25% to 7.00% along with an Inflation Rate reduction from 3.00% to 2.75%, changes in various demographic assumptions such as adjustments on retirement, termination, disability and mortality rates.The total pension liability calculation on fiscal years ended June 30, 2014, June 30, 2017, June 30, 2020 and June 30, 2023 reflected various assumption changes based on the triennial actuarial experience study. The latest experience study covers the period July 1, 2019 to June 30, 2022 resulted to changes of assumptions used in the June 30, 2023 actuarial valuation. The changes include inflation rate reduction from 2.75% to 2.50% and various demographic assumption changes such as retirement, mortality, disability and termination rates.

2. In calculating the Pension Plan's Net Pension Liability, the Total Pension Liability and the Plan Fiduciary Net Position exclude amounts associated with Family Death, and Larger Annuity Benefits.

3. Covered payroll represents the collective total of the pensionable wages of all LACERS membership tiers and is reported based on measurement period.

Schedule of Contributions - Pension

Los Angeles City Employees' Retirement System (LACERS)

	2024	2023	2022	2021	2020
Contractually required contribution (actuarially determined)	$ 80,556	$ 78,717	$ 73,971	$ 69,400	$ 74,396
Contributions in relation to the actuarially determined contributions	80,556	78,717	73,971	69,400	74,396
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
LAWA's covered payroll	$ 264,680	$ 258,019	$ 255,761	$ 270,630	$ 292,406
LAWA's contributions as a percentage of covered payroll	30.44 %	30.51 %	28.92 %	25.64 %	25.44 %

	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 65,746	$ 61,920	$ 62,173	$ 60,694	$ 53,261
Contributions in relation to the actuarially determined contributions	65,746	61,920	62,173	60,694	53,261
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
LAWA's covered payroll	$ 280,596	$ 278,682	$ 271,035	$ 260,929	$ 255,014
LAWA's contributions as a percentage of covered payroll	23.43 %	22.22 %	22.94 %	23.26 %	20.89 %

Required Supplementary Information (Unaudited) (continued)
Last Ten Fiscal Years Ended June 30
(amounts in thousands)

Notes to Schedules - Pension

Los Angeles City Employees' Retirement System (LACERS)

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry age actuarial cost method
Amortization Method	Level percent of payroll
Investment Rate of Return	7.00%
Inflation	2.50%
Projected Salary Increases	Ranges from 4.00% to 9.00% based on years of service

Other Postemployment Benefit Plan (OPEB)

The schedules included in the Required Supplementary Information for the Postemployment Health Care Plan are intended to show information for 10 years. However, the following schedules do not have a full 10-year trend, and therefore, LAWA presented information only for those years for which information is available. Additional years will be displayed in the future as they become available.

Schedule of LAWA's Proportionate Share of the Net OPEB Liability

Los Angeles City Employees' Retirement System (LACERS)

Fiscal Year	Proportion of the Net Postemployment Health Care (OPEB) Liability	Proportionate share of the Net OPEB (Asset) Liability	Covered Payroll (2)	Proportionate share of the Net OPEB Liability as a percentage of its Covered Payroll	Proportionate share of Postemployment Health Care Plan's Fiduciary Net Position	Proportionate share of Postemployment Health Care Plan's Total OPEB Liability	Postemployment Health Care Plan's Fiduciary Net Position as a percentage of the Total OPEB Liability
2018	13.68 %	$ 77,566	$ 271,035	28.62 %	$ 333,673	$ 411,239	81.14 %
2019	13.49 %	$ 78,324	$ 278,682	28.11 %	$ 361,138	$ 439,463	82.18 %
2020	13.22 %	$ 69,014	$ 280,596	24.60 %	$ 371,646	$ 440,660	84.34 %
2021	12.77 %	$ 81,105	$ 292,406	27.74 %	$ 363,981	$ 445,086	81.78 %
2022	11.7 %	$ (30,594)	$ 270,630	(11.30)%	$ 442,306	$ 411,712	107.43 %
2023	11.81 %	$ 27,497	$ 255,761	10.75 %	$ 395,207	$ 422,704	93.49 %
2024	10.98 %	$ (14,860)	$ 258,019	(5.76)%	$ 388,846	$ 373,986	103.97 %

Notes to schedule:

1. Changes of assumptions
   The OPEB liability from the changes of assumptions for the fiscal year ended June 30, 2017 is primarily due to the lowered assumed investment rate of return, from 7.50% to 7.25%, and the June 30, 2018 increase is primarily due to the new actuarial assumptions adopted in the triennial experience study (July 1, 2014 through June 30, 2017), including revising the mortality tables from static to generational. The June 30, 2019 increase is mainly due to the increased Medicare Part B Premium Trend Rate from 4.0% to 4.5% while the June 30, 2020 is due to the new actuarial assumptions adopted as a result of actuarial experience study covering the period July 1, 2016 to June 30, 2019 which included a lowered investment rate of returns from 7.25% to 7.00% as well as using revised mortality tables. The June 30, 2021 liability decrease was primarily due to 2021/2022 premium and subsidy levels lower than expected from favorable premium renewal experience. The June 30, 2022 liability decrease was primarily due to favorable 2022/2023 premium renewal experience and lower 2022/2023 subsidy levels than expected. The June 30, 2023 liability decrease was primarily due to lower overall 2023/2024 premiums and subsidy levels than expected, and to a lesser degree the new assumptions adopted in the triennial experience study (July 1, 2019 to June 30, 2022).

2. Covered payroll represents the collective total of the pensionable wages of all LACERS membership tiers and is reported based on measurement period.

Required Supplementary Information (Unaudited) (continued)
Last Ten Fiscal Years Ended June 30
(amounts in thousands)

Schedule of Contributions - OPEB

Los Angeles City Employees' Retirement System (LACERS)

	2024	2023	2022	2021	2020
Contractually required contribution (actuarially determined)	$ 10,369	$ 10,110	$ 11,000	$ 12,266	$ 14,482
Contributions in relation to the actuarially determined contributions	10,369	10,110	11,000	12,266	14,482
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
LAWA's covered payroll	$ 264,680	$ 258,019	$ 255,761	$ 270,630	$ 292,406
LAWA's contributions as a percentage of covered payroll	3.92 %	3.92 %	4.30 %	4.53 %	4.95 %

	2019	2018
Contractually required contribution (actuarially determined)	$ 14,434	$ 13,810
Contributions in relation to the actuarially determined contributions	14,434	13,810
Contribution deficiency (excess)	$ —	$ —
LAWA's covered payroll	$ 280,596	$ 278,682
LAWA's contributions as a percentage of covered payroll	5.14 %	4.96 %

Notes to Schedules - OPEB

Los Angeles City Employees' Retirement System (LACERS)

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry age actuarial cost method
Amortization Method	Level percent of payroll
Investment Rate of Return	7.00%
Inflation	2.50%
Projected Salary Increases	Ranges from 4.00% to 9.00% based on years of service

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Supplemental Information

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Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Combining Schedule of Net Position June 30, 2024
(with June 30, 2023 comparative total)
(amounts in thousands)

	Los Angeles International Airport	Van Nuys Airport	Palmdale Property
ASSETS			
Current Assets			
Unrestricted current assets			
Cash and pooled investments held in City Treasury	$ 1,691,685	$ 17,267	$ 2
Investments with fiscal agents	1,539	94	—
Accounts receivable, net of allowance for uncollectible accounts: 2024 - $3,333; 2023 - $504	24,765	2,081	354
Unbilled receivables	55,973	107	688
Accrued interest receivable	15,131	37	26
Grants receivable	32,059	232	—
Lease receivable	17,427	3,724	2,435
Due from (to) other agencies	44,284	—	(44,284)
Prepaid expenses	16,371	344	—
Inventories	1,479	38	—
Total unrestricted current assets	1,900,713	23,924	(40,779)
Restricted current assets			
Cash and pooled investments held in City Treasury	548,315	70	—
Investments with fiscal agents, includes cash and cash equivalents, related to bonded debt: 2024 - $553,311; 2023 - $1,861,281	1,184,168	—	—
Accrued interest receivable	1,820	—	—
Passenger facility charges receivable	23,602	—	—
Customer facility charges receivable	7,679	—	—
Total restricted current assets	1,765,584	70	—
Total current assets	3,666,297	23,994	(40,779)
Noncurrent Assets			
Capital assets			
Not depreciated	4,010,544	14,945	91,992
Depreciated, net	13,378,571	93,498	1,662
Amortized, net	67,691	—	—
Total capital assets	17,456,806	108,443	93,654
Other noncurrent assets			
Investment with fiscal agents	54,646	—	—
Prepaid bond insurance premium	4,335	—	—
Lease receivable, net of current portion	123,416	9,392	6,797
Net pension asset	1,819	—	—
Net OPEB asset	15,701	302	—
Total other noncurrent assets	199,917	9,694	6,797
Total noncurrent assets	17,656,723	118,137	100,451
TOTAL ASSETS	21,323,020	142,131	59,672
DEFERRED OUTFLOWS OF RESOURCES			
Loss on debt refundings	32,011	—	—
Pension and OPEB	230,273	4,427	—
TOTAL DEFERRED OUTFLOWS OF RESOURCES	262,284	4,427	—

	Total 2024	Total 2023
ASSETS		
Current Assets		
Unrestricted current assets		
Cash and pooled investments held in City Treasury	$ 1,708,954	$ 1,857,402
Investments with fiscal agents	1,633	1,879
Accounts receivable, net of allowance for uncollectible accounts: 2024 - $3,333; 2023 - $504	27,200	24,736
Unbilled receivables	56,768	45,298
Accrued interest receivable	15,194	9,304
Grants receivable	32,291	17,643
Lease receivable	23,586	38,895
Due from (to) other agencies	—	—
Prepaid expenses	16,715	10,646
Inventories	1,517	1,538
Total unrestricted current assets	1,883,858	2,007,341
Restricted current assets		
Cash and pooled investments held in City Treasury	548,385	499,279
Investments with fiscal agents, includes cash and cash equivalents, related to bonded debt: 2024 - $553,311; 2023 - $1,861,281	1,184,168	2,172,009
Accrued interest receivable	1,820	953
Passenger facility charges receivable	23,602	23,158
Customer facility charges receivable	7,679	5,897
Total restricted current assets	1,765,654	2,701,296
Total current assets	3,649,512	4,708,637
Noncurrent Assets		
Capital assets		
Not depreciated	4,117,481	3,918,900
Depreciated, net	13,473,731	12,524,461
Amortized, net	67,691	64,435
Total capital assets	17,658,903	16,507,796
Other noncurrent assets		
Investment with fiscal agents	54,646	—
Prepaid expenses	4,335	4,516
Lease receivable, net of current portion	139,605	147,716
Net pension asset	1,819	—
Net OPEB asset	16,003	—
Total other noncurrent assets	216,408	152,232
Total noncurrent assets	17,875,311	16,660,028
TOTAL ASSETS	21,524,823	21,368,665
DEFERRED OUTFLOWS OF RESOURCES		
Loss on debt refundings	32,011	36,789
Pension and OPEB	234,700	251,993
TOTAL DEFERRED OUTFLOWS OF RESOURCES	266,711	288,782

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Combining Schedule of Net Position June 30, 2024 (continued)
(with June 30, 2023 comparative total)
(amounts in thousands)

	Los Angeles International Airport	Van Nuys Airport	Palmdale Property
LIABILITIES			
Current Liabilities			
Current liabilities payable from unrestricted assets			
Contracts and accounts payable	$ 390,167	$ 5,016	$ 716
Accrued salaries	21,115	385	—
Accrued employee benefits	11,178	281	—
Estimated claims payable	13,244	247	—
Lease liabilities	9,097	—	—
Subscription liabilities	8,514	—	—
PPP availability payment liabilities	10,669	—	—
Commercial paper	320,927	—	—
Accrued interest payable	87	—	—
Unearned revenue	9,605	—	—
Obligations under securities lending transactions	1,876	—	—
Other current liabilities	29,505	1,305	13
Total current liabilities payable from unrestricted assets	825,984	7,234	729
Current liabilities payable from restricted assets			
Contracts and accounts payable	795	70	—
Current maturities of bonded debt	259,970	—	—
Accrued interest payable	66,428	—	—
Obligations under securities lending transactions	590	—	—
Other current liabilities	6,110	—	—
Total current liabilities payable from restricted assets	333,893	70	—
Total current liabilities	1,159,877	7,304	729
Noncurrent Liabilities			
Bonded debt, net of current portion	12,159,510	—	—
Accrued employee benefits, net of current portion	68,098	1,715	—
Estimated claims payable, net of current portion	90,792	1,504	—
Lease liabilities, net of current portion	50,034	—	—
Subscription liabilities, net of current portion	5,227	—	—
PPP availability payment liabilities, net of current portion	573,462	—	—
Net pension liability	848,641	15,238	—
Net OPEB liability	—	—	—
Other long-term liabilities	20,860	—	—
Total noncurrent liabilities	13,816,624	18,457	—
TOTAL LIABILITIES	14,976,501	25,761	729
DEFERRED INFLOWS OF RESOURCES			
Gain on debt refundings	50,893	—	—
Pension and OPEB	152,149	2,672	—
Leases	128,203	12,071	8,107
TOTAL DEFERRED INFLOWS OF RESOURCES	331,245	14,743	8,107
NET POSITION			
Net investment in capital assets	5,096,868	107,643	93,654
Restricted for:			
Passenger facility charges eligible projects	302,672	—	—
Customer facility charges eligible projects	13,164	—	—
Operations and maintenance reserve	257,416	—	—
Federally forfeited property and protested funds	2,229	—	—
Net pension/OPEB asset	17,520	302	—
Unrestricted	587,689	(1,891)	(42,818)
TOTAL NET POSITION	$ 6,277,558	$ 106,054	$ 50,836

	Total 2024	Total 2023
LIABILITIES		
Current Liabilities		
Current liabilities payable from unrestricted assets		
Contracts and accounts payable	$ 395,899	$ 351,942
Accrued salaries	21,500	20,337
Accrued employee benefits	11,459	7,747
Estimated claims payable	13,491	11,374
Lease liabilities	9,097	8,387
Subscription liabilities	8,514	2,294
PPP availability payment liabilities	10,669	9,774
Commercial paper	320,927	229,541
Accrued interest payable	87	92
Unearned revenue	9,605	—
Obligations under securities lending transactions	1,876	7,725
Other current liabilities	30,823	38,062
Total current liabilities payable from unrestricted assets	833,947	687,275
Current liabilities payable from restricted assets		
Contracts and accounts payable	865	2,468
Current maturities of bonded debt	259,970	203,250
Accrued interest payable	66,428	67,553
Obligations under securities lending transactions	590	1,939
Other current liabilities	6,110	4,730
Total current liabilities payable from restricted assets	333,963	279,940
Total current liabilities	1,167,910	967,215
Noncurrent Liabilities		
Bonded debt, net of current portion	12,159,510	12,528,171
Accrued employee benefits, net of current portion	69,813	53,248
Estimated claims payable, net of current portion	92,296	88,294
Lease liabilities, net of current portion	50,034	52,942
Subscription liabilities, net of current portion	5,227	2,218
PPP availability payment liabilities, net of current portion	573,462	584,131
Net pension liability	863,879	884,582
Net OPEB liability	—	27,484
Other long-term liabilities	20,860	885
Total noncurrent liabilities	13,835,081	14,221,955
TOTAL LIABILITIES	15,002,991	15,189,170
DEFERRED INFLOWS OF RESOURCES		
Gain on debt refundings	50,893	54,716
Pension and OPEB	154,821	109,339
Leases	148,381	172,181
TOTAL DEFERRED INFLOWS OF RESOURCES	354,095	336,236
NET POSITION		
Net investment in capital assets	5,298,165	4,905,809
Restricted for:		
Passenger facility charges eligible projects	302,672	274,714
Customer facility charges eligible projects	13,164	11,820
Operations and maintenance reserve	257,416	232,615
Federally forfeited property and protested funds	2,229	1,753
Net pension/OPEB asset	17,822	—
Unrestricted	542,980	705,330
TOTAL NET POSITION	$ 6,434,448	$ 6,132,041

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2024
(with for the fiscal year ended June 30, 2023 comparative total)
(amounts in thousands)

	Los Angeles International Airport	Van Nuys Airport	Palmdale Property
OPERATING REVENUE			
Aviation revenue			
Landing fees	$ 344,334	$ —	$ —
Reliever airport fee	(3,343)	3,343	—
Building rentals	919,155	6,690	3,575
Land rentals	122,528	17,100	811
Other aviation revenue	16,447	4,438	—
Total aviation revenue	1,399,121	31,571	4,386
Concession revenue	512,393	13	—
Other operating revenue	11,669	239	—
Total operating revenue	1,923,183	31,823	4,386
OPERATING EXPENSES			
Salaries and benefits	484,046	9,636	—
Contractual services	301,357	8,969	1,299
Materials and supplies	56,738	798	—
Utilities	62,180	558	357
Other operating expenses	36,306	3,149	1,521
Allocated administrative charges	(3,982)	3,611	371
Total operating expenses before depreciation and amortization	936,645	26,721	3,548
Operating income before depreciation and amortization	986,538	5,102	838
Depreciation and amortization	757,632	7,708	83
OPERATING INCOME (LOSS)	228,906	(2,606)	755
NONOPERATING REVENUE (EXPENSES)			
Passenger facility charges	151,506	—	—
Customer facility charges	70,732	—	—
Interest and investment gain	181,937	103	—
Interest income from leases	5,049	493	358
Interest expense	(461,543)	—	—
Other nonoperating revenue	9,704	—	—
Other nonoperating expenses	(11,593)	—	—
Total nonoperating revenue (expenses) , net	(54,208)	596	358
INCOME (LOSS) BEFORE CAPITAL GRANTS	174,698	(2,010)	1,113
Federal and other government grants	127,534	1,072	—
CHANGE IN NET POSITION	302,232	(938)	1,113
NET POSITION, BEGINNING OF YEAR	5,975,326	106,992	49,723
NET POSITION, END OF YEAR	$ 6,277,558	$ 106,054	$ 50,836

	Total before eliminations	Eliminations	Total 2024	Total 2023
OPERATING REVENUE				
Aviation revenue				
Landing fees	$ 344,334	$ —	$ 344,334	$ 328,099
Reliever airport fee	—	—	—	—
Building rentals	929,420	—	929,420	824,066
Land rentals	140,439	(1,281)	139,158	134,394
Other aviation revenue	20,885	—	20,885	8,851
Total aviation revenue	1,435,078	(1,281)	1,433,797	1,295,410
Concession revenue	512,406	—	512,406	447,491
Other operating revenue	11,908	—	11,908	9,954
Total operating revenue	1,959,392	(1,281)	1,958,111	1,752,855
OPERATING EXPENSES				
Salaries and benefits	493,682	—	493,682	443,590
Contractual services	311,625	—	311,625	283,679
Materials and supplies	57,536	—	57,536	42,843
Utilities	63,095	—	63,095	59,622
Other operating expenses	40,976	(1,281)	39,695	23,702
Allocated administrative charges	—	—	—	—
Total operating expenses before depreciation and amortization	966,914	(1,281)	965,633	853,436
Operating income before depreciation and amortization	992,478	—	992,478	899,419
Depreciation and amortization	765,423	—	765,423	697,168
OPERATING INCOME (LOSS)	227,055	—	227,055	202,251
NONOPERATING REVENUE (EXPENSES)				
Passenger facility charges	151,506	—	151,506	144,322
Customer facility charges	70,732	—	70,732	66,518
Interest and investment gain	182,040	—	182,040	77,183
Interest income from leases	5,900	—	5,900	6,861
Interest expense	(461,543)	—	(461,543)	(426,326)
Other nonoperating revenue	9,704	—	9,704	22,123
Other nonoperating expenses	(11,593)	—	(11,593)	(73,457)
Total nonoperating revenue (expenses) , net	(53,254)	—	(53,254)	(182,776)
INCOME (LOSS) BEFORE CAPITAL GRANTS	173,801	—	173,801	19,475
Federal and other government grants	128,606	—	128,606	394,231
CHANGE IN NET POSITION	302,407	—	302,407	413,706
NET POSITION, BEGINNING OF YEAR	6,132,041	—	6,132,041	5,718,335
NET POSITION, END OF YEAR	$ 6,434,448	$ —	$ 6,434,448	$ 6,132,041

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Statistical Section (Unaudited)

The Statistical Section's objective is to provide users of LAWA's financial statements with additional historical perspective, context and detail to assist in using the information presented in the financial statements, notes to the financial statements, required supplementary information, and supplemental information to assess LAWA's economic condition.

Los Angeles World Airports

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

Statistical Section (Unaudited)
Fiscal Year Ended June 30, 2024

The Statistical Section provides information with up to ten years of comparable data.

Financial Trend and Revenue Capacity

The financial trend schedules depict the financial position of LAWA over the years. The information provided allows for an understanding of how revenues and expenses have changed over the years. The revenue capacity schedules present the significant sources of LAWA's operating revenues.

Debt Capacity

The schedules present LAWA's outstanding debt over the years, related debt service ratios, and LAWA's ability to repay the outstanding debt and ability to issue additional debt in the future.

Operating Information

The schedules provide information on the distribution of LAWA's carriers, passenger traffic, airport personnel, and capital assets.

Demographic and Economic Data

The schedules offer demographic and economic indicators to help readers understand the environment within which LAWA's financial activities occur.

Los Angeles World Airports

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

Net Position Summary
Last Ten Fiscal Years June 30

(amounts in thousands)

	2024	2023	2022	2021	2020
Assets					
Unrestricted current assets	$ 1,883,858	$ 2,007,341	$ 1,546,761	$ 1,607,255	$ 1,193,100
Restricted current assets	1,765,654	2,701,296	2,479,823	1,316,909	2,110,238
Capital assets, net	17,658,903	16,507,796	14,975,371	14,518,242	12,265,872
Noncurrent assets	216,408	152,232	222,602	230,661	21,204
Total assets	21,524,823	21,368,665	19,224,557	17,673,067	15,590,414
Deferred outflows of resources					
Loss on debt refundings	32,011	36,789	41,885	33,681	35,732
Pension and OPEB	234,700	251,993	189,056	325,983	184,318
Total deferred outflows of resources	266,711	288,782	230,941	359,664	220,050
Liabilities					
Current liabilities payable from unrestricted assets	833,947	687,275	506,367	791,478	584,902
Current liabilities payable from restricted assets	333,963	279,940	214,952	232,641	209,435
Noncurrent liabilities	12,971,202	13,309,889	11,739,300	9,654,626	8,108,249
Net pension liability	863,879	884,582	545,697	1,023,839	821,564
Net OPEB liability	—	27,484	—	81,728	69,609
Total liabilities	15,002,991	15,189,170	13,006,316	11,784,312	9,793,759
Deferred inflows of resources					
Gain on debt refundings	50,893	54,716	53,326	40,508	24,271
Pension and OPEB	154,821	109,339	448,174	56,334	68,709
Leases	148,381	172,181	229,347	270,097	—
Total deferred inflows of resources	354,095	336,236	730,847	366,939	92,980
Net Position					
Net investment in capital assets	5,298,165	4,905,809	5,040,490	5,468,475	5,119,799
Restricted for capital projects	315,836	286,534	267,664	335,431	788,862
Restricted for operation & maintenance reserve	257,416	232,615	223,815	236,443	240,776
Restricted for federal forfeited property & protested funds	2,229	1,753	2,233	2,242	1,978
Net pension/OPEB asset	17,822	—	—	—	—
Unrestricted	542,980	705,330	184,133	(161,111)	(227,690)
Total net position	$ 6,434,448	$ 6,132,041	$ 5,718,335	$ 5,881,480	$ 5,923,725

	2019	2018	2017	2016	2015
Assets					
Unrestricted current assets	$ 1,030,971	$ 968,009	$ 875,829	$ 953,498	$ 801,802
Restricted current assets	2,997,978	1,951,670	1,921,000	1,826,813	1,666,940
Capital assets, net	10,962,688	9,805,839	8,746,290	8,237,704	7,457,471
Noncurrent assets	28,250	36,217	68,013	13,151	16,070
Total assets	15,019,887	12,761,735	11,611,132	11,031,166	9,942,283
Deferred outflows of resources					
Loss on debt refundings	37,806	40,308	38,550	25,763	27,051
Pension and OPEB	214,677	162,101	206,553	138,220	142,391
Total deferred outflows of resources	252,483	202,409	245,103	163,983	169,442
Liabilities					
Current liabilities payable from unrestricted assets	449,446	403,306	388,167	358,841	319,941
Current liabilities payable from restricted assets	212,876	188,816	212,756	174,686	132,667
Noncurrent liabilities	7,830,201	6,093,851	5,337,544	5,001,300	4,401,545
Net pension liability	786,765	723,062	774,356	697,482	615,349
Net OPEB liability	79,037	77,566	—	—	—
Total liabilities	9,358,325	7,486,601	6,712,823	6,232,309	5,469,502
Deferred inflows of resources					
Gain on debt refundings	3,681	—	—	—	—
Pension and OPEB	90,554	91,616	74,147	65,236	150,019
Leases	—	—	—	—	—
Total deferred inflows of resources	94,235	91,616	74,147	65,236	150,019
Net Position					
Net investment in capital assets	4,945,969	4,706,733	4,322,932	4,049,740	3,709,205
Restricted for capital projects	814,098	672,951	782,153	750,234	801,276
Restricted for operation & maintenance reserve	221,137	210,207	185,897	194,818	188,375
Restricted for federal forfeited property & protested funds	1,526	1,336	1,463	1,368	1,517
Net pension/OPEB asset	—	—	—	—	—
Unrestricted	(162,920)	(205,300)	(223,180)	(98,556)	(208,169)
Total net position	$ 5,819,810	$ 5,385,927	$ 5,069,265	$ 4,897,604	$ 4,492,204

Note:

1. *The net pension liability data for prior year, fiscal year 2014, was not restated because all of the information available to restate prior year amount was not readily available.*
2. *Statistical information for the 2016 and all preceding years includes activities relating to Ontario International Airport (ONT). As a result of the transfer of ONT operations during 2017, all information presented for years subsequent to 2016 include no ONT balances.*
3. *The net OPEB liability data for prior year, fiscal year 2017, was not restated because all of the information available to restate prior year amount was not readily available.*

** The fiscal year 2021 financial statements have been restated for the adoption of GASB 87, Leases, effective July 1, 2020.*

** The fiscal year 2022 financial statements have been restated for the adoption of GASB 96, SBITA, effective July 1, 2021.*

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Changes in Net Position
Last Ten Fiscal Years Ended June 30
(amounts in thousands)

	2024	2023	2022	2021	2020
Operating revenue					
Aviation revenue					
Landing fees	$ 344,334	$ 328,099	$ 250,171	$ 164,693	$ 259,185
Building rentals	929,420	824,066	650,129	608,506	580,192
Land rentals	139,158	134,394	123,710	119,903	127,105
Other aviation revenue	20,885	8,851	10,265	11,078	10,420
Concession revenue	512,406	447,491	366,319	161,185	380,339
Other operating revenue	11,908	9,954	7,344	4,713	8,253
Total operating revenue	1,958,111	1,752,855	1,407,938	1,070,078	1,365,494
Nonoperating revenue					
Passenger facility charges	151,506	144,322	124,856	68,748	118,023
Customer facility charges	70,732	66,518	60,991	32,606	65,621
Interest and investment gain (loss)	182,040	77,183	(78,736)	(6,100)	120,052
Interest income from leases	5,900	6,861	7,961	9,915	—
Other nonoperating revenue	9,704	22,123	10,722	10,265	14,286
Total nonoperating revenue	419,882	317,007	125,794	115,434	317,982
Total revenue	2,377,993	2,069,862	1,533,732	1,185,512	1,683,476
Operating expenses					
Salaries and benefits	493,682	443,590	365,860	494,045	541,581
Contractual services	311,625	283,679	259,380	190,061	239,015
Materials and supplies	57,536	42,843	41,696	42,758	56,279
Utilities	63,095	59,622	49,782	39,649	48,202
Other operating expenses	39,695	23,702	20,870	12,978	24,908
Depreciation and amortization	765,423	697,168	635,363	457,522	450,606
Total operating expenses	1,731,056	1,550,604	1,372,951	1,237,013	1,360,591
Nonoperating expenses					
Interest expense	461,543	426,326	361,110	313,797	320,892
Other nonoperating expenses	11,593	73,457	8,454	8,677	3,424
Total nonoperating expenses	473,136	499,783	369,564	322,474	324,316
Total expenses	2,204,192	2,050,387	1,742,515	1,559,487	1,684,907
Income (loss) before capital grants and special item	173,801	19,475	(208,783)	(373,975)	(1,431)
Federal and other government grants	128,606	394,231	45,638	331,730	105,346
Special item - loss on transfer of ONT	—	—	—	—	—
Changes in net position	302,407	413,706	(163,145)	(42,245)	103,915
Net position, beginning of year, as previously reported	6,132,041	5,718,335	5,881,480	5,923,725	5,819,810
Change in accounting principle	—	—	—	—	—
Net position, beginning of year, as restated	6,132,041	5,718,335	5,881,480	5,923,725	5,819,810
Net position, end of year	$6,434,448	$6,132,041	$5,718,335	$5,881,480	$5,923,725

	2019	2018	2017	2016	2015
Operating revenue					
Aviation revenue					
Landing fees	$ 295,724	$ 284,686	$ 265,828	$ 252,589	$ 239,659
Building rentals	590,771	536,367	507,981	487,349	389,796
Land rentals	129,411	118,937	110,314	109,422	102,746
Other aviation revenue	10,534	9,439	10,081	9,606	7,126
Concession revenue	501,179	469,201	451,088	422,278	377,617
Other operating revenue	10,330	27,596	27,438	4,572	4,640
Total operating revenue	1,537,949	1,446,226	1,372,730	1,285,816	1,121,584
Nonoperating revenue					
Passenger facility charges	173,100	171,431	166,770	153,964	141,466
Customer facility charges	80,248	55,759	33,890	36,082	33,185
Interest and investment gain (loss)	109,420	9,945	4,275	37,030	20,166
Interest income from leases	—	—	—	—	—
Other nonoperating revenue	23,996	43,360	15,886	17,857	9,175
Total nonoperating revenue	386,764	280,495	220,821	244,933	203,992
Total revenue	1,924,713	1,726,721	1,593,551	1,530,749	1,325,576
Operating expenses					
Salaries and benefits	464,345	474,431	455,032	421,028	405,923
Contractual services	228,765	229,292	215,386	199,919	190,445
Materials and supplies	53,983	50,383	44,634	50,325	49,810
Utilities	47,122	40,383	37,675	40,843	43,247
Other operating expenses	23,796	21,022	25,471	22,304	22,635
Depreciation and amortization	407,664	365,465	309,126	250,109	201,214
Total operating expenses	1,225,675	1,180,976	1,087,324	984,528	913,274
Nonoperating expenses					
Interest expense	294,767	205,308	194,482	185,275	169,630
Other nonoperating expenses	6,728	1,917	2,493	4,817	9,559
Total nonoperating expenses	301,495	207,225	196,975	190,092	179,189
Total expenses	1,527,170	1,388,201	1,284,299	1,174,620	1,092,463
Income (loss) before capital grants and special item	397,543	338,520	309,252	356,129	233,113
Federal and other government grants	36,340	55,897	87,756	49,271	34,761
Special item - loss on transfer of ONT	—	—	(225,347)	—	—
Changes in net position	433,883	394,417	171,661	405,400	267,874
Net position, beginning of year, as previously reported	5,385,927	5,069,265	4,897,604	4,492,204	4,841,849
Change in accounting principle	—	(77,755)	—	—	(617,519)
Net position, beginning of year, as restated	5,385,927	4,991,510	4,897,604	4,492,204	4,224,330
Net position, end of year	$ 5,819,810	$ 5,385,927	$ 5,069,265	$ 4,897,604	$ 4,492,204

*Note: 1. The net pension liability data for prior year, fiscal year 2014, was not restated because all of the information available to restate prior year amount was not readily available. 2. Statistical information includes no ONT activities in fiscal year 2018, four months ONT activities in fiscal year 2017 and full year's ONT activities for fiscal year 2016 and all preceding years as a result of the transfer of ONT operations during fiscal year 2017. 3. The net OPEB liability data for prior year, fiscal year 2017, was not restated because all of the information available to restate prior year amount was not readily available. * The fiscal year 2021 financial statements have been restated for the adoption of GASB 87, Leases, effective July 1, 2020. * The fiscal year 2022 financial statements have been restated for the adoption of GASB 96, SBITA, effective July 1, 2021.*

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Operating Revenue
Last Ten Fiscal Years Ended June 30
(amounts in thousands)

	2024	2023	2022	2021	2020
Landing fees					
Permitted/signatory	$ 343,386	$ 324,704	$ 249,680	$ 164,542	$ 258,870
Non-permitted/non-signatory	948	3,395	491	151	315
Total landing fees	344,334	328,099	250,171	164,693	259,185
Building rentals					
Terminals	840,867	741,374	568,405	523,761	495,105
Other buildings	88,553	82,692	81,724	84,745	85,087
Total building rentals	929,420	824,066	650,129	608,506	580,192
Land rentals	139,158	134,394	123,710	119,902	127,105
Other aviation revenue					
Plane parking	11,924	852	1,096	2,035	2,375
Fuel fee	5,648	5,495	6,148	4,427	3,728
Other	3,313	2,504	3,021	4,616	4,317
Total other aviation revenue	20,885	8,851	10,265	11,078	10,420
Concession revenue					
Duty free	67,369	37,646	22,048	5,140	55,733
Commercial management concession	50,356	42,162	27,884	8,419	39,606
Food and beverage	20,152	22,930	18,695	7,148	18,827
Gifts and news	10,206	11,241	11,007	5,982	9,463
Advertising	36,975	29,737	28,720	9,575	27,876
Foreign exchange	3,634	3,577	3,275	1,025	8,995
Telecommunications	1,853	1,908	1,795	853	1,073
Luggage carts	1,449	1,555	955	(545)	1,464
Automated teller machines	848	2,582	3,363	3,345	3,750
Security Screening Services	5,343	4,706	3,448	2,167	2,245
Other Concessions Revenue	576	20	—	—	—
Subtotal- In-terminal	158,064	158,064	121,190	43,109	169,032
Auto parking	162,045	149,571	121,844	57,260	87,790
Rent-a-car	82,795	83,827	78,249	33,686	65,181
Bus, limousine, and taxi	8,056	8,200	6,758	2,969	6,857
Transportation network companies	39,260	34,611	26,761	19,583	38,799
Vehicle sharing platforms	5,787	—	—	—	—
Flyaway bus service	15,702	13,218	11,517	4,578	12,680
Subtotal- Off-terminal	313,645	289,427	245,129	118,076	211,307
Total concession revenue	512,406	447,491	366,319	161,185	380,339
Other operating revenue					
Sales and service	9,687	6,746	6,173	3,787	4,127
Miscellaneous	2,221	3,208	1,171	926	4,126
Total other operating revenue	11,908	9,954	7,344	4,713	8,253
Total operating revenue	$ 1,958,111	$ 1,752,855	$ 1,407,938	$ 1,070,077	$ 1,365,494

	2019	2018	2017	2016	2015
Landing fees					
Permitted/signatory	$ 295,171	$ 283,791	$ 265,382	$ 251,898	$ 239,200
Non-permitted/non-signatory	553	895	446	691	459
Total landing fees	295,724	284,686	265,828	252,589	239,659
Building rentals					
Terminals	510,673	472,517	445,848	422,713	329,688
Other buildings	80,098	63,850	62,133	64,636	60,108
Total building rentals	590,771	536,367	507,981	487,349	389,796
Land rentals	129,411	118,937	110,314	109,422	102,746
Other aviation revenue					
Plane parking	1,943	1,956	2,631	3,279	1,031
Fuel fee	4,125	3,384	3,279	2,784	2,729
Other	4,466	4,099	4,171	3,543	3,366
Total other aviation revenue	10,534	9,439	10,081	9,606	7,126
Concession revenue					
Duty free	84,912	83,091	76,066	66,287	63,983
Commercial management concession	53,794	50,527	43,252	43,343	28,674
Food and beverage	25,476	22,612	23,431	23,440	26,249
Gifts and news	12,185	11,261	11,556	11,035	12,076
Advertising	31,676	31,612	28,185	26,998	23,196
Foreign exchange	11,769	11,887	9,149	8,003	7,093
Telecommunications	1,729	1,201	1,986	2,082	1,379
Luggage carts	1,563	1,588	1,995	2,746	2,754
Automated teller machines	3,745	3,750	3,780	3,840	3,840
Security Screening Services	1,848	1,223	250	—	—
Other Concessions Revenue	—	—	—	—	—
Subtotal- In-terminal	228,697	218,752	199,650	187,774	169,244
Auto parking	104,274	96,613	102,813	108,507	99,401
Rent-a-car	82,607	84,156	89,575	90,059	85,658
Bus, limousine, and taxi	9,319	9,624	10,290	13,731	12,238
Transportation network companies	59,590	44,338	33,678	8,897	—
Vehicle sharing platforms	—	—	—	—	—
Flyaway bus service	16,692	15,718	15,082	13,310	11,076
Subtotal- Off-terminal	272,482	250,449	251,438	234,504	208,373
Total concession revenue	501,179	469,201	451,088	422,278	377,617
Other operating revenue					
Sales and service	3,821	3,753	3,406	3,103	2,476
Miscellaneous	6,509	23,843	24,032	1,469	2,164
Total other operating revenue	10,330	27,596	27,438	4,572	4,640
Total operating revenue	$ 1,537,949	$ 1,446,226	$ 1,372,730	$ 1,285,816	$ 1,121,584

Note:1. Statistical information includes no ONT activities in fiscal year 2018, four months ONT activities in fiscal year 2017 and full year's ONT activities for fiscal year 2016 and all preceding years as a result of the transfer of ONT operations during fiscal year 2017.

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Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Gross Concession Revenue Per Enplaned Passenger
Last Ten Fiscal Years Ended June 30
(amounts in thousands, except per enplaned passenger)

	2024	2023	2022	2021	2020
Los Angeles International Airport					
In-terminal					
Duty free	$ 67,369	$ 37,646	$ 22,048	$ 5,140	$ 55,733
Commercial management concession	50,356	42,162	27,884	8,419	39,606
Food and beverage	20,139	22,917	18,688	7,148	18,819
Gifts and news	10,206	11,241	11,007	5,982	9,463
Advertising	36,975	29,737	28,720	9,575	27,876
Foreign exchange	3,634	3,577	3,275	1,025	8,995
Telecommunications	1,853	1,908	1,795	853	1,074
Luggage carts	1,449	1,555	955	(545)	1,464
Automated teller machines	848	2,582	3,363	3,345	3,750
Security Screening Services	5,343	4,706	3,448	2,167	2,245
Other Concessions Revenue	576	20	—	—	—
Off-terminal					
Auto parking	162,045	149,571	121,844	57,260	87,789
Rent-a-car	82,795	83,827	78,249	33,686	65,181
Bus, limousine, and taxi	8,056	8,200	6,758	2,969	6,857
Transportation network companies	39,260	34,611	26,761	19,583	38,799
Vehicle Sharing Platforms	5,787	—	—	—	—
Flyaway bus service	15,702	13,218	11,517	4,578	12,680
Total gross concession revenue	$ 512,393	$ 447,478	$ 366,312	$ 161,185	$ 380,331
Total enplaned passengers	38,340	35,525	30,253	14,594	31,429
Gross concession revenue per enplaned passenger	$ 13.36	$ 12.60	$ 12.11	$ 11.06	$ 12.10

	2019	2018	2017	2016	2015
Los Angeles International Airport					
In-terminal					
Duty free	$ 84,912	$ 83,091	$ 76,066	$ 66,287	$ 63,983
Commercial management concession	53,794	50,527	43,252	43,343	28,674
Food and beverage	25,464	22,598	23,172	22,746	25,598
Gifts and news	12,185	11,261	11,131	10,433	11,096
Advertising	31,676	31,612	27,977	26,437	22,553
Foreign exchange	11,769	11,887	9,149	8,003	7,093
Telecommunications	1,729	1,201	1,991	2,071	1,354
Luggage carts	1,563	1,588	1,959	2,636	2,644
Automated teller machines	3,745	3,750	3,750	3,750	3,750
Security Screening Services	1,848	1,223	250	—	—
Other Concessions Revenue	—	—	—	—	—
Off-terminal					
Auto parking	104,274	96,613	96,697	94,086	85,803
Rent-a-car	82,607	84,156	87,433	83,299	78,556
Bus, limousine, and taxi	9,319	9,624	10,036	13,394	11,902
Transportation network companies	59,590	44,338	33,678	8,897	—
Vehicle Sharing Platforms	—	—	—	—	—
Flyaway bus service	16,692	15,718	15,082	13,310	11,076
Total gross concession revenue	$ 501,167	$ 469,187	$ 441,623	$ 398,692	$ 354,082
Total enplaned passengers	44,207	43,553	41,602	38,952	36,114
Gross concession revenue per enplaned passenger	$ 11.34	$ 10.77	$ 10.62	$ 10.24	$ 9.80

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Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Operating Expenses Per Enplaned Passenger
Last Ten Fiscal Years Ended June 30
(amounts in thousands, except per enplaned passenger)

	2024	2023	2022	2021	2020
Los Angeles International Airport					
Salaries and benefits	$ 484,046	$ 435,105	$ 358,445	$ 484,581	$ 532,563
Contractual services	301,357	275,150	250,716	181,815	230,647
Materials and supplies	56,738	42,044	40,923	42,191	55,493
Utilities	62,180	58,879	48,985	39,007	47,334
Other operating expenses	36,306	23,533	20,669	12,813	24,719
Administrative charges allocated to ONT, VNY & PMD	(3,982)	(3,163)	(3,099)	(2,909)	(3,088)
Total operating expenses before depreciation	$ 936,645	$ 831,548	$ 716,639	$ 757,498	$ 887,668
Total enplaned passengers	38,340	35,525	30,253	14,594	31,429
Operating expenses per enplaned passenger	$ 24.43	$ 23.41	$ 23.69	$ 51.90	$ 28.24

	2019	2018	2017	2016	2015
Los Angeles International Airport					
Salaries and benefits	$ 456,948	$ 466,263	$ 438,153	$ 387,595	$ 374,018
Contractual services	220,990	221,421	203,277	182,659	174,745
Materials and supplies	53,414	49,703	43,830	46,062	46,102
Utilities	46,191	39,433	36,043	36,181	38,355
Other operating expenses	23,559	20,825	25,782	20,738	21,205
Administrative charges allocated to ONT, VNY & PMD	(2,728)	(2,924)	(4,585)	(9,356)	(9,027)
Total operating expenses before depreciation	$ 798,374	$ 794,721	$ 742,500	$ 663,879	$ 645,398
Total enplaned passengers	44,207	43,553	41,602	38,952	36,114
Operating expenses per enplaned passenger	$ 18.06	$ 18.25	$ 17.85	$ 17.04	$ 17.87

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Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Landing Fee Rates
Last Ten Fiscal Years Ended June 30

Los Angeles International Airport

	Permitted air carriers		Non-permitted air carriers	
Fiscal Year	Passenger	Cargo	Passenger	Cargo
2024	$6.40	$4.82	$8.00	$6.03
2023	6.11	4.48	9.28	6.48
2022	5.03	3.51	6.78	4.98
2021	5.74	3.76	8.99	7.01
2020	4.41	3.24	6.35	4.91
2019	4.71	3.73	5.94	4.65
2018	4.54	3.61	5.75	4.53
2017	4.34	3.45	5.63	4.43
2016	4.12	3.28	5.48	4.33
2015	4.27	3.51	5.59	4.56

The above rates are assessed per 1,000 pounds of maximum gross landing weight for each landing of aircraft having a maximum gross landing weight of more than 25,000 pounds. Different rates apply for less than 12,000 pounds, and up to and including 25,000 pounds.

Landing rates are adopted by the Board of Airport Commissioners and become effective beginning July 1 of each fiscal year. The adopted rates are based on budgeted operating revenue and expenses. A reconciliation between the actual amounts against the estimates used in the initial calculation may result in a year-end adjustment to unbilled receivables. The landing rates for fiscal years 2014 through 2023 represent the final reconciled rates.

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Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Outstanding Debt by Type and Debt Ratio
Last Ten Fiscal Years Ended June 30
(amounts in thousands, except per enplaned passenger)

	2024	2023	2022	2021	2020
Los Angeles International Airport					
Outstanding debt					
Revenue bonds after premium & discount	$ 12,419,480	$ 12,731,421	$ 11,689,357	$ 9,598,952	$ 8,104,548
Lease liabilities	59,131	61,329	54,252	66,079	—
Subscription liabilities	13,741	4,512	10,913	—	—
PPP availability payment liabilities	584,131	593,905	—	—	—
Total	13,076,483	13,391,167	11,754,522	9,665,031	8,104,548
Debt service-revenue bonds					
Principal	$ 203,250	$ 136,960	$ 144,245	$ 141,025	$ 143,240
Interest [1]	385,291	348,499	352,099	315,397	259,507
Total debt service	$ 588,541	$ 485,459	$ 496,344	$ 456,422	$ 402,747
Total enplaned passengers	38,340	35,525	30,268	14,594	31,429
Outstanding debt per enplaned passenger	$ 341.07	$ 376.95	$ 388.35	$ 662.26	$ 257.87
Debt service per enplaned passenger	$ 15.35	$ 13.67	$ 16.40	$ 31.27	$ 12.81

	2019	2018	2017	2016	2015
Los Angeles International Airport					
Outstanding debt					
Revenue bonds after premium & discount	$ 7,842,777	$ 6,081,096	$ 5,323,476	$ 4,919,100	$ 4,299,262
Lease liabilities	—	—	—	—	—
Subscription liabilities	—	—	—	—	—
PPP availability payment liabilities	—	—	—	—	—
Total	7,842,777	6,081,096	5,323,476	4,919,100	4,299,262
Debt service-revenue bonds					
Principal	$ 116,855	$ 107,850	$ 96,200	$ 81,700	$ 72,390
Interest [(1)]	258,970	237,081	229,481	196,552	184,017
Total debt service	$ 375,825	$ 344,931	$ 325,681	$ 278,252	$ 256,407
Total enplaned passengers	44,207	43,553	41,602	38,952	36,114
Outstanding debt per enplaned passenger	$ 177.41	$ 139.63	$ 127.96	$ 126.29	$ 119.05
Debt service per enplaned passenger	$ 8.64	$ 7.92	$ 7.83	$ 7.14	$ 7.10

1. *LAWA early implemented GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, in fiscal year 2019 and adopted the provisions to recognize the interest costs incurred before the end of a construction period as an expense in the period in which the cost is incurred. Accordingly, there was no capitalized interest in fiscal year 2019. Prior to fiscal year 2019, the interest expenses were net of capitalized amount.*

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Los Angeles World Airports

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

Revenue Bonds Debt Service Coverage
Last Ten Fiscal Years Ended June 30

(amounts in thousands, except debt service coverage)

	2024	2023	2022	2021	2020
Los Angeles International Airport					
Operating revenue	$ 1,923,183	$ 1,726,421	$ 1,382,446	$ 1,045,520	$ 1,340,723
Adjustments to arrive at pledged revenue (1)	(690,790)	(502,841)	(717,765)	(333,453)	(578,541)
Net pledged revenue	$ 1,232,393	$ 1,223,580	$ 664,681	$ 712,067	$ 762,182
Debt service, principal and interest					
Senior lien bonds	$ 199,967	$ 169,982	$ 188,614	$ 188,405	$ 208,776
Subordinate lien bonds	355,310	315,477	307,730	268,017	193,971
Total debt service	$ 555,277	$ 485,459	$ 496,344	$ 456,422	$ 402,747
Debt service coverage (US GAAP basis)					
Senior lien bonds	6.16	7.20	3.52	3.78	3.65
Subordinate lien bonds	2.91	3.34	1.55	1.95	2.85
Total bonds	2.22	2.52	1.34	1.56	1.89
Debt service coverage (Bond indenture basis) (2)					
Senior lien bonds	7.95	8.29	6.81	11.73	8.22
Subordinate lien bonds	3.36	4.28	3.16	4.76	3.34
Total bonds	2.59	3.07	2.40	3.61	2.60
PFCs to pay for debt service on certain bonds	$ 130,193	$ 129,884	$ 97,507	$ 73,507	$ 144,716
Non-cash pension and OPEB expenses	$ (3,194)	$ (4,758)	$ (60,660)	$ 59,404	$ 33,365
CARES Act/ARPA/CRRSAA Grant to pay for debt service on certain bonds	$ —	$ 2,361	$ 12,852	$ 28,043	$ 42,753
CARES Act/ARPA/CRRSAA Grant to pay for M&O expenses	$ —	$ 165,082	$ 8,452	$ 249,262	$ —

	2019	2018	2017	2016	2015
Los Angeles International Airport					
Operating revenue	$ 1,514,367	$ 1,422,404	$ 1,328,689	$ 1,206,612	$ 1,045,800
Adjustments to arrive at pledged revenue [1]	(566,043)	(628,551)	(593,166)	(508,489)	(533,821)
Net pledged revenue	$ 948,324	$ 793,853	$ 735,523	$ 698,123	$ 511,979
Debt service, principal and interest					
Senior lien bonds	$ 249,065	$ 250,039	$ 249,044	$ 216,164	$ 201,193
Subordinate lien bonds	126,760	94,892	76,637	62,088	55,214
Total debt service	$ 375,825	$ 344,931	$ 325,681	$ 278,252	$ 256,407
Debt service coverage (US GAAP basis)					
Senior lien bonds	3.81	3.17	2.95	3.23	2.55
Subordinate lien bonds	5.52	5.73	6.35	7.76	5.63
Total bonds	2.52	2.30	2.26	2.51	2.00
Debt service coverage (Bond indenture basis) [2]					
Senior lien bonds	7.90	5.77	4.71	6.23	3.82
Subordinate lien bonds	5.27	5.40	5.93	7.74	5.61
Total bonds	3.42	3.06	2.90	3.72	2.54
PFCs to pay for debt service on certain bonds	$ 147,680	$ 135,985	$ 117,985	$ 123,954	$ 90,956
Non-cash pension and OPEB expenses	$ 11,324	$ 10,268	$ 17,179	$ —	$ —
CARES Act/ARPA/CRRSAA Grant to pay for debt service on certain bonds	$ —	$ —	$ —	$ —	$ —
CARES Act/ARPA/CRRSAA Grant to pay for M&O expenses	$ —	$ —	$ —	$ —	$ —

1. *Adjustments include BABs subsidy; nonoperating TSA revenue; interest income net of PFCs, CFCs and construction funds; M&O expenses net of PFCs and CARES Act funded, and non-cash pension and OPEB expenses. LAX has received approval from FAA to collect and use PFCs and CARES Act funds to pay for debt service on certain bonds.*

2. *Based on the bond indenture provisions, calculations of the senior lien bonds debt service excludes PFCs reimbursements, while the subordinate lien bonds debt service excludes capitalized interest, but includes commercial paper principal (effective fiscal year 2017) and interest expenses.*

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Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Airline Landing Weight Trend
Last Ten Fiscal Years Ended June 30
(landing weight in thousand pounds)

	2024			2023			2022		
Carrier	Landing weight	% to total	Rank	Landing weight	% to total	Rank	Landing weight	% to total	Rank
Los Angeles International Airport									
Delta Air Lines	8,953,965	15.4 %	1	8,054,208	14.6 %	1	7,464,592	13.7 %	2
United Airlines	7,275,133	12.5 %	2	6,694,077	12.1 %	3	6,266,391	11.5 %	3
American Airlines (2)	7,269,277	12.5 %	3	6,886,122	12.5 %	2	7,474,404	13.7 %	1
Southwest Airlines	3,910,851	6.7 %	4	3,777,663	6.8 %	4	3,446,636	6.3 %	4
Alaska Airlines (1)	2,608,506	4.5 %	5	2,554,758	4.6 %	5	2,682,983	4.9 %	5
JetBlue Airlines	1,979,522	3.4 %	6	1,991,764	3.6 %	6	1,855,096	3.4 %	6
Spirit Airlines Inc	1,835,675	3.1 %	7	1,794,988	3.3 %	7	1,498,518	2.8 %	9
Federal Express	1,342,969	2.3 %	8	1,538,487	2.8 %	8	1,807,874	3.3 %	7
Korean Airlines	1,177,659	2.0 %	9	1,072,854	1.9 %	10	1,299,861	2.4 %	10
Kalitta Air LLC	829,878	1.4 %	10	1,075,198	1.9 %	9	1,674,556	3.1 %	8
China Airlines	—	— %	—	—	— %	—	—	— %	—
Qantas Airlines	—	— %	—	—	— %	—	—	— %	—
Virgin America (1)	—	— %	—	—	— %	—	—	— %	—
Cathay Pacific	—	— %	—	—	— %	—	—	— %	—
US Airways (2)	—	— %	—	—	— %	—	—	— %	—
All Others	21,118,308	36.2 %	—	19,737,008	35.8 %	—	18,913,968	34.8 %	—
Total	58,301,743	100.0 %		55,177,127	100.0 %		54,384,879	100.0 %	
Change from prior year	5.7 %			1.5 %			35.8 %		

Carrier	2021 Landing weight	2021 % to total	2021 Rank	2020 Landing weight	2020 % to total	2020 Rank	2019 Landing weight	2019 % to total	2019 Rank
Los Angeles International Airport									
Delta Air Lines	5,806,830	14.5 %	1	6,859,308	12.9 %	2	8,472,919	13.1 %	2
United Airlines	3,919,964	9.8 %	3	5,953,695	11.2 %	3	7,598,169	11.7 %	3
American Airlines (2)	4,934,841	12.3 %	2	8,351,952	15.7 %	1	10,443,496	16.1 %	1
Southwest Airlines	2,334,760	5.8 %	4	4,280,304	8.0 %	4	5,527,878	8.5 %	4
Alaska Airlines (1)	2,088,492	5.2 %	5	2,983,128	5.6 %	5	3,792,600	5.9 %	5
JetBlue Airlines	1,068,766	2.7 %	9	946,540	1.8 %	9	1,099,130	1.7 %	9
Spirit Airlines Inc	1,061,726	2.7 %	10	970,870	1.8 %	8	1,246,310	1.9 %	7
Federal Express	1,934,455	4.8 %	6	1,893,430	3.6 %	6	2,081,790	3.2 %	6
Korean Airlines	1,042,454	2.6 %	11	1,038,837	1.9 %	7	1,052,664	1.6 %	10
Kalitta Air LLC	1,812,510	4.5 %	7	938,188	1.7 %	10	447,612	0.7 %	40
China Airlines	1,205,088	3.0 %	8	669,955	1.3 %	15	538,540	0.8 %	22
Qantas Airlines	—	— %	—	—	— %	—	1,148,143	1.8 %	8
Virgin America (1)	—	— %	—	—	— %	—	—	— %	—
Cathay Pacific	—	— %	—	—	— %	—	—	— %	—
US Airways (2)	—	— %	—	—	— %	—	—	— %	—
All Others	12,845,289	32.1 %	—	18,384,740	34.5 %	—	21,297,532	33 %	—
Total	40,055,175	100.0 %		53,270,947	100.0 %		64,746,783	100.0 %	
Change from prior year	(24.8)%			(17.7)%			0.8 %		

Airline Landing Weight Trend (continued)
Last Ten Fiscal Years Ended June 30
(landing weight in thousand pounds)

	2018			2017			2016		
Carrier	Landing weight	% to total	Rank	Landing weight	% to total	Rank	Landing weight	% to total	Rank
Los Angeles International Airport									
Delta Air Lines	8,256,339	12.9 %	2	8,046,001	12.8 %	2	8,171,783	13.8 %	2
United Airlines	7,385,299	11.5 %	3	7,121,940	11.4 %	3	7,181,910	12.1 %	3
American Airlines (2)	10,127,508	15.8 %	1	10,389,870	16.6 %	1	9,557,554	16.2 %	1
Southwest Airlines	5,640,799	8.8 %	4	5,491,352	8.8 %	4	5,203,678	8.8 %	4
Alaska Airlines (1)	4,076,436	6.3 %	5	1,897,388	3.0 %	7	1,955,974	3.3 %	5
JetBlue Airlines	1,039,622	1.6 %	10	916,512	1.5 %	12	766,158	1.3 %	13
Spirit Airlines Inc	1,283,316	2.0 %	7	1,344,172	2.1 %	8	987,642	1.7 %	11
Federal Express	2,045,342	3.2 %	6	2,068,855	3.3 %	5	1,898,211	3.2 %	7
Korean Airlines	1,078,306	1.7 %	9	1,073,416	1.7 %	11	1,132,512	1.9 %	10
Kalitta Air LLC	318,639	0.5 %	40	308,606	0.5 %	39	269,254	0.5 %	39
China Airlines	701,022	1.1 %	18	747,304	1.2 %	15	745,284	1.3 %	15
Qantas Airlines	1,188,312	1.9 %	8	1,171,352	1.9 %	9	1,328,707	2.2 %	8
Virgin America (1)	—	— %	—	2,048,950	3.3 %	6	1,943,146	3.3 %	6
Cathay Pacific	—	— %	—	1,135,572	1.8 %	10	1,142,039	1.9 %	9
US Airways (2)	—	— %	—	—	— %	—	—	— %	—
All Others	21,085,668	32.7 %	—	18,874,136	30.1 %	—	16,882,730	28.6 %	—
Total	64,226,608	100.0%		62,635,426	100.0%		59,166,582	100.0%	
Change from prior year	2.5 %			5.9 %			7.6 %		

Carrier	2015 Landing weight	% to total	Rank
Los Angeles International Airport			
Delta Air Lines	7,479,719	13.6 %	1
United Airlines	7,447,741	13.5 %	2
American Airlines (2)	7,184,885	13.1 %	3
Southwest Airlines	4,977,130	9.1 %	4
Alaska Airlines (1)	1,658,662	3.0 %	7
JetBlue Airlines	643,914	1.2 %	18
Spirit Airlines Inc	508,438	0.9 %	24
Federal Express	1,795,385	3.3 %	6
Korean Airlines	1,252,622	2.3 %	9
Kalitta Air LLC	286,236	0.5 %	35
China Airlines	752,462	1.4 %	12
Qantas Airlines	1,373,361	2.5 %	8
Virgin America (1)	1,860,734	3.4 %	5
Cathay Pacific	1,113,726	2.0 %	11
US Airways (2)	1,173,526	2.1 %	10
All Others	15,481,731	28.1 %	—
Total	54,990,272		
Change from prior year	4.6 %		

(1) Alaska Airlines merged with VIrgin America and combined data was reported starting FY 2018.

(2) American Airlines merged with US Airways and combined data was reported starting FY 2016.

Note: The list presents top ten airlines for each year and their rank throughout the ten-year period.

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Enplaned Passenger Data
Last Ten Fiscal Years Ended June 30

	2024			2023			2022		
Carrier	Enplaned passengers	% to total	Rank	Enplaned passengers	% to total	Rank	Enplaned passengers	% to total	Rank
Los Angeles International Airport									
Delta Air Lines	7,574,865	19.8 %	1	6,818,564	19.2 %	1	6,180,455	20.4 %	1
American Airlines (2)	5,798,250	15.1 %	2	5,563,070	15.7 %	2	5,809,146	19.2 %	2
United Airlines	5,782,680	15.1 %	3	5,484,481	15.4 %	3	4,930,724	16.3 %	3
Southwest Airlines	3,500,144	9.1 %	4	3,381,599	9.5 %	4	3,036,261	10.0 %	4
Alaska Airlines (1)	2,419,481	6.3 %	5	2,350,115	6.6 %	5	2,329,911	7.7 %	5
Spirit Airlines	1,842,525	4.8 %	6	1,758,879	5.0 %	6	1,410,893	4.7 %	7
JetBlue Airways	1,647,835	4.3 %	7	1,668,362	4.7 %	7	1,467,999	4.9 %	6
Volaris	700,393	1.8 %	8	593,018	1.7 %	9	447,648	1.5 %	9
Air Canada	691,092	1.8 %	9	663,967	1.9 %	8	356,730	1.2 %	10
Hawaiian Airlines	505,532	1.3 %	10	494,956	1.4 %	10	489,805	1.6 %	8
Frontier Airlines	—	— %	—	—	— %	—	—	— %	—
Qantas Airlines	—	— %	—	—	— %	—	—	— %	—
Virgin America (1)	—	— %	—	—	— %	—	—	— %	—
US Airways (2)	—	— %	—	—	— %	—	—	— %	—
All Others	7,876,756	20.5 %	—	6,748,339	19.0 %	—	3,808,243	12.6 %	—
Total	38,339,553	100.0%		35,525,350	100.0%		30,267,815	100.0%	
Change from prior year	7.9 %			17.4 %			107.4 %		

Carrier	2021 Enplaned passengers	2021 % to total	2021 Rank	2020 Enplaned passengers	2020 % to total	2020 Rank	2019 Enplaned passengers	2019 % to total	2019 Rank
Los Angeles International Airport									
Delta Air Lines	3,220,176	22.1 %	1	5,593,994	17.8 %	2	7,624,050	17.2 %	2
American Airlines (2)	2,947,247	20.2 %	2	6,236,038	19.8 %	1	8,470,061	19.2 %	1
United Airlines	2,170,164	14.9 %	3	4,406,058	14.0 %	3	6,444,715	14.6 %	3
Southwest Airlines	1,523,531	10.4 %	4	3,341,752	10.6 %	4	4,955,873	11.2 %	4
Alaska Airlines (1)	1,254,373	8.6 %	5	2,386,562	7.6 %	5	3,343,980	7.6 %	5
Spirit Airlines	935,538	6.4 %	6	926,856	3.0 %	6	1,257,930	2.8 %	6
JetBlue Airways	675,008	4.6 %	7	725,885	2.3 %	7	920,655	2.1 %	7
Volaris	234,033	1.6 %	8	361,968	1.2 %	10	421,391	1.0 %	11
Air Canada	30,694	0.2 %	27	551,681	1.8 %	8	772,434	1.7 %	8
Hawaiian Airlines	173,243	1.2 %	10	358,822	1.1 %	11	518,062	1.2 %	10
Frontier Airlines	186,000	1.3 %	9	154,561	0.5 %	28	146,362	0.3 %	37
Qantas Airlines	—	— %	—	374,732	1.2 %	9	519,941	1.2 %	9
Virgin America (1)	—	— %	—	—	— %	—	—	— %	—
US Airways (2)	—	— %	—	—	— %	—	—	— %	—
All Others	1,243,784	8.5 %	—	6,010,548	19.2 %	—	8,812,010	19.9 %	—
Total	14,593,791	100.0%		31,429,457	100.0%		44,207,464	100.0%	
Change from prior year	(53.6)%			(28.9)%			1.5 %		

Enplaned Passenger Data (continued)
Last Ten Fiscal Years Ended June 30

	2018			2017			2016		
Carrier	Enplaned passengers	% to total	Rank	Enplaned passengers	% to total	Rank	Enplaned passengers	% to total	Rank
Los Angeles International Airport									
Delta Air Lines	7,326,619	16.8 %	2	6,838,256	16.4 %	2	6,550,711	16.8 %	2
American Airlines (2)	8,124,101	18.7 %	1	8,002,129	19.2 %	1	7,613,660	19.5 %	1
United Airlines	6,254,908	14.4 %	3	6,062,305	14.6 %	3	6,020,563	15.5 %	3
Southwest Airlines	4,969,888	11.4 %	4	4,843,969	11.7 %	4	4,446,133	11.4 %	4
Alaska Airlines (1)	3,656,694	8.4 %	5	1,799,163	4.3 %	5	1,763,171	4.5 %	5
Spirit Airlines	1,259,622	2.9 %	6	1,237,471	3.0 %	7	956,783	2.5 %	7
JetBlue Airways	886,227	2.0 %	7	784,922	1.9 %	8	675,589	1.7 %	8
Volaris	372,009	0.9 %	14	351,114	0.8 %	13	302,444	0.8 %	17
Air Canada	756,337	1.7 %	8	712,467	1.7 %	9	660,642	1.7 %	9
Hawaiian Airlines	497,753	1.1 %	10	440,721	1.0 %	11	441,634	1.1 %	11
Frontier Airlines	255,820	0.6 %	25	301,653	0.7 %	17	260,241	0.7 %	22
Qantas Airlines	542,085	1.2 %	9	519,450	1.2 %	10	596,257	1.5 %	10
Virgin America (1)		— %	—	1,725,332	4.1 %	6	1,607,495	4.1 %	6
US Airways (2)	—	— %	—	—	— %	—	—	— %	—
All Others	8,650,952	20.0 %	—	7,983,172	19.3 %	—	7,057,044	18.2 %	—
Total	43,553,015	100.0%		41,602,124	100.0%		38,952,367	100.0%	
Change from prior year	4.7 %			6.8 %			7.9 %		

Carrier	2015 Enplaned passengers	% to total	Rank
Los Angeles International Airport			
Delta Air Lines	6,020,280	16.7 %	2
American Airlines (2)	5,556,523	15.4 %	3
United Airlines	6,225,103	17.2 %	1
Southwest Airlines	4,212,706	11.7 %	4
Alaska Airlines (1)	1,652,816	4.6 %	5
Spirit Airlines	510,478	1.4 %	11
JetBlue Airways	570,938	1.6 %	10
Volaris	253,973	0.7 %	21
Air Canada	597,050	1.7 %	9
Hawaiian Airlines	422,871	1.2 %	12
Frontier Airlines	172,297	0.5 %	30
Qantas Airlines	614,333	1.7 %	8
Virgin America (1)	1,534,368	4.2 %	6
US Airways (2)	1,201,325	3.3 %	7
All Others	6,569,264	18.1 %	—
Total	36,114,325	100.0%	
Change from prior year	5.2 %		

(1) Alaska Airlines merged with Virgin America and combined data was reported starting FY 2018.

(2) American Airlines merged with US Airways and combined data was reported starting FY 2016.

Note: The list presents top ten airlines for each year and their rank throughout the ten-year period.

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Employee Trend
Last Ten Fiscal Years Ended June 30

Division/Group	2024	2023	2022	2021	2020
Chief Airport Affairs Officer	41	38	36	51	58
Chief Development Officer	196	178	281	209	232
Chief Executive Officer	8	7	8	9	69
Chief Financial Officer	98	105	122	122	188
Chief Sustainability & Revenue Management	70	103	97	84	51
Commercial Development	39	41	43	52	53
Chief Airport Administrative Officer	149	77	58	63	78
Chief Digital Transformation Officer	122	122	117	129	154
Operations and Emergency Management	241	249	251	241	362
Operations and Maintenance	1,120	1,071	1,027	1,135	1,221
Public Safety & Security	915	922	966	996	1,091
Timing Adjustments	—	(7)	(16)	(14)	(38)
Total	2,999	2,906	2,990	3,077	3,519

Division/Group	2019	2018	2017	2016	2015
Chief Airport Affairs Officer	63	57	59	62	68
Chief Development Officer	243	231	144	150	166
Chief Executive Officer	58	105	94	94	64
Chief Financial Officer	190	106	108	104	156
Chief Sustainability & Revenue Management	62	54	58	58	44
Commercial Development	61	56	56	50	55
Chief Airport Administrative Officer	123	134	91	83	83
Chief Digital Transformation Officer	170	166	163	168	175
Operations and Emergency Management	371	385	393	381	449
Operations and Maintenance	1,227	1,267	1,318	1,290	1,244
Public Safety & Security	1,098	1,086	1,094	1,080	935
Timing Adjustments	(41)	(1)	(34)	(36)	(34)
Total	3,625	3,646	3,544	3,484	3,405

Note: The above headcount include only active positions as of June 30. Active position is defined as employee on LAWA payroll.

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Schedule of Capital Assets
Last Ten Fiscal Years Ended June 30
(amounts in thousands)

	2024	2023	2022	2021	2020
Total Capital Assets					
Land and land clearance	$ 1,279,540	$ 1,290,867	$ 1,272,794	$ 1,272,794	$ 1,273,775
Air easements	44,913	44,913	44,472	44,472	44,472
Emission reduction credits	2,772	2,772	2,772	2,772	2,772
Construction work in progress	2,790,256	2,580,348	3,562,349	4,622,208	3,713,818
Capital assets not depreciated	4,117,481	3,918,900	4,882,387	5,942,246	5,034,837
Buildings	9,863,041	8,788,051	6,332,719	5,308,925	3,611,562
Improvements	8,850,639	8,308,953	7,722,461	6,650,259	6,630,152
Equipment and vehicles	500,277	437,086	386,417	349,905	345,019
Others	68,028	64,755	64,062	64,062	64,062
Capital assets depreciated	19,281,985	17,598,845	14,505,659	12,373,151	10,650,795
Accumulated depreciation	(5,808,254)	(5,074,384)	(4,476,089)	(3,861,883)	(3,419,760)
Capital assets - right to use					
Land	45,911	45,911	45,911	45,911	—
Buildings	8,688	8,688	8,688	8,688	—
Equipment	15,476	7,958	7,958	6,689	—
Vehicles	32,790	32,789	15,981	15,981	—
Subscription Asset	40,475	23,343	18,223	—	—
Total amortized assets	143,340	118,689	96,761	77,269	—
Accumulated amortization					
Land	(11,312)	(8,484)	(5,656)	(2,828)	—
Buildings	(5,804)	(4,326)	(2,848)	(1,370)	—
Equipment	(9,193)	(6,473)	(3,708)	(1,286)	—
Vehicles	(22,309)	(18,621)	(14,017)	(7,057)	—
Subscription Asset	(27,031)	(16,350)	(7,118)	—	—
Total accumulated amortization	(75,649)	(54,254)	(33,347)	(12,541)	—
Assets amortized, net	67,691	64,435	63,414	64,728	—
Net capital assets	$ 17,658,903	$ 16,507,796	$ 14,975,371	$ 14,518,242	$ 12,265,872

	2019	2018	2017	2016	2015
Total Capital Assets					
Land and land clearance	$ 1,272,320	$ 1,225,777	$ 1,014,058	$ 1,060,503	$ 970,990
Air easements	44,472	44,472	44,472	46,975	46,975
Emission reduction credits	2,772	2,772	3,070	2,853	5,918
Construction work in progress	2,226,323	1,542,910	1,207,826	1,647,583	2,473,804
Capital assets not depreciated	3,545,887	2,815,931	2,269,426	2,757,914	3,497,687
Buildings	3,611,562	3,610,503	3,605,063	3,258,154	2,510,102
Improvements	6,436,158	5,707,689	4,840,025	4,165,542	3,301,026
Equipment and vehicles	303,945	205,003	253,541	274,703	248,908
Others	38,087	38,087	38,087	38,087	138,395
Capital assets depreciated	10,389,752	9,561,282	8,736,716	7,736,486	6,198,431
Accumulated depreciation	(2,972,951)	(2,571,374)	(2,259,852)	(2,256,696)	(2,238,647)
Capital assets - right to use					
Land	—	—	—	—	—
Buildings	—	—	—	—	—
Equipment	—	—	—	—	—
Vehicles	—	—	—	—	—
Subscription Asset	—	—	—	—	—
Total amortized assets	—	—	—	—	—
Accumulated amortization					
Land	—	—	—	—	—
Buildings	—	—	—	—	—
Equipment	—	—	—	—	—
Vehicles	—	—	—	—	—
Subscription Asset	—	—	—	—	—
Total accumulated amortization	—	—	—	—	—
Assets amortized, net	—	—	—	—	—
Net capital assets	$ 10,962,688	$ 9,805,839	$ 8,746,290	$ 8,237,704	$ 7,457,471

Note: 1. Statistical information for fiscal year 2016 and 2015 includes activities relating to ONT. As a result of the transfer of ONT operations in fiscal year 2017, all information presented for fiscal years subsequent to 2016 include no ONT balances.

** The fiscal year 2021 financial statements have been restated for the adoption of GASB 87, Leases, effective July 1, 2020.*
** The fiscal year 2022 financial statements have been restated for the adoption of GASB 96, SBITA, effective July 1, 2021.*

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Air Trade Area Population
(Five-County Service Area)
Last Ten Years

Year	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2024	9,824,091	3,150,835	2,442,378	2,181,433	823,863	18,422,600
2023	9,819,312	3,141,065	2,428,580	2,172,694	825,960	18,387,611
2022	9,861,493	3,158,071	2,427,832	2,179,845	831,531	18,458,772
2021	9,955,445	3,172,352	2,419,165	2,179,006	839,916	18,565,884
2020	10,135,614	3,180,491	2,440,719	2,175,424	841,219	18,773,467
2019	10,163,139	3,185,378	2,419,057	2,165,876	844,259	18,777,709
2018	10,192,593	3,186,254	2,397,662	2,150,017	848,112	18,774,638
2017	10,181,162	3,180,125	2,374,555	2,139,520	848,232	18,723,594
2016	10,150,386	3,160,401	2,342,612	2,122,579	849,335	18,625,313
2015	10,124,800	3,144,663	2,315,547	2,112,187	848,459	18,545,656

Source: California Department of Finance, estimates as of January each year.

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Air Trade Area Personal Income
(Five-County Service Area)
Last Ten Years
(amounts in thousands)

Year	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Total
2022	$ 720,740,528	$ 263,290,135	$ 127,195,983	$ 108,081,645	$ 63,589,878	$ 1,282,898,169
2021	720,046,822	257,834,298	126,261,006	108,700,135	62,554,527	1,275,396,788
2020	673,306,158	240,734,263	116,939,915	100,359,889	57,575,258	1,188,915,483
2019	628,932,215	221,692,307	103,614,307	89,182,422	53,163,902	1,096,585,153
2018	595,765,931	210,648,610	96,994,918	83,514,331	50,711,842	1,037,635,632
2017	573,348,398	202,337,241	92,451,456	80,031,472	48,791,042	996,959,609
2016	554,158,129	194,223,700	88,997,439	77,453,102	47,265,014	962,097,384
2015	535,960,148	187,042,532	84,597,340	74,258,677	45,901,737	927,760,434
2014	503,099,674	173,769,675	79,630,223	69,951,380	43,769,630	870,220,582
2013	475,453,288	166,542,339	76,069,949	66,327,570	41,728,534	826,121,680

Source: US Department of Commerce, Bureau of Economic Analysis, Data subsequent to 2022 is not available.

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Air Trade Area Personal Income Per Capita
(Five-County Service Area)
Last Ten Years

Year	Los Angeles	Orange	Riverside	San Bernardino	Ventura	Weighted Average
2022	$ 74,142	$ 83,553	$ 51,415	$ 49,270	$ 76,375	$ 69,637
2021	73,385	81,567	51,468	49,570	74,527	69,362
2020	67,383	75,572	48,265	45,968	68,273	64,409
2019	62,573	69,590	43,073	41,079	62,886	59,065
2018	59,004	66,058	40,582	38,663	59,781	55,271
2017	56,635	63,513	39,060	37,311	57,456	53,093
2016	54,750	61,188	38,050	36,422	55,756	51,245
2015	53,067	59,242	36,590	35,179	54,241	49,550
2014	50,052	55,461	34,786	33,381	51,943	46,722
2013	47,541	53,545	33,565	31,889	49,787	44,545

Source: US Department of Commerce, Bureau of Economic Analysis. Data subsequent to 2022 is not available.
Note: Weighted Average is computed by dividing total personal income by the total population of the trade area.

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Air Trade Area Unemployment Rate
(Five-County Service Area)
(with comparative Statewide and Nationwide rates)

Last Ten Years
(amounts in percent)

Year	Los Angeles	Orange	Riverside	San Bernardino	Ventura	California	U.S.
2024	6.5	4.4	5.9	5.7	5.0	5.3	4.1
2023	5.0	3.6	4.8	4.7	4.3	4.8	3.7
2022	5.0	3.2	4.2	4.2	3.7	4.3	3.5
2021	9.0	6.0	7.3	7.4	6.2	7.3	3.9
2020	12.3	8.9	10.1	9.6	8.7	10.1	6.7
2019	4.5	2.8	4.2	3.9	3.6	4.1	3.6
2018	4.6	3.0	4.4	4.1	3.8	4.2	3.9
2017	4.8	3.5	5.3	5.0	4.5	4.8	4.1
2016	5.3	4.1	6.1	5.8	5.2	5.5	4.7
2015	6.7	4.5	6.7	6.5	5.7	6.3	5.0

Sources: California Employment Development Department for county rates.
U.S. Department of Labor for nationwide and statewide rates.
(1) Rates published in August 2024

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Los Angeles County
Principal Employers (Non-Government)
Current Year and Nine Years Ago

	2024			2015		
Employer	Employees	Rank	Percentage	Employees	Rank	Percentage
Kaiser Permanente	47,438	1	1.0%	32,784	1	0.7%
University of Southern California	24,099	2	0.5%	12,604	2	0.3%
Northrop Grumman Corp.	18,708	3	0.4%	17,000	3	0.3%
Walt Disney Co	13,400	4	0.3%	--	--	—%
Home Depot	12,000	5	0.2%	10,600	10	0.2%
UPS	11,542	6	0.2%	10,768	9	0.2%
Boeing Co.	10,783	7	0.2%	--	—	—%
Providence Health & Services	10,153	8	0.2%	13,000	7	0.3%
Target Corporation	10,020	9	0.2%	15,000	4	0.3%
NBC Universal	8,576	10	0.2%	--	--	—%
Ralphs/Food 4 Less/Kroger	--	--	—%	13,500	5	0.3%
Bank of America Corp	--	--	—%	13,000	6	0.3%
All Others	4,848,881	--	96.6%	4,823,844	--	96.9%
	5,015,600 [1,2]		100.0%	4,973,800		100.0%

Note:

[1] Los Angeles Business Journal (LABJ) - The information on this list was provided by representatives of the employers themselves. Companies are ranked by the current number of full-time employees in L.A. County. Several companies may have qualified for this list, but failed to submit information or do not break out local employment data.

[2] Source: http://www.labormarketinfo.edd.ca.gov

Compliance Section

2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT | LOS ANGELES WORLD AIRPORTS

- Report of Independent Auditors on Compliance with Requirements that Could Have a Direct and Material Effect on the Passenger Facility Charge Program; Report on Internal Control Over Compliance in Accordance with the Passenger Facility Charge Program Audit Guide for Public Agencies; and Report on the Schedule of Passenger Facility Charge Revenues and Expenditures
- Schedule of Passenger Facility Charge Revenues and Expenditures
- Notes to the Schedule of Passenger Facility Charge Revenues and Expenditures
- Report of Independent Auditors on Compliance with Requirements that Could Have a Direct and Material Effect on the Customer Facility Charge Program; Report on Internal Control Over Compliance in Accordance with the California Civil Code Section 1939, as amended by Assembly Bill (AB) 2051; and Report on the Schedule of Customer Facility Charge Revenues and Expenditures
- Schedule of Customer Facility Charge Revenues and Expenditures
- Notes to the Schedule of Customer Facility Charge Revenues and Expenditures

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Report of Independent Auditors on Compliance with Requirements that Could Have a Direct and Material Effect on the Passenger Facility Charge Program; Report on Internal Control Over Compliance in Accordance with the *Passenger Facility Charge Program Audit Guide for Public Agencies*; and Report on the Schedule of Passenger Facility Charge Revenues and Expenditures

To the Members of the Board of Airport Commissioners
City of Los Angeles, California

Report on Compliance for Passenger Facility Charge Program

Opinion on PFC Program

We have audited Los Angeles World Airports (Department of Airports of the City of Los Angeles, California) ("LAWA"), an Enterprise Fund of the City of Los Angeles, compliance with the types of compliance requirements described in the *Passenger Facility Charge Program Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the "Guide"), that could have a direct and material effect on the Passenger Facility Charge ("PFC") program for the year ended June 30, 2024.

In our opinion, LAWA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its PFC program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States *(Government Auditing Standards)*; and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LAWA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the PFC program. Our audit does not provide a legal determination of LAWA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, and provisions of contracts or grant agreements applicable to the PFC program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LAWA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LAWA's compliance with the requirements of the PFC program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Guide, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding LAWA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of LAWA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of LAWA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Passenger Facility Charge Revenues and Expenditures

We have audited the financial statements of LAWA, an Enterprise Fund of the City of Los Angeles, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise LAWA's basic financial statements, and have issued our report thereon dated November 4, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Passenger Facility Charge Revenues and Expenditures is presented for purposes of additional analysis as required by the Guide and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Passenger Facility Charge Revenues and Expenditures is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

El Segundo, California
November 4, 2024

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Schedule of Passenger Facility Charge Revenues and Expenditures
For the Fiscal Years Ended June 30, 2024 and 2023
(amounts in thousands)

	Passenger facility charge revenue	Interest earned	Total revenues	Expenditures on approved projects	Under (over) expenditures on approved projects
Program to date as of Program to date as of June 30, 2022	$ 2,938,532	$ 235,382	$ 3,173,914	$ 2,907,403	$ 266,511
Fiscal year 2022-23 transactions					
Quarter ended September 30, 2022	32,362	990	33,352	42,721	(9,369)
Quarter ended December 31, 2022	36,093	1,287	37,380	42,721	(5,341)
Quarter ended March 31, 2023	35,999	1,279	37,278	42,721	(5,443)
Quarter ended June 30, 2023	39,868	1,629	41,497	1,721	39,776
Program to date as of Program to date as of June 30, 2023	3,082,854	240,567	3,323,421	3,037,287	286,134
Fiscal year 2023-24 transactions					
Quarter ended September 30, 2023	37,079	1,535	38,614	32,548	6,066
Quarter ended December 31, 2023	35,302	1,800	37,102	32,548	4,554
Quarter ended March 31, 2024	38,676	2,040	40,716	32,548	8,168
Quarter ended June 30, 2024	40,449	2,079	42,528	32,631	9,897
Unexpended passenger facility charge revenues and interest earned June 30, 2024	$ 3,234,360	$ 248,021	$ 3,482,381	$ 3,167,562	$ 314,819

See accompanying notes to the schedule of passenger facility charge revenues and expenditures.

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Notes to the Schedule of Passenger Facility Charge Revenues and Expenditures For the Fiscal Years Ended June 30, 2024 and 2023

1. General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of Passenger Facility Charges (PFCs) and use of the resulting revenue on Federal Aviation Administration (FAA) approved projects. The current PFC rate at LAX is $4.50 per enplaned passenger. PFCs collection authorities approved by FAA was $9.5 billion at LAX as of June 30, 2024 and 2023.

The details are as follows (amounts in thousands):

Application number	Charge effective date*	2024 & 2023 Amount approved for use
96-02-U-00-LAX, closed 6/2/03	6/1/1993	$ 116,371
96-03-C-00-LAX, closed 10/1/08	7/1/1993	50,223
97-04-C-02-LAX	2/1/1998	90,000
97-04-C-03-LAX	2/1/1998	700,000
97-04-C-04-LAX	2/1/1998	88,334
05-05-C-00-LAX	12/1/2005	229,750
05-05-C-01-LAX	12/1/2005	468,030
07-06-C-00-LAX	10/1/2009	85,000
10-07-C-01-LAX	6/1/2012	1,848,284
11-08-C-00-LAX	3/1/2019	27,801
13-09-C-00-LAX	6/1/2019	44,379
14-10-C-00-LAX	10/1/2019	516,091
15-11-U-00-LAX	3/1/2019	3,115
20-12-C-00-LAX	1/1/2029	1,771,936
23-13-C-00-LAX	1/1/2038	$ 3,475,250
Total		$ 9,514,564

** Based on FAA's Final Agency Decision and subject to change with actual collections and future collection authorities approved by FAA.*

Note:

In May 2023, FAA approved application number 23-13-C-00-LAX for a total amount of $3.475 billion ($1.750 billion for bond capital and $1.725 billion for financing and interest) for the Automated People Mover (APM) System, and $250 thousand for PFC Consulting Fees. The APM system includes three stations inside the central terminal area (West, Center, and East Central Terminal Area stations) and three outside the terminal loop (Intermodal Transportation Facilities (ITF) West, Airport Metro Connector, and Consolidated Rent-A-Car (ConRAC) stations). The APM system is the centerpiece of LAX's Landside Access Modernization Program (LAMP).

Notes to the Schedule of Passenger Facility Charge Revenues and Expenditures For the Fiscal Years Ended June 30, 2024 and 2023
(continued)

a. The general description of the approved projects and the expenditures to date are as follows (amounts in thousands):

Approved projects	Amount approved for collection	Expenditures to date June 30 2024	Expenditures to date June 30 2023
ONT Terminal Development Program	$ 116,371	$ 116,371	$ 116,371
Taxiway C Easterly Extension, Phase II	13,440	13,440	13,440
Remote Aircraft Boarding Gates	9,355	9,355	9,355
Interline Baggage Remodel - TBIT	2,004	2,004	2,004
Southside Taxiways Extension S & Q	9,350	9,350	9,350
TBIT Improvements	4,455	4,455	4,455
ONT Airport Drive West End	3,462	3,462	3,462
ONT Access Control Monitoring System	808	808	808
ONT Taxiway North Westerly Extension	7,349	7,349	7,349
Noise Mitigation - Land Acquisitions	575,000	562,849	562,849
Noise Mitigation - Soundproofing	125,000	125,000	125,000
Noise Mitigation - Other Local Jurisdictions	178,334	178,335	178,335
Apron Lighting Upgrade	1,873	1,412	1,412
South Airfield Improvement Program (SAIP) and NLA Integrated Study	1,381	1,381	1,381
Century Cargo Complex - Demolition of AF3	1,000	880	880
Taxilane C-10 Reconstruction	780	2	2
LAX Master Plan	122,168	75,183	75,183
Aircraft Rescue and Firefighting Vehicles	975	444	444
PMD Master Plan	1,050	—	—
Aircraft Noise Monitoring and Management System	3,450	3,652	3,652
SAIP - Airfield Intersection Improvement	28,000	8,987	8,987
SAIP - Remote Boarding	12,500	8,218	8,218
TBIT Interior Improvements and Baggage Screening System	468,030	399,202	386,230
Implementation of IT Security Master Plan	56,573	32,807	32,807
Residential Soundproofing Phase II	35,000	34,141	34,141
Noise Mitigation - Other Local Jurisdictions Phase II	50,000	50,000	50,000
Bradley West	1,848,284	814,501	786,867
Lennox Schools Soundproofing Program	27,801	23,946	23,946
Inglewood USD Soundproofing Program	44,379	40,000	40,000
Terminal 6 Improvements	210,131	129,749	121,910
Elevators/Escalators/Moving Walkways Replacement	110,000	110,000	110,000
Midfield Satellite Concourse North Project	5,960	5,960	5,960
Central Utility Plant Replacement	190,000	190,000	190,000
Lennox Schools Soundproofing Program - Future Sites	3,115	—	—
Midfield Satellite Concourse - Phase I	1,750,000	203,992	122,244
PFC Consulting Fees	250	245	245
Inglewood High School Soundproofing Program	21,686	—	—
Automated People Mover System	3,475,000	—	—
PFC Consulting Fees	250	82	—
Total	$ 9,514,564	$ 3,167,562	$ 3,037,287

2. Basis of Accounting - Schedule of Passenger Facility Charge Revenues and Expenditures

The accompanying Schedule of Passenger Facility Charge Revenues and Expenditures (Schedule) represents amounts reported to the FAA on the Passenger Facility Charge Quarterly Status Reports. The Schedule was prepared using the accrual basis of accounting.

3. Excess Project Expenditures

The expenditures for the Aircraft Noise Monitoring and Management System and the Noise Mitigation - Other Local Jurisdictions Phase II were in excess of authorized amounts. However, in accordance with FAA guidelines, if actual allowable project costs exceed the estimate contained in the PFCs application in which the authority was approved, the public agency may elect to increase the total approved PFCs revenue in that application by 15% or less.

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Report of Independent Auditors on Compliance with Requirements that Could Have a Direct and Material Effect on the Customer Facility Charge Program; Report on Internal Control Over Compliance in Accordance with the *California Civil Code Section 1939, as amended by Assembly Bill (AB) 2051*; and Report on the Schedule of Customer Facility Charge Revenues and Expenditures

To the Members of the Board of Airport Commissioners
City of Los Angeles, California

Report on Compliance for Customer Facility Charge Program

Opinion on CFC Program

We have audited Los Angeles World Airports (Department of Airports of the City of Los Angeles, California) ("LAWA"), an Enterprise Fund of the City of Los Angeles, compliance with the types of compliance requirements described in the *California Civil Code Section 1939, as amended by Assembly Bill (AB) 2051* (the "Code"), that could have a direct and material effect on the Customer Facility Charge ("CFC") program for the year ended June 30, 2024.

In our opinion, LAWA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its CFC program for the year ended June 30, 2024.

Basis for Opinion on CFC Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*; and the Code. Our responsibilities under those standards and the Code are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LAWA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the CFC program. Our audit does not provide a legal determination of LAWA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, and provisions of contracts or grant agreements applicable to the CFC program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LAWA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Code will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LAWA's compliance with the requirements of the CFC program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Code, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding LAWA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of LAWA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Code, but not for the purpose of expressing an opinion on the effectiveness of LAWA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Code. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Customer Facility Charge Revenues and Expenditures

We have audited the financial statements of LAWA, an Enterprise Fund of the City of Los Angeles, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise LAWA's basic financial statements, and have issued our report thereon dated November 4, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Customer Facility Charge Revenues and Expenditures is presented for purposes of additional analysis as required by the Code and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Customer Facility Charge Revenues and Expenditures is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

El Segundo, California
November 4, 2024

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Schedule of Customer Facility Charge Revenues and Expenditures
For the Fiscal Years Ended June 30, 2024 and 2023
(amounts in thousands)

	Customer facility charge revenue	Interest earned	Total revenues	Expenditures on approved projects	Under (over) expenditures on approved projects
Program to date as of as of June 30, 2022	$ 561,894	$ 41,010	$ 602,904	$ 593,677	$ 9,227
Fiscal year 2022-23 transactions					
Quarter ended September 30, 2022	17,893	776	18,669	17,287	1,382
Quarter ended December 31, 2022	15,550	1,933	17,483	17,049	434
Quarter ended March 31, 2023	14,175	2,820	16,995	15,124	1,871
Quarter ended June 30, 2023	18,900	4,589	23,489	16,493	6,996
Program to date as of as of June 30, 2023	628,412	51,128	679,540	659,630	19,910
Fiscal year 2023-24 transactions					
Quarter ended September 30, 2023	19,853	2,207	22,060	16,543	5,517
Quarter ended December 31, 2023	16,882	3,333	20,215	21,227	(1,012)
Quarter ended March 31, 2024	15,117	3,537	18,654	15,901	2,753
Quarter ended June 30, 2024	18,880	4,783	23,663	15,831	7,832
Unexpended customer facility charge revenues and interest earned June 30, 2024	$ 699,144	$ 64,988	$ 764,132	$ 729,132	$ 35,000

See accompanying notes to the schedule of customer facility charge revenues and expenditures.

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)

Notes to the Schedule of Customer Facility Charge Revenues and Expenditures For the Fiscal Years Ended June 30, 2024 and 2023

1. General

California law (California Government Code Sections 50474.3, 50474.21 and 50474.22, collectively, CFC Legislation), which authority was previously contained in California Civil Code Section 1936 et seq., allows airport operators to require rental car companies to collect a fee from rental car customers on behalf of the airport operator to pay for certain costs incurred by an airport operator for a consolidated rental car facility (ConRAC) and a common-use transportation system (CTS) that moves passengers between airport terminals and the ConRAC. The fee is referred to as Customer Facility Charges (CFCs). Revenue from the CFCs may not exceed the reasonable costs to finance, design, construct, operate, maintain or otherwise improve, as applicable, those facilities, systems and modifications. California CFC Legislation permits LAWA to require the collection by rental car companies of a CFC at a rate charged on a per-day basis up to $9.00 per day (for up to 5 days), and CFCs collected by the rental car companies on behalf of LAWA are permitted under the California CFC Legislation to finance, design and construct the ConRAC; to finance, design, construct and operate the APM System, as well as acquiring vehicles for use in that system; and to finance, design and construct terminal modifications to accommodate the common-use transportation system.

LAWA is modernizing LAX to improve passenger quality-of-service and provide world class facilities for its customers. To further transform LAX and to address increasing levels of traffic congestion at and around LAX, LAWA is working on the Landside Access Modernization Program (LAMP) to implement a ground access system to LAX, which would include a seamless connection to the regional rail and transit system.

The LAMP program includes the following major project components:

- An Automated People Mover System (APM), including the acquisition of vehicles for the use in such System, with six APM stations connecting the Central Terminal Area (CTA) via an above-grade fixed guideway to new proposed ground transportation facilities (serving as the CTS for the ConRAC)
- A ConRAC designed to meet the needs of rental car companies serving LAX with access to the CTA via the APM
- Two Intermodal Transportation Facilities (ITFs) providing airport parking and pick-up and drop-off areas outside the CTA for private vehicles and commercial shuttles
- Roadway improvements designed to improve access to the proposed ConRAC, ITFs, the CTA, and other facilities and reduce traffic congestion in neighboring communities

In November 2001, in anticipation of constructing a ConRAC identified in LAX's master plan, the Board approved collection of CFCs of $10.00 per rental contract and began collections in August 2007. On October 5, 2017, the Board authorized collection of an updated CFC pursuant to the California CFC Legislation to fund costs of a ConRAC and its share of a common-use transportation system (CTS) at LAX. The Board authorized collection of CFCs of $7.50 per day for the first five days of each car rental contract, effective January 1, 2018, by rental car companies serving LAX. On June 20, 2019, the Board authorized collection of $9.00 per day for the first five days of each car rental contract, effective September 1, 2019, by rental car companies serving LAX.

CFCs are recorded as nonoperating revenue and presented as restricted assets in the financial statements. CFCs collected, related interest earnings, and cumulative expenditures to date are summarized as follows (amounts in thousands):

	2024	2023
Amount collected	$ 699,144	$ 628,412
Interest earnings	64,988	51,128
Subtotal	764,132	679,540
Expenditures		
ConRAC planning, design and construction	729,132	659,630
Unexpended CFCs revenue and interest earnings	$ 35,000	$ 19,910

LAWA is in the stages of delivering LAMP to modernize and improve landside access at LAX with the ConRAC as a critical component. Pursuant to Board Resolution No. 26684 that was adopted on January 17, 2019, LAWA has authority to use up to $2.1 billion for the payment/reimbursement of Design-Build-Finance-Operate-Maintain (DBFOM) Agreement with LA Gateway Partners for the ConRAC from sources of revenue including but not limited to CFCs, LAX non-aeronautical revenues, special facility bond proceeds, and revenues derived from concession and lease agreements between LAWA and rental car companies using the ConRAC. In this regard, the amount of CFC funds that was used for ConRAC Design and Construction (D&C) payments was $69.5 million and $66.0 million in fiscal years 2024 and 2023, respectively. LAWA's cumulative expenditures on approved CFCs projects totaled $729.1 million and $659.6 million for fiscal years 2024 and 2023, respectively.

2. Basis of Accounting - Schedule of Customer Facility Charge Revenues and Expenditures

The accompanying Schedule of Customer Facility Charge Revenues and Expenditures was prepared using the accrual basis of accounting.

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APPENDIX C-1

CERTAIN DEFINITIONS

The following are definitions of certain terms used in this Official Statement including the summaries of the Master Senior Indenture, the Master Subordinate Indenture and the Twenty-Seventh Supplemental Subordinate Indenture found in Appendices C-2, C-3 and C-4, respectively.

"*Accreted Value*" means

(a) with respect to any Capital Appreciation Senior Bonds or Capital Appreciation Subordinate Obligations, as the case may be, as of any date of calculation, the sum of the amount set forth in a Supplemental Senior Indenture or a Supplemental Subordinate Indenture, as the case may be, as the amount representing the initial principal amount of such Capital Appreciation Senior Bonds or Capital Appreciation Subordinate Obligations, as the case may be, plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or

(b) with respect to Original Issue Discount Senior Bonds or Original Issue Discount Subordinate Obligations, as the case may be, as of the date of calculation, the amount representing the initial public offering price of such Original Issue Discount Senior Bonds or Original Issue Discount Subordinate Obligations, as the case may be, plus the amount of the discounted principal which has accreted since the date of issue; in each case the Accreted Value will be determined in accordance with the provisions of the Supplemental Senior Indenture or Supplemental Subordinate Indenture, as the case may be, authorizing the issuance of such Capital Appreciation Senior Bond or Original Issue Discount Senior Bond or Capital Appreciation Subordinate Obligation or Original Issue Discount Subordinate Obligation, as the case may be.

"*Aggregate Required Deposits*" means, for any month, the sum of the Required Deposits under all Supplemental Subordinate Indentures becoming due in such month.

"*Airport Revenue Fund*" means the fund established by and existing pursuant to Section 635(a) of the Charter or any successor provision and maintained separate and apart from all other funds and accounts of the City Treasury.

"*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 Los Angeles International Airport, Van Nuys Airport and LA/Palmdale Regional Airport and any successor entities thereto; and including or excluding, as the case may be, such property as the Board may either acquire or which will be placed under its control, or divest or have removed from its control.

"*Authorized Representative*" means the President of the Board, the Executive Director, the Chief Operating Officer or the Chief Financial Officer or such other officer or employee of the Board or the Department or other person which other officer, employee or person has been designated by the Board or the Department as an Authorized Representative by written notice delivered by the President of the Board, the Executive Director, the Chief Operating Officer or the Chief Financial Officer to the Senior Trustee or the Subordinate Trustee, as the case may be.

"*Balloon Indebtedness*" means, with respect to any Series of Senior Bonds or Subordinate Obligations, as the case may be, twenty five percent (25%) or more of the principal of which matures on the same date or within a Fiscal Year, that portion of such Series which matures on such date or within such Fiscal Year; provided, however, that to constitute Balloon Indebtedness the amount of Senior Bonds or Subordinate Obligations, as the case may be, of a Series maturing on a single date or within a Fiscal Year must equal or exceed 150% of the amount of such Series which matures during any preceding Fiscal Year. For purposes of this definition, the principal amount maturing on any date will be reduced by the amount of such Senior Bonds or Subordinate Obligations, as the case may be, scheduled to be amortized by prepayment or redemption prior to their stated maturity date. A Senior Commercial Paper Program and the Commercial Paper constituting part of such Senior Program will not be Balloon Indebtedness. A Subordinate Commercial Paper Program and the Commercial Paper constituting part of such Subordinate Program will not be Balloon Indebtedness.

"*Board*" means the Board of Airport Commissioners of the City of Los Angeles, created under the provisions of the Charter, and any successor to its function.

"*Bond Counsel*" means a firm or firms of attorneys which are nationally recognized as experts in the area of municipal finance and which are familiar with the transactions contemplated under the Senior Indenture and the Subordinate Indenture, as the case may be, and which are acceptable to the Department.

"*Bondholder,*" "*holder,*" "*owner*" or "*registered owner*" means

(a) for purposes of the Senior Indenture, the person in whose name any Senior Bond or Senior Bonds are registered on the books maintained by the Senior Registrar and will include any Credit Provider or Liquidity Provider to which a Senior Repayment Obligation is then owed, to the extent that such Senior Repayment Obligation is deemed to be a Senior Bond under the provisions of the Senior Indenture; and

(b) for purposes of the Subordinate Indenture, the person in whose name any Subordinate Obligation or Subordinate Obligations are registered on the books maintained by the Subordinate Registrar and will include any Credit Provider or Liquidity Provider to which a Subordinate Repayment Obligation is then owed, to the extent that such Subordinate Repayment Obligation is deemed to be a Subordinate Obligation under the provisions of the Subordinate Indenture.

"*Business Day*" means a day on which banks located in New York, New York, in Los Angeles, California and in the city in which the principal corporate trust office of the Senior Trustee or the Subordinate Trustee, as the case may be, is located are open, provided that such term may have a different meaning for any specified Series of Senior Bonds if so provided by Supplemental Senior Indenture or any specified Series of Subordinate Obligations if so provided by Supplemental Subordinate Indenture.

"*Capital Appreciation Senior Bonds*" means Senior Bonds all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Senior Indenture and is payable only upon redemption or on the maturity date of such Senior Bonds. Senior Bonds which are issued as Capital Appreciation Senior Bonds, but later convert to Senior Bonds on which interest is paid periodically will be Capital Appreciation Senior Bonds until the conversion date and from and after such conversion date will no longer be Capital Appreciation Senior Bonds, but will be treated as having a principal amount equal to their Accreted Value on the conversion date.

"*Capital Appreciation Subordinate Obligations*" means Subordinate Obligations all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Subordinate Indenture and is payable only upon redemption or on the maturity date of such Subordinate Obligations. Subordinate Obligations which are issued as Capital Appreciation Subordinate Obligations, but later convert to Subordinate Obligations on which interest is paid periodically will be Capital Appreciation Subordinate Obligations until the conversion date and from and after such conversion date will no longer be Capital Appreciation Subordinate Obligations, but will be treated as having a principal amount equal to their Accreted Value on the conversion date.

"*Charter*" means the Charter of the City of Los Angeles, as amended from time to time, and any other article or section of the Charter of the City of Los Angeles, as amended from time to time, in which the provisions relating to the Board and the Department are set forth or may hereafter be set forth, and any predecessor provisions thereof which will be deemed to continue in force.

"*Chief Financial Officer*" means the person at a given time who is the chief financial officer of the Department or such other title as the Department may from time to time assign for such position, and the officer or officers succeeding to such position as certified to the Senior Trustee and the Subordinate Trustee by the Department.

"*Chief Operating Officer*" means the person at a given time who is the chief operating officer of the Department or such other title as the Department may from time to time assign for such position, and the officer or officers succeeding to such position as certified to the Senior Trustee and the Subordinate Trustee by the Department.

"*City*" means The City of Los Angeles.

"*City Attorney*" means legal counsel to the Board and staff of the Department who otherwise acts as provided for in the Charter.

"*City Treasury*" means the official depository of the City established pursuant to the Charter which is under the control of the Treasurer.

"*Code*" means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations applicable with respect thereto.

"*Commercial Paper*" means notes of the Department with a maturity of not more than 270 days from the date of issuance and which are issued and reissued from time to time pursuant to a Senior Program or a Subordinate Program, as the case may be, adopted by the Board.

"*Consultant*" means any Independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm, or other expert recognized to be well-qualified for work of the character required and retained by the Department to perform acts and carry out the duties provided for such consultant in the Senior Indenture or the Subordinate Indenture, as the case may be.

"*Costs*" or "*Costs of a Project*" means all costs of planning, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating a Project and placing the same in service and will include, but not be limited to the following: (1) costs of real or personal property, rights, franchises, easements and other interests in property, real or personal, and the cost of demolishing or removing structures and site preparation, infrastructure development, and landscaping and acquisition of land to which structures may be removed; (2) the costs of materials and supplies, machinery, equipment, vehicles, rolling stock, furnishings, improvements and enhancements; (3) labor and related costs and the costs of services provided, including costs of consultants, advisors, architects, engineers, accountants, planners, attorneys, financial and feasibility consultants, in each case, whether an employee of the City or the Department or Consultant; (4) costs of the Department properly allocated to a Project and with respect to costs of its employees or other labor costs, including the cost of medical, pension, retirement and other benefits as well as salary and wages and the allocable costs of administrative, supervisory and managerial personnel and the properly allocable cost of benefits provided for such personnel; (5) financing expenses, including costs related to issuance of and securing of Senior Bonds and Subordinate Obligations, costs of Credit Facilities, Liquidity Facilities, Senior Capitalized Interest, Subordinate Capitalized Interest, the Senior Reserve Fund, any Senior Debt Service Reserve Fund (other than the Senior Reserve Fund), any Subordinate Debt Service Reserve Fund, Senior Trustee's fees and expenses, and Subordinate Trustee's fees and expenses; (6) any Senior Swap Termination Payments due in connection with a Series of Senior Bonds or the failure to issue such Series of Senior Bonds, or any Subordinate Swap Termination Payments due in connection with a Series of Subordinate Obligations or the failure to issue such Series of Subordinate Obligations, and (7) such other costs and expenses that can be capitalized under generally accepted accounting principles in effect at the time the cost is incurred by the Department. Costs of a Project will also include (i) the acquisition or refunding of outstanding revenue bonds and obligations of the Department, RAIC bonds and California Statewide Communities Development Authority bonds, including any financing costs with respect thereto, and (ii) the financing and/or refinancing of any other lawful purpose relating to the Department.

"*Credit Facility*" means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement, Senior Reserve Fund Surety Policy, a Senior Debt Service Reserve Fund Surety Policy (other than a Senior Reserve Fund Surety Policy), a Subordinate Debt Service Reserve Fund Surety Policy, or other financial instrument which obligates a third party to make payment of or provide funds to the Senior Trustee or the Subordinate Trustee, as the case may be, for the payment of the principal of and/or interest on Senior Bonds or Subordinate Obligations, as the case may be, whether such obligation is to pay in the first instance and seek reimbursement or to pay only if the Department fails to do so.

"*Credit Provider*" means the party obligated to make payment of principal of and interest on the Senior Bonds or the Subordinate Obligations, as the case may be, under a Credit Facility.

"*Customer Facility Charges*" means all amounts received by the Department from the payment of any customer facility fees or charges by customers of automobile rental companies pursuant to the authority granted by Section 1936 of the California Civil Code, as amended from time to time, or any other applicable State law, including all interest, profits or other income derived from the deposit or investment therefor.

"*Department*" means the Department of Airports of the City of Los Angeles, or any successor thereto performing the activities and functions of the department under the Charter.

"*Executive Director*" means the person at a given time who is the executive director of the Department or such other title as the Department may from time to time assign for such position, and the officer or officers succeeding to such position as certified to the Senior Trustee and the Subordinate Trustee by the Department.

"*Facilities Construction Credit*" and "*Facilities Construction Credits*" means the amounts further described in the Master Senior Indenture and the Master Subordinate Indenture resulting from an arrangement embodied in a written agreement of the Department and another person or entity pursuant to which the Department permits such person or entity to make a payment or payments to the Department which is reduced by the amount owed by the Department to such person or entity under such agreement, resulting in a net payment to the Department by such person or entity. The "*Facilities Construction Credit*" will be deemed to be the amount owed by the Department under such agreement which is "netted" against the payment of such person or entity to the Department. "*Facilities Construction Credits*" will include any credits extended to airlines or other users of LAX Airport Facilities related to RAIC projects.

"*Fiscal Year*" means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other similar period as the Department designates as its fiscal year.

"*Fitch*" means Fitch, Inc. and its successors and its assigns, and, if Fitch for any reason no longer performs the functions of a Nationally Recognized Rating Agency, "*Fitch*" will be deemed to refer to any Nationally Recognized Rating Agency designated by the Department (other than Moody's or S&P).

"*Fourth Supplemental Subordinate Indenture*" means the Fourth Supplemental Subordinate Trust Indenture, dated as of August 1, 2008, by and between the Department and the Subordinate Trustee.

"*Government Obligations*" means

(A) with respect to the Senior Bonds and the Senior Indenture (1) United States Obligations (including obligations issued or held in book-entry form), (2) prefunded municipal obligations meeting the following conditions: (a) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (b) the municipal obligations are secured by cash and/or United States Obligations, which United States Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (f) the municipal obligations are rated in their highest Rating Category by two or more Rating Agencies, and (3) any other type of security or obligation that the Rating Agencies that then maintain ratings on any of the Senior Bonds have determined to be permitted defeasance securities; and

(B) with respect to the Subordinate Obligations and the Subordinate Indenture, (a) United States Obligations (including obligations issued or held in book-entry form); (b) prerefunded municipal obligations meeting the following conditions: (i) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (ii) the municipal obligations are secured by cash and/or United States Obligations, which United States Obligations may be applied only to interest, principal and premium payments of such municipal obligations; (iii) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (iv) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (v) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and (vi) the municipal obligations are rated in their highest Rating Category by one or more of the Rating Agencies; and (c) any other type of security or obligation which the Rating Agencies that then maintain ratings on the Subordinate Obligations to be defeased have determined to be permitted defeasance securities.

"*Implemented*" means,

(a) when used with respect to a Senior Program, a Senior Program which has been authorized and the terms thereof approved by a resolution adopted by the Board and, with respect to which Senior Program, the provisions of the Master Senior Indenture have been complied with; and

(b) when used with respect to a Subordinate Program, a Subordinate Program which has been authorized and the terms thereof approved by a resolution adopted by the Board and, with respect to which Subordinate Program, the provisions of the Master Subordinate Indenture have been complied with.

"*Independent*" means, when used with respect to any specified firm or individual, such a firm or individual who (a) does not have any direct financial interest or any material indirect financial interest in the operations of the Department or the City, other than the payment to be received under a contract for services to be performed, and (b) is not connected with the Department, the City or the Board as an official, officer or employee.

"*LAX Airport Facilities*" or "*LAX Airport Facility*" means a facility or group of facilities or category of facilities which constitute or are part of Los Angeles International Airport (excluding privately owned or leased property, except for any portion thereof which is governmentally owned or leased and which is a source of Pledged Revenues).

"*LAX Maintenance and Operation Expenses*" means, for any given period, the total operation and maintenance expenses of Los Angeles International Airport 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 Los Angeles International Airport payable from moneys other than Pledged Revenues.

"*LAX Maintenance and Operation Reserve Account*" means the Los Angeles International Airport Maintenance and Operation Reserve Account authorized to be created by Ordinance No. 173,232 and established pursuant to Section 23.10(d)(2) of the Los Angeles Administrative Code.

"*LAX Revenue Account*" means the account established pursuant to the Master Senior Indenture and Section 23.10(a) of the Los Angeles Administrative Code.

"*LAX Revenues*" means, except to the extent specifically excluded herefrom, all income, receipts, earnings and revenues received by the Department from the Los Angeles International Airport, 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 Los Angeles International Airport, (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 Los Angeles International Airport, including Facilities Construction Credits, and 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 Los Angeles International Airport (or any LAX Airport 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 Airport 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 Senior Construction Fund or Subordinate Construction Fund allowed to be pledged by the terms of a Supplemental Senior Indenture, the Senior Reserve Fund, any Senior Debt Service Reserve Fund, the Subordinate Reserve Fund, any other Subordinate Debt Service Reserve Fund and allocated earnings on the Maintenance and Operation Reserve Fund.

"*LAX Special Facilities*" or "*LAX Special Facility*" means, with respect to Los Angeles International Airport, a facility or group of facilities or improvements or category of facilities or improvements which are designated as an LAX Special Facility or LAX Special Facilities pursuant to the provisions of the Master Senior Indenture. LAX Special Facilities do not include facilities financed by the RAIC.

"*LAX Special Facilities Revenue*" means the contractual payments and all other revenues derived by or available to or receivable by the Department from an LAX Special Facility, which are pledged to secure LAX Special Facility Obligations.

"*LAX Special Facility Obligations*" means bonds or other debt instruments issued pursuant to an indenture other than the Senior Indenture or the Subordinate Indenture to finance LAX Special Facilities and which, except as otherwise provided in the Master Senior Indenture, are not secured by nor payable from a lien on and pledge of the Pledged Revenues but which are secured by revenues derived from LAX Special Facilities located at Los Angeles International Airport.

"*Liquidity Facility*" means a letter of credit, line of credit, standby purchase agreement or other financial instrument, including a Credit Facility, which is available to provide funds with which to purchase Senior Bonds or Subordinate Obligations, as the case may be.

"*Liquidity Provider*" means the entity, including the Credit Provider, which is obligated to provide funds to purchase Senior Bonds or Subordinate Obligations, as the case may be, under the terms of a Liquidity Facility.

"*Los Angeles International Airport*" and "*LAX*" means that portion of the Airport System commonly known by such name which is located in the City of Los Angeles and generally bounded by Westchester Parkway on the north, the San Diego (405) Freeway on the east, Imperial Highway on the south and the Pacific Ocean on the west; including all facilities and property related thereto, real or personal, under the jurisdiction or control of the Department at such location or in which the Department has other rights or from which the Department derives revenues at such location.

"*Mail*" means by first-class United States mail, postage prepaid.

"*Maintenance and Operation Expenses of the Airport System*" means, for any given period, the total operation and maintenance expenses, exclusive of depreciation expense, of the Airport System as determined in accordance with generally accepted accounting principles as modified from time to time.

"*Maintenance and Operation Reserve Fund*" means the fund established by and existing pursuant to Section 635(a) of the Charter or any successor provision and the provisions of the Master Senior Indenture.

"*Master Senior Indenture*" means the Master Trust Indenture, dated as of April 1, 1995, by and between the Department, acting through the Board, and the Senior Trustee, as amended.

"*Master Subordinate Indenture*" means the Master Subordinate Trust Indenture, dated as of December 1, 2002, by and between the Department and the Subordinate Trustee, as amended.

"*Moody's*" means Moody's Investors Service, and its successors and its assigns, and, if Moody's for any reason no longer performs the functions of a Nationally Recognized Rating Agency, "*Moody's*" will be deemed to refer to any other Nationally Recognized Rating Agency designated by the Department (other than Fitch or S&P).

"*Nationally Recognized Rating Agency*" means a nationally recognized statistical rating organization identified by the United States Securities and Exchange Commission.

"*Net Pledged Revenues*" means, for any given period, the Pledged Revenues for such period less, for such period, the LAX Maintenance and Operation Expenses.

"*Net Proceeds*" means insurance proceeds received as a result of damage to or destruction of LAX Airport Facilities or any condemnation award or amounts received by the Department from the sale of LAX Airport Facilities under the threat of condemnation less expenses (including attorneys' fees and expenses and any fees and expenses of the Senior Trustee or the Subordinate Trustee, as the case may be) incurred in the collection of such proceeds or award.

"*Non-Qualified Swap*" means any Swap which is not a Senior Qualified Swap or a Subordinate Qualified Swap.

"*Ordinance No. 173,232*" means the City of Los Angeles Ordinance No. 173,232 which became effective on June 19, 2000.

"*Original Issue Discount Senior Bonds*" means Senior Bonds which are sold at an initial public offering price of less than 95% of their face value and which are specifically designated as Original Issue Discount Senior Bonds by the Supplemental Senior Indenture under which such Senior Bonds are issued.

"*Original Issue Discount Subordinate Obligations*" means Subordinate Obligations which are sold at an initial public offering price of less than face value and which are specifically designated as Original Issue Discount Subordinate Obligations by the Supplemental Subordinate Indenture under which such Subordinate Obligations are issued.

"*Outstanding*" means:

(1) when used with respect to Senior Bonds, all Senior Bonds which have been authenticated and delivered under the Senior Indenture, except:

(a) Senior Bonds cancelled or purchased by the Senior Trustee for cancellation or delivered to or acquired by the Senior Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Senior Bonds deemed to be paid in accordance with the Master Senior Indenture;

(c) Senior Bonds in lieu of which other Senior Bonds have been authenticated under the provisions of the Senior Master Indenture;

(d) Senior Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Senior Trustee or a Senior Paying Agent;

(e) Senior Bonds which, under the terms of the Supplemental Senior Indenture pursuant to which they were issued, are deemed to be no longer Outstanding;

(f) Senior Repayment Obligations deemed to be Senior Bonds under the Master Senior Indenture to the extent such Senior Repayment Obligation arose under the terms of a Liquidity Facility and are secured by a pledge of Outstanding Senior Bonds acquired by the Liquidity Provider; and

(g) for purposes of any consent or other action to be taken by the holders of a specified percentage of Senior Bonds under the Master Senior Indenture, Senior Bonds held by or for the account of the Department or by any person controlling, controlled by or under common control with the Department, unless such Senior Bonds are pledged to secure a debt to an unrelated party;

(2) when used with respect to Subordinate Obligations, all Subordinate Obligations which have been authenticated and delivered under the Subordinate Indenture, except:

(a) Subordinate Obligations cancelled or purchased by the Subordinate Trustee for cancellation or delivered to or acquired by the Subordinate Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;

(b) Subordinate Obligations deemed to be paid in accordance with the Master Subordinate Indenture;

(c) Subordinate Obligations in lieu of which other Subordinate Obligations have been authenticated under the provisions of the Master Subordinate Indenture;

(d) Subordinate Obligations that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Subordinate Trustee or a Subordinate Paying Agent;

(e) Subordinate Obligations which, under the terms of the Supplemental Subordinate Indenture pursuant to which they were issued, are deemed to be no longer Outstanding;

(f) Subordinate Repayment Obligations deemed to be Subordinate Obligations under the Master Subordinate Indenture to the extent such Subordinate Repayment Obligations arose under the terms of a Liquidity Facility and are secured by a pledge of Outstanding Subordinate Obligations acquired by the Liquidity Provider; and

(g) for purposes of any consent or other action to be taken by the holders of a specified percentage of Subordinate Obligations under the Master Subordinate Indenture, Subordinate Obligations held by or for the account of the Department or by any person controlling, controlled by or under common control with the Department, unless such Subordinate Obligations are pledged to secure a debt to an unrelated party.

"*Passenger Facility Charges*" or "*PFCs*" means all or a designated portion of charges collected by the Department pursuant to the authority granted by the Aviation Safety and Capacity Expansion Act of 1990 (P.L. 101-508), the Wendel H. Ford Aviation Investment and Reform Act for the 21st Century (P.L. 106-181) and 14 CFR Part 158, all as amended from time to time, or any other applicable federal law, in respect of any component of LAX and interest earnings thereon, net of amounts that collecting air carriers are entitled to retain for collecting, handling and remitting such passenger facility charge revenues.

"*Payment Date*" means, with respect to any Senior Bonds or Subordinate Obligations, as the case may be, each date on which interest is due and payable thereon and each date on which principal is due and payable thereon whether by maturity or redemption thereof.

"*Pledged Revenues*" means, except to the extent specifically excluded herein or under the terms of any Supplemental Senior Indenture (only with respect to the Series of Senior Bonds issued pursuant to such Supplemental Senior Indenture), LAX Revenues. "*Pledged Revenues*" will also include such additional revenues, if any, as are designated as "Pledged Revenues" under the terms of any Supplemental Senior Indenture. 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 Bonds, (iii) Net Proceeds and other insurance proceeds, to the extent the use of such Net Proceeds or other proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Senior Bonds, (iv) any Transfer and (v) LAX Special Facilities Revenue. 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 Senior Indenture: (a) any Senior Swap Termination Payments paid to the Department pursuant to a Senior Qualified Swap or any Subordinate Swap Termination Payments paid to the Department pursuant to a Subordinate Qualified Swap, (b) Facilities Construction Credits, (c) Passenger Facility Charges unless otherwise so pledged under the terms of any Supplemental Senior Indenture, (d) Customer Facility Charges unless otherwise so pledged under the terms of any Supplemental Senior 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 Los Angeles International Airport and (f) Released LAX Revenues. Further, interest earnings or other investment earnings on any Senior or Subordinate Construction Fund established by any Supplemental Senior Indenture or Supplemental Subordinate Indenture, as the case may be, are specifically excluded from "Pledged Revenues," unless otherwise provided for in such Supplemental Senior Indenture or Supplemental Subordinate Indenture, as the case may be.

"*President*" or "*President of the Board*" means the president of the Board or such other title as the Board may from time to time assign for such position.

"*Project*" means any and all facilities, improvements and other expenditures related to the Airport System financed in whole or in part with proceeds of a Series of Senior Bonds or Subordinate Obligations.

"*RAIC*" means the Regional Airports Improvement Corporation, a California nonprofit corporation.

"*Rating Agency*" and "*Rating Agencies*" means Fitch, Moody's or S&P, or any other Nationally Recognized Rating Agency.

"*Rating Category*" and "*Rating Categories*" means (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

"*Rebate Fund*" means any fund created by the Department pursuant to a Supplemental Senior Indenture or a Supplemental Subordinate Indenture, as the case may be, in connection with the issuance of the Senior Bonds or any Series of Senior Bonds or the Subordinate Obligations or any Series of Subordinate Obligations, as the case may be, for the purpose of complying with the Code and providing for the collection and holding for and payment of amounts to the United States of America.

"*Record Date*" means, with respect to any Series of Senior Bonds or Subordinate Obligations, as the case may be, the record date as specified in the Supplemental Senior Indenture which provides for the issuance of such Series of Senior Bonds or the Supplemental Subordinate Indenture which provides for the issuance of such Series of Subordinate Obligations, as the case may be. With respect to the Series 2025DEF Subordinate Bonds, "*Record Date*" means for a May 15 Interest Payment Date the preceding May 1 and for a November 15 Interest Payment Date the preceding November 1.

"*Refunding Senior Bonds*" means any Senior Bonds issued pursuant to the Master Senior Indenture to refund or defease all or a portion of any series of Outstanding Senior Bonds, any Subordinated Obligation or any Third Lien Obligation.

"*Refunding Subordinate Obligations*" means any Subordinate Obligations issued pursuant to the Master Subordinate Indenture to refund or defease all or a portion of any Series of Outstanding Subordinate Obligations, any Senior Bonds or any Third Lien Obligations.

"*Regularly Scheduled Swap Payments*" means the regularly scheduled payments under the terms of a Swap which are due absent any termination, default or dispute in connection with such Swap.

"*Released LAX Revenues*" means LAX Revenues in respect of which the following have been filed with the Trustee:

(a) a resolution of the Board describing a specific identifiable portion of LAX Revenues and approving that such LAX Revenues be excluded from the term Pledged Revenues;

(b) either (i) a certificate prepared by an Authorized Representative showing that Net Pledged Revenues for each of the two most recent completed Fiscal Years, after the specific identifiable portion of LAX Revenues covered by the Board's resolution described in (a) above are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits and payments pursuant to paragraphs SECOND through EIGHTH described under the caption APPENDIX C-2 – "SUMMARY OF THE MASTER SENIOR INDENTURE – Withdrawals from LAX Revenue Account," or (B) an amount not less than 150% of average Senior Aggregate Annual Debt Service for each Fiscal Year during the remaining term of all Senior Bonds that will remain Outstanding after the exclusion of such specific identifiable portion of LAX Revenues; or (ii) a certificate prepared by a Consultant showing that the estimated Net Pledged Revenues (excluding the specific identifiable portion of LAX Revenues covered in the resolution adopted by the Board described in (a) above) for each of the first three complete Fiscal Years immediately following the Fiscal Year in which the resolution described in (a) above is adopted by the Board, will not be less than the larger of (A) the amounts needed for making the required deposits and payments pursuant to paragraphs SECOND through EIGHTH described under the caption APPENDIX C-2 – "SUMMARY OF THE MASTER SENIOR INDENTURE – Withdrawals from LAX Revenue Account," or (B) an amount not less than 150% of the average Senior Aggregate Annual Debt Service for each Fiscal Year during the remaining term of all Senior Bonds that will remain Outstanding after the exclusion of such specific identifiable portion of LAX Revenues;

(c) an opinion of Bond Counsel to the effect that the exclusion of such specific identifiable portion of revenues from the definition of LAX Revenues and from the pledge and lien of the Master Senior Indenture will not, in and of itself, cause the interest on any Outstanding Senior Bonds to be included in gross income for purposes of federal income tax; and

(d) written confirmation from each of Fitch and Moody's (provided such Rating Agencies have been requested by the Department to maintain a rating on the Senior Bonds and such Rating Agencies are then maintaining a rating on any of the Senior Bonds) to the effect that the exclusion of such specific identifiable portion of revenues from the pledge and lien of the Master Senior Indenture will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Senior Bonds.

For purposes of subparagraph (b) above, no Transfer will be taken into account in the computation of Net Pledged Revenues.

Additionally, the Department will give written notice to S&P (provided S&P has been requested by the Department to maintain a rating on the Senior Bonds and S&P is then maintaining a rating on any of the Senior Bonds) at least 15 days prior to any specific identifiable portion of LAX Revenues being excluded from the pledge and lien of the Master Senior Indenture as proved in this definition of "*Released LAX Revenues*."

Upon filing of such documents, the specific identifiable portion of LAX Revenues described in the resolution of the Board will no longer be included in Pledged Revenues and will be excluded from the pledge and lien of the Master Senior Indenture, unless otherwise included in Pledged Revenues and in the pledge and lien of the Master Senior Indenture pursuant to a Supplemental Senior Indenture.

"*Required Deposits*" means, with respect to any Series of Subordinate Obligations, the amount determined in accordance with the terms of the Supplemental Subordinate Indenture under which such Subordinate Obligations are issued and/or incurred, required to be deposited into funds and accounts created under such Supplemental Subordinate Indenture for the purpose of paying principal and interest on Subordinate Obligations or accumulating funds from which to make such payments and to pay other obligations specifically secured by the Subordinate Pledged Revenues under such Supplemental Subordinate Indenture. On or before the Payment Date, if any, in each month, the Subordinate Trustee will determine the aggregate Required Deposits from the Required Deposits described under each Supplemental Subordinate Indenture.

"*Responsible Officer*" means an officer or assistant officer of the Senior Trustee assigned by the Senior Trustee to administer the Senior Indenture, or an officer or assistant officer of the Subordinate Trustee assigned by the Subordinate Trustee to administer the Subordinate Indenture.

"*S&P*" means S&P Global Ratings, and its successors and assigns, and if S&P for any reason no longer performs the functions of a Nationally Recognized Rating Agency, "*S&P*" will be deemed to refer to any other Nationally Recognized Rating Agency designated by the Department (other than Fitch or Moody's).

"*Senior Aggregate Annual Debt Service*" means for any Fiscal Year the aggregate amount of Senior Annual Debt Service on all Outstanding Senior Bonds and Unissued Senior Program Bonds. For purposes of calculating Senior Aggregate Annual Debt Service, the following components of debt service will be computed as follows:

(i) in determining the principal due in each year, payment will (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Senior Bonds, and Unissued Senior Program Bonds in accordance with any amortization schedule established by the governing documents setting forth the terms of such Senior Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Senior Bonds or Original Issue Discount Senior Bonds maturing or scheduled for redemption in such year; in determining the interest due in each year, interest payable at a fixed rate will (except to the extent subsection (ii), (iii) or (iv) of this definition applies) be assumed to be made at such fixed rate and on the required payment dates; provided, however, that interest payable on the Senior Bonds will be excluded to the extent such payments are to be paid from Senior Capitalized Interest for such Fiscal Year;

(ii) if all or any portion or portions of an Outstanding Series of Senior Bonds, or Unissued Senior Program Bonds constitute Balloon Indebtedness (excluding Senior Program Bonds or Unissued Senior Program Bonds to which subsection (vi) applies), then, for purposes of determining Aggregate Annual Debt Service, each maturity which constitutes Balloon Indebtedness will, unless otherwise provided in the Supplemental Senior Indenture pursuant to which such Balloon Indebtedness is issued or unless provision (iii) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service payments commencing not later than the year following the year in which such Balloon Indebtedness was issued, and extending not later than 30 years from the date such Balloon Indebtedness was originally issued; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Department, or if the Department fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Senior Bonds of a corresponding term issued under the Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Series of Senior Bonds, Unissued Senior Program Bonds or Senior Program Bonds only a portion of which constitutes Balloon Indebtedness, the remaining portion will be treated as described in (i) above or such other provision of this definition as will be applicable and, with respect to any Series, Unissued Senior Program Bonds or Senior Program Bonds or that portion of a Series thereof which constitutes Balloon Indebtedness, all payments of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness will be treated as described in (i) above or such other provision of this definition as will be applicable;

(iii) any maturity of Senior Bonds which constitutes Balloon Indebtedness as described in provision (ii) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation is made, will be assumed to become due and payable on the stated maturity date and provision (ii) above will not apply thereto unless there is delivered to the entity making the calculation a certificate of an Authorized Representative stating that the Department intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Department is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Indebtedness will be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms will be used for purposes of calculating Senior Aggregate Annual Debt Service, provided that such assumption will not result in an amortization period longer than or an interest rate lower than that which would be assumed under provision (ii) above;

(iv) if any Outstanding Senior Bonds (including Senior Program Bonds then issued and Outstanding) or any Senior Bonds which are then proposed to be issued constitute Senior Tender Indebtedness, then, for purposes of determining Senior Aggregate Annual Debt Service, Senior Tender Indebtedness will be treated as if (a) the principal amount of such Senior Bonds were to be amortized over a term of not more than 30 years commencing in the year in which such Series is first subject to tender and with substantially level Senior Annual Debt Service payments and extending not later than 30 years from the date such Senior Tender Indebtedness was originally issued, provided, however, notwithstanding the previous provisions of this clause (a), any principal amortization schedule set forth in a Supplemental Senior Indenture (including, but not limited to, any mandatory sinking fund redemption schedule) will be applied to determine the principal amortization of such Senior Bonds; (b) the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Department, or if the Department fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Senior Bonds of a corresponding term issued under the Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; and (c) with respect to all principal and interest payments becoming due prior to the year in which such Senior Tender Indebtedness is first subject to tender, such payments will be treated as described in (i) above unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date will be determined as provided in (v) or (vi) below, as appropriate;

(v) if any Outstanding Senior Bonds constitute Variable Rate Senior Indebtedness, including obligations described in subsection (viii)(b) to the extent it applies (except to the extent subsection (ii) or (iii) relating to Balloon Indebtedness or (iv) relating to Senior Tender Indebtedness or subsection (viii)(a) relating to Synthetic Fixed Rate Debt applies), the interest rate used for such computation will be the rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Department or if the Department fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Senior Bonds of a corresponding term issued under the Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(vi) with respect to any Senior Program Bonds or Unissued Senior Program Bonds (other than a Senior Commercial Paper Program) (a) debt service on Senior Program Bonds then Outstanding will be determined in accordance with such of the foregoing provisions of this definition as will be applicable, and (b) with respect to Unissued Senior Program Bonds, it will be assumed that the full principal amount of such Unissued Senior Program Bonds will be amortized over a term certified by an Authorized Representative at the time the initial Senior Program Bonds of such Senior Program are issued to be the expected duration of such Senior Program or, if such expectations have changed, over a term certified by an Authorized Representative to be the expected duration of such Senior Program at the time of such calculation, but not to exceed 30 years from the date the initial Senior Program Bonds of such Senior Program are issued and it will be assumed that debt service will be paid in substantially level Senior Annual Debt Service payments over such assumed term; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Department, or if the Department fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Senior Bonds of a corresponding term issued under the Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(vii) debt service on Senior Repayment Obligations, to the extent such obligations constitute Senior Bonds under the Master Senior Indenture, will be calculated as provided in Master Senior Indenture;

(viii) (a) for purposes of computing the Senior Aggregate Annual Debt Service of Senior Bonds which constitute Synthetic Fixed Rate Debt, the interest payable thereon will, if the Board elects, be that rate payable by the Board as provided for by the terms of the Swap or the net interest rate payable by the Board pursuant to offsetting indices, as applicable, or if the Board does not elect such rate, then it will be deemed to be the fixed interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Department or if the Department fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Senior Bonds of a corresponding term issued under the Master Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(b) for purposes of computing the Senior Aggregate Annual Debt Service of Senior Bonds with respect to which a Swap has been entered into whereby the Board has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Senior Bonds to which such Swap pertains will be included in the calculation of Senior Aggregate Annual Debt Service, and the interest rate with respect to such Senior Bonds will be the sum of that rate as determined in accordance with subsection (v) relating to Variable Rate Senior Indebtedness plus the difference between the interest rate on the Senior Designated Debt and the rate received from the Swap Provider;

(c) for purposes of computing the Senior Aggregate Annual Debt Service of Senior Bonds with respect to which a Swap in the form of an "interest rate cap" (or a similarly structured financial arrangement) has been entered into by the Board, the interest payable thereon will be the lower of (y) the effective capped rate provided by the terms of the Swap and (z) the fixed interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Department or if the Department fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Senior Bonds of a corresponding term issued under the Master Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(ix) if moneys, Senior Permitted Investments or any other amounts not included in Pledged Revenues have been used to pay or have been irrevocably deposited with and are held by the Senior Trustee or another fiduciary to pay or Senior Capitalized Interest has been set aside exclusively to be used to pay principal and/or interest on specified Senior Bonds, then the principal and/or interest to be paid from such moneys, Senior Permitted Investments, other amounts not include in Pledged Revenues or Senior Capitalized Interest or from the earnings thereon will be disregarded and not included in calculating Senior Aggregate Annual Debt Service;

(x) with respect to any Senior Commercial Paper Program which has been Implemented and not then terminated or with respect to any Senior Commercial Paper Program then proposed to be Implemented, the principal and interest thereon will be calculated as if the entire Senior Authorized Amount of such Senior Commercial Paper Program were to be amortized over a term of 30 years commencing in the year in which such Senior Commercial Paper Program is Implemented and with substantially level Senior Annual Debt Service payments; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by *The Bond Buyer*, or if that index is no longer published, another similar index selected by the Department, or if the Department fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed rate Senior Bonds of a corresponding term issued under the Senior Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Senior Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; and

(xi) if Passenger Facility Charges, Customer Facility Charges, state and/or federal grants or other moneys not included in Pledged Revenues have been irrevocably committed or are held by the Senior Trustee or another fiduciary and are to be set aside exclusively to be used to pay principal and/or interest on specified Senior Bonds, then the principal and/or interest to be paid from such Passenger Facility Charges, Customer Facility Charges, state and/or federal grants or other moneys not included in Pledged Revenues or from earnings thereon will be disregarded (unless such Passenger Facility Charges, Customer Facility Charges, state and/or federal grants or other moneys are included in the definition of Pledged Revenues) and not included in calculating Senior Aggregate Annual Debt Service.

"*Senior Aggregate Annual Debt Service For Reserve Requirement*" means the computation of Senior Aggregate Annual Debt Service with respect to all Outstanding Senior Bonds participating in the Senior Reserve Fund or all Outstanding Senior Bonds participating in a separately created Senior Debt Service Reserve Fund, as the case may be, in the then current or any future Fiscal Year with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Senior Aggregate Annual Debt Service For Reserve Requirement, the annual debt service with respect to any Variable Rate Indebtedness will, upon the issuance of such Series, be calculated on the basis of the assumptions set forth in subsection (v) of the definition of Senior Aggregate Annual Debt Service, and the amount so determined will not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series. For purposes of the Senior Aggregate Annual Debt Service For Reserve Requirement, the annual debt service requirements assumed at the time of issuance of a Series of Senior Bonds containing Balloon Indebtedness or Senior Tender Indebtedness will not, with respect to such Series, require subsequent increases.

"*Senior Annual Debt Service*" means, with respect to any Senior Bond, the aggregate amount of principal and interest becoming due and payable during any Fiscal Year, and if a Senior Qualified Swap is in effect for such Senior Bond, plus the amount payable by the Department (or the Senior Trustee) under the Senior Qualified Swap in accordance with the terms thereof, less any amount to be received by the Department from the Senior Qualified Swap Provider pursuant to the Senior Qualified Swap, calculated using the principles and assumptions set forth in the definition of Senior Aggregate Annual Debt Service. Principal of and/or interest on Senior Bonds paid during any Fiscal Year with Passenger Facility Charges, Customer Facility Charges, state and/or federal grants, Senior Capitalized Interest or other moneys not included in Pledged Revenues, or from earnings thereon, will be disregarded (unless such Passenger Facility Charges, Customer Facility Charges, state and/or federal grants, Senior Capitalized Interest or other moneys are included in Pledged Revenues) and not included in calculating Senior Annual Debt Service.

"*Senior Authorized Amount*" means, when used with respect to Senior Bonds, including Senior Program Bonds, the maximum Senior Principal Amount of Senior Bonds which is then authorized by a resolution or Supplemental Senior Indenture adopted by the Board pursuant to the Master Senior Indenture to be Outstanding at any one time under the terms of such Senior Program or Supplemental Senior Indenture. If the maximum Senior Principal Amount of Senior Bonds or Senior Program Bonds authorized by a preliminary resolution or form of Supplemental Senior Indenture approved by the Board pursuant to the Master Senior Indenture exceeds the maximum Senior Principal Amount of Senior Bonds set forth in the final resolution of sale adopted by the Board or in the definitive Supplemental Senior Indenture executed and delivered by the Board pursuant to which such Bonds are issued or such Senior Program is established, the Senior Principal Amount of such Senior Bonds or Senior Program Bonds as is set forth in said final resolution of sale or in the definitive Supplemental Senior Indenture as executed and delivered by the Department will be deemed to be the "*Senior Authorized Amount*." Notwithstanding the provisions of this definition of "*Senior Authorized Amount*," in connection with clauses (a) and (b) under the section entitled "– Additional Senior Bonds" in APPENDIX C-2 – "SUMMARY OF THE MASTER SENIOR INDENTURE" below and the calculation of Senior Maximum Aggregate Annual Debt Service and Senior Aggregate Annual Debt Service with respect to a Senior Commercial Paper Program, "*Senior Authorized Amount*" will mean the total amount available (utilized and unutilized, if applicable) under a Credit Facility entered into with respect to such Senior Commercial Paper Program and the total amount of Senior Commercial Paper Notes that may be issued pursuant to an Unenhanced Senior Commercial Paper Program.

"*Senior Bond*" or "*Senior Bonds*" means any debt obligation of the Department issued under and in accordance with the provisions of the Master Senior Indenture, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper and other instruments creating an indebtedness of the Department, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and Senior Repayment Obligations to the extent provided in the Master Senior Indenture. The term "*Senior Bond*" or "*Senior Bonds*" does not include any Subordinated Obligation or Third Lien Obligation; provided, however, that the Board may provide in a Supplemental Senior Indenture that Subordinated Obligations or Third Lien Obligations may be issued thenceforth pursuant to the Master Senior Indenture having the terms applicable to the Senior Bonds, except that such Subordinated Obligations or Third Lien Obligations will be junior and subordinate in payment of such Subordinated Obligations or Third Lien Obligations from the Net Pledged Revenues. The term "*Senior Bond*" and "*Senior Bonds*" includes Senior Program Bonds.

"*Senior Capitalized Interest*" means proceeds of Senior Bonds or other moneys not included in Pledged Revenues that are deposited with the Senior Trustee in a Senior Debt Service Fund as described in a Supplemental Senior Indenture upon issuance of such Senior Bonds that are to be used to pay interest on Senior Bonds.

"*Senior Commercial Paper Program*" means a Senior Program authorized by the Board pursuant to which Commercial Paper will be issued and reissued from time to time, up to the Authorized Amount of such Senior Program.

"*Senior Construction Fund*" means any of the Senior Construction Funds authorized to be created pursuant to the Master Senior Indenture.

"*Senior Debt Service Fund*" or "*Senior Debt Service Funds*" means a Senior Debt Service Fund or any of the Senior Debt Service Funds required to be created by the Master Senior Indenture.

"*Senior Debt Service Reserve Fund*" means any Senior Debt Service Reserve Fund (other than the Senior Reserve Fund) created by the Department pursuant to a Supplemental Senior Indenture in connection with the issuance of any Series of Senior Bonds and that is required to be funded for the purpose of providing additional security for such Series of Senior Bonds and under certain circumstances to provide additional security for such other designated Series of Senior Bonds issued pursuant to the terms of the Master Senior Indenture and as specified in any Supplemental Senior Indenture.

"*Senior Debt Service Reserve Fund Surety Policy*" means an insurance policy or surety bond, or a letter of credit (other than a Senior Reserve Fund Surety Policy) deposited with the Senior Trustee for the credit of a Senior Debt Service Reserve Fund created for one or more series of Outstanding Senior Bonds in lieu of or partial substitution for cash or securities on deposit therein. Except as otherwise provided in a Supplemental Senior Indenture, the entity providing such Senior Debt Service Reserve Fund Surety Policy will be rated, at the time such instrument is provided, in one of the two highest long-term Rating Categories by both Moody's if Moody's is then maintaining a rating on the Senior Bonds and S&P if S&P is then maintaining a rating on the Senior Bonds.

"*Senior Designated Debt*" means a specific indebtedness designated by the Department with the intent that the risks associated with such debt be offset with a Swap, such specific indebtedness to include all or any part of a Series of Senior Bonds.

"*Senior Event of Default*" means any occurrence or event specified as a "Senior Event of Default" in the Senior Indenture. See APPENDIX C-2 – "SUMMARY OF THE MASTER SENIOR INDENTURE – Senior Events of Default and Remedies" below.

"*Senior Indenture*" means the Master Senior Indenture, together with all Supplemental Senior Indentures.

"*Senior Investment Agreement*" means an investment agreement or guaranteed investment contract (i) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term Rating Category (if the term of the Investment Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Investment Agreement is three years or longer) by two or more Rating Agencies or (ii) which investment agreement or guaranteed investment contract is fully secured by obligations described in item (1) or (2) of the definition of Senior Permitted Investments which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (B) held by the Senior Trustee (who may not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Senior Trustee, (C) subject to a perfected first lien on behalf of the Senior Trustee, and (D) free and clear from all third party liens.

"*Senior Maximum Aggregate Annual Debt Service*" means the maximum amount of Senior Aggregate Annual Debt Service with respect to all Senior Bonds, Unissued Senior Program Bonds, the Senior Authorized Amount of all Senior Bonds then proposed to be issued in the then current or any future Fiscal Year.

"*Senior Maximum Aggregate Annual Debt Service For Reserve Requirement*" means the computation of Senior Maximum Aggregate Annual Debt Service with respect to all Outstanding Senior Bonds participating in the Senior Reserve Fund or all Outstanding Senior Bonds participating in a separately created Senior Debt Service Reserve Fund, as the case may be, in the then current or any future Fiscal Year with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Senior Maximum Aggregate Annual Debt Service For Reserve Requirement, the annual debt service with respect to any Variable Rate Indebtedness will, upon the issuance of such Series, be calculated on the basis of the assumptions set forth in subsection (v) of the definition of Senior Aggregate Annual Debt Service, and the amount so determined will not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series. For purposes of the Senior Maximum Aggregate Annual Debt Service For Reserve Requirement, the annual debt service requirements assumed at the time of issuance of a Series of Senior Bonds containing Balloon Indebtedness or Senior Tender Indebtedness will not, with respect to such Series, require subsequent increases.

"*Senior Notes*" means Senior Bonds issued under the provisions of the Master Senior Indenture which have a maturity of one year or less from their date of original issuance and which are not part of a Senior Commercial Paper Program.

"*Senior Paying Agent*" or "*Senior Paying Agents*" means, with respect to the Senior Bonds or any Series of Senior Bonds, the banks, trust companies or other financial institutions or other entities designated in a Supplemental Senior Indenture or a resolution of the Department as the place where such Senior Bonds will be payable.

"*Senior Permitted Investments*" means, to the extent permitted to be invested by the Department by applicable law, the Charter and investment policy of the City, any of the following:

(1) Government Obligations,

(2) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: Federal Home Loan Bank System; Export Import Bank of the United States; Federal Financing Bank; Government National Mortgage Association; Federal National Mortgage Association; Student Loan Marketing Association; Federal Farm Credit Bureau; Farmers Home Administration; Federal Home Loan Mortgage Corporation; and Federal Housing Administration;

(3) Direct and general long term obligations of any state, which obligations are rated in either of the two highest Rating Categories by two or more Rating Agencies;

(4) Direct and general short term obligations of any state, which obligations are rated in the highest Rating Category by two or more Rating Agencies;

(5) Interest bearing demand or time deposits (including certificates of deposit) or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC") or by savings and loan associations that are members of the FDIC, which deposits or interests must either be (a) continuously and fully insured by FDIC and with banks that are rated in (y) the highest short-term Rating Category by two or more Rating Agencies or (z) either of the two highest long-term Rating Categories by two or more Rating Agencies or (b) fully secured by obligations described in items (1) or (2) of this definition of Senior Permitted Investments, which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (ii) held by the Senior Trustee (who may not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Senior Trustee, (iii) subject to a perfected first lien in favor of the Senior Trustee, and (iv) free and clear from all third party liens;

(6) Long term or medium term corporate debt guaranteed by any corporation that is rated by two or more Rating Agencies in either of the two highest Rating Categories;

(7) Repurchase agreements which are (a) entered into with banks or trust companies organized under state law, national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and which either are members of the Security Investors Protection Corporation or with a dealer or parent holding company that has an investment grade rating from two or more of the Rating Agencies, and (b) fully secured by investments specified in items (1) or (2) of this definition of Senior Permitted Investments, which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements, (ii) held by the Senior Trustee (who may not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Senior Trustee, (iii) subject to a perfected first lien in favor of the Senior Trustee and (iv) free and clear from all third party liens;

(8) Prime commercial paper of a United States corporation, finance company or banking institution rated in the highest short-term Rating Category by two or more Rating Agencies;

(9) Shares of a diversified open end management investment company (as defined in the Investment Company Act of 1940, as amended) or shares in a regulated investment company (as defined in Section 851(a) of the Code) that is (a) a money market fund that has been rated in one of the two highest Rating Categories by one or more of the Rating Agencies, or (b) a money market fund or account

of the Senior Trustee or any state or federal bank that is rated in (i) the highest short-term Rating Category by two or more Rating Agencies or (ii) either of the two highest long-term Rating Categories by two or more Rating Agencies, or whose own bank holding company parent is rated in (y) the highest short-term Rating Category by two or more Rating Agencies or (z) either of the two highest long-term Rating Categories by two or more Rating Agencies or that has a combined capital and surplus of not less than $50,000,000;

(10) Investment Agreements; and

(11) Any other type of investment consistent with City policy in which the Department directs the Senior Trustee to invest provided that there is delivered to the Senior Trustee a certificate of an Authorized Representative stating that each of the Rating Agencies then maintaining a rating on the Senior Bonds has been informed of the proposal to invest in such investment.

"*Senior Principal Amount*" or "*Senior principal amount*" means, as of any date of calculation, (i) with respect to any Capital Appreciation Senior Bond, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), (ii) with respect to any Original Issue Discount Senior Bond, the Accreted Value thereof, unless the Supplemental Senior Indenture under which such Senior Bond was issued will specify a different amount, in which case, the terms of the Supplemental Senior Indenture will control, and (iii) with respect to any other Senior Bonds, the principal amount of such Senior Bond payable at maturity.

"*Senior Program*" means a financing program, including but not limited to a Senior Commercial Paper Program, (i) which is authorized and the terms thereof approved by a resolution adopted by the Board and the items required under the Master Senior Indenture have been filed with the Senior Trustee, (ii) wherein the Board has authorized the issuance, from time to time, of notes, commercial paper or other indebtedness in an Senior Authorized Amount, and (iii) the Senior Authorized Amount of which has met the additional bonds test set forth in Master Senior Indenture and the Outstanding amount of which may vary from time to time, but not exceed the Senior Authorized Amount.

"*Senior Program Bonds*" means Senior Bonds issued and Outstanding pursuant to a Senior Program, other than Unissued Senior Program Bonds.

"*Senior Qualified Swap*" means any Swap (a) whose Senior Designated Debt is all or part of a particular Series of Senior Bonds; (b) whose Swap Provider is a Senior Qualified Swap Provider or has been a Senior Qualified Swap Provider within the 60 day period preceding the date on which the calculation of Senior Annual Debt Service or Senior Aggregate Annual Debt Service is being made; (c) which has a term not greater than the term of the Senior Designated Debt or to a specified mandatory tender or redemption of such Senior Designated Debt; (d) which has been designated in writing to the Senior Trustee by the Department as a Senior Qualified Swap with respect to such Senior Bonds; and (e) which has been approved by S&P, if S&P has an outstanding rating on any Senior Bonds, and Moody's, if Moody's has an outstanding rating on the Senior Bonds.

"*Senior Qualified Swap Provider*" means a financial institution (a) whose senior long-term debt obligations, or whose obligations under any Senior Qualified Swap are guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least "Aa," in the case of Moody's and "AA," in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (b) whose obligations under any Senior Qualified Swap are fully secured by obligations described in items (1) or (2) of the definition of Senior Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Senior Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Senior Trustee, (iii) subject to a perfected first lien on behalf of the Senior Trustee, and (iv) free and clear from all third-party liens.

"*Senior Registrar*" means, with respect to the Senior Bonds or any Series of Senior Bonds, the bank, trust company or other entity designated in a Supplemental Senior Indenture or a resolution of the Board to perform the function of Senior Registrar under the Master Senior Indenture or any Supplemental Senior Indenture, and which bank, trust company or other entity has accepted the position in accordance with the Master Senior Indenture.

"*Senior Repayment Obligations*" means an obligation arising under a written agreement of the Department and a Credit Provider pursuant to which the Department agrees to reimburse the Credit Provider for amounts paid through a Credit Facility to be used to pay debt service on any Senior Bonds or an obligation arising under a written agreement of the Department and a Liquidity Provider pursuant to which the Department agrees to reimburse the Liquidity Provider for amounts paid through a Liquidity Facility to be used to purchase Senior Bonds.

"*Senior Reserve Fund*" means the trust fund created pursuant to the Master Senior Indenture and that is required to be funded for the purpose of providing additional security for the Outstanding Senior Bonds issued pursuant to the terms of the Senior Indenture and as specified in any Supplemental Senior Indenture as participating in the Senior Reserve Fund. As of the date of this Official Statement, all of the Outstanding Senior Bonds participate in the Senior Reserve Fund.

"*Senior Reserve Fund Surety Policy*" means an insurance policy or surety bond, or a letter of credit, deposited with the Senior Trustee for the credit of the Senior Reserve Fund in lieu of or partial substitution for cash or securities on deposit therein. The entity providing such Senior Reserve Fund Surety Policy will be rated, at the time such instrument is provided, in one of the two highest Rating Categories by both Moody's if Moody's is then maintaining a rating on the Senior Bonds and S&P if S&P is then maintaining a rating on the Senior Bonds.

"*Senior Reserve Requirement*" means, except as otherwise provided in a Supplemental Senior Indenture, an amount equal to the least of (i) Senior Maximum Aggregate Annual Debt Service For Reserve Requirement for all Series of Senior Bonds participating in the Senior Reserve Fund or for all Series of Senior Bonds participating in a separately created Senior Debt Service Reserve Fund created pursuant to a Supplemental Senior Indenture, as the case may be, (ii) ten percent of the principal amount of the Senior Bonds that have been issued and are participating in the Senior Reserve Fund or the Senior Bonds that have been issued and are participating in a separately created Senior Debt Service Reserve Fund created pursuant to a Supplemental Senior Indenture, as the case may be, less the amount of original issue discount with respect to any Senior Bond if such original issue discount exceeded 2% on such Senior Bond at the time of its original sale and (iii) 125% of the average Senior Aggregate Annual Debt Service For Reserve Requirement for all Series of Senior Bonds participating in the Senior Reserve Fund or for all Series of Senior Bonds participating in a separately created Senior Debt Service Reserve Fund created pursuant to a Supplemental Senior Indenture, as the case may be.

"*Senior Swap Termination Payment*" means an amount payable by the Department or a Qualified Swap Provider, in accordance with a Senior Qualified Swap, to compensate the other party to the Senior Qualified Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Senior Qualified Swap.

"*Senior Tender Indebtedness*" means any Senior Bonds or portions of Senior Bonds a feature of which is an option and/or an obligation on the part of the Bondholders, under the terms of such Senior Bonds, to tender all or a portion of such Senior Bonds to the Department, the Senior Trustee, the Senior Paying Agent or other fiduciary or agent or Credit Provider for payment or purchase and requiring that such Senior Bonds or portions of Senior Bonds be purchased if properly presented.

"*Senior Trustee*" means 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, N.A., as trustee until a successor replaces it and, thereafter, means such successor.

"*Serial Senior Bonds*" means Senior Bonds for which no sinking installment payments are provided.

"*Serial Subordinate Obligations*" means Subordinate Obligations for which no sinking installment payments are provided.

"*Series*" or "*series*" means (a) with respect to Senior Bonds, Senior Bonds designated as a separate Series by a Supplemental Senior Indenture and, with respect to Senior Program Bonds or a Senior Commercial Paper Program, means the full Senior Authorized Amount of such program, regardless of when or whether issued, unless portions thereof are, by Supplemental Senior Indenture, designated as separate Series; and (b) with respect to Subordinate Obligations, Subordinate Obligations designated as a separate Series by a Supplemental Subordinate Indenture and, with respect to Subordinate Program Obligations or a Subordinate Commercial Paper Program, means the full Subordinate Authorized Amount of such program, regardless of when or whether issued, unless portions thereof are, by Supplemental Subordinate Indenture, designated as a separate Series.

"*Series 2015A Senior Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Revenue Bonds, 2015 Series A.

"*Series 2015D Senior Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Revenue Bonds, 2015 Series D.

"*Series 2016C Senior Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Refunding Revenue Bonds, 2016 Series C (Federally Taxable).

"*Series 2018B Senior Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Refunding Revenue Bonds, 2018 Series B.

"*Series 2020A Senior Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Refunding Revenue Bonds, 2020 Series A.

"*Series 2020B Senior Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Refunding Revenue Bonds, 2020 Series B.

"*Series 2020C Senior Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Revenue Bonds, 2020 Series C.

"*Series 2020D Senior Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Revenue Bonds, 2020 Series D.

"*Series 2022G Senior Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Revenue Bonds, 2022 Series G (Private Activity/AMT) (Green Bonds).

"*Series 2022H Senior Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Revenue Bonds, 2022 Series H (Private Activity/AMT).

"*Series 2022I Senior Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Revenue Bonds, 2022 Series I (Governmental Purpose/Non-AMT (Green Bonds).

"*Series 2009C Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2009 Series C (Federally Taxable – Build America Bonds – Direct Payment to Issuer).

"*Series 2010C Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2010 Series C (Federally Taxable – Build America Bonds – Direct Payment to Issuer).

"*Series 2016A Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2016 Series A.

"*Series 2016B Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2016 Series B.

"*Series 2017A Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2017 Series A.

"*Series 2017B Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2017 Series B.

"*Series 2018A Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2018 Series A.

"*Series 2018C Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2018 Series C.

"*Series 2018D Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2018 Series D.

"*Series 2018E Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2018 Series E.

"*Series 2019A Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2019 Series A.

"*Series 2019B Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2019 Series B.

"*Series 2019C Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2019 Series C.

"*Series 2019D Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2019 Series D.

"*Series 2019E Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2019 Series E.

"*Series 2019F Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2019 Series F.

"*Series 2021A Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2021 Series A (Private Activity/AMT).

"*Series 2021B Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2021 Series B (Governmental Purpose/Non-AMT).

"*Series 2021C Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2021 Series C (Federally Taxable).

"*Series 2021D Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2021 Series D (Private Activity/AMT).

"*Series 2021E Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2021 Series E (Federally Taxable).

"*Series 2022A Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2022 Series A (Private Activity/AMT).

"*Series 2022B Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2022 Series B (Governmental Purpose/Non-AMT).

"*Series 2022C Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2022 Series C (Private Activity/AMT).

"*Series 2022D Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2022 Series D (Private Activity/AMT).

"*Series 2022E Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2022 Series E (Governmental Purpose/Non-AMT).

"*Series 2022F Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2022 Series F (Federally Taxable).

"*Series 2023A Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2023 Series A (Private Activity/AMT).

"*Series 2023B Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2023 Series B (Governmental Purpose/Non-AMT).

"*Series 2025A Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2025 Series A (Private Activity/AMT) (Green Bonds).

"*Series 2025B Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2025 Series B (Private Activity/AMT).

"*Series 2025C Subordinate Bonds*" means the Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2025 Series C (Governmental Purpose/Non-AMT).

"*Series 2025D Subordinate Bonds*" means the $971,325,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Twenty-Seventh Supplemental Subordinate Indenture and designated "Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2025 Series D (Governmental Purpose/Non-AMT) (Green Bonds)."

"*Series 2025DEF Subordinate Bonds*" means, collectively, the Series 2025D Subordinate Bonds, the Series 2025E Subordinate Bonds and the Series 2025F Subordinate Bonds.

"*Series 2025E Subordinate Bonds*" means the $285,085,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Twenty-Seventh Supplemental Subordinate Indenture and designated "Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2025 Series E (Governmental Purpose/Non-AMT)."

"*Series 2025F Subordinate Bonds*" means the $74,800,000 original principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and the Twenty-Seventh Supplemental Subordinate Indenture and designated "Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2025 Series F (Private Activity/AMT)."

"*Significant Portion*" means, for purposes of the Master Senior Indenture, any LAX Airport Facilities or portions thereof which, if such facilities had been sold or disposed of by the Department at the beginning of an annual period which includes the month of commencement of the 12-month period ending on the day of such disposition would have resulted in a reduction in Net Pledged Revenues for such annual period of more than 4% when the actual Net Pledged Revenues for such annual period are decreased by the Pledged Revenues directly attributable to such LAX Airport Facilities and increased by the expenses of the Department directly attributable to such LAX Airport Facilities. The Department will notify each of the Rating Agencies that have been requested by the Department to maintain a rating on the Senior Bonds or Subordinate Obligations, and that are then maintaining a rating on any of the Senior Bonds or Subordinate Obligations, prior to the selling or disposing of a Significant Portion of any LAX Airport Facilities or portions thereof.

"*Specified LAX Project*" means a Project at Los Angeles International Airport or a group of alternative Projects which are described in a certificate of an Authorized Representative delivered to the Consultant preparing the certificates described in the additional bonds tests under the Master Senior Indenture and the Master Subordinate Indenture, as the case may be, the revenues and expenses of which Project or of the alternative Projects are to be taken into account by such Consultant in preparing the certificate described in the additional bonds tests under the Master Senior Indenture and the Master Subordinate Indenture, as the case may be.

"*State*" means the State of California.

"*Subordinate Aggregate Annual Debt Service*" means for any Fiscal Year the aggregate amount of Subordinate Annual Debt Service on all Outstanding Subordinate Obligations and Unissued Subordinate Program Obligations. For purposes of calculating Subordinate Aggregate Annual Debt Service, the following components of debt service will be computed as follows:

(a) in determining the principal due in each year, payment will (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Subordinate Obligations and Unissued Subordinate Program Obligations in accordance with any amortization schedule established by the governing documents setting forth the terms of such Subordinate Obligations, including, as a principal payment, the Accreted Value of any Capital Appreciation Subordinate Obligations or Original Issue Discount Subordinate Obligations maturing or scheduled for redemption in such year; in determining the interest due in each year, interest payable at a fixed rate will (except to the extent subsection (b), (c) or (d) of this definition applies) be assumed to be made at such fixed rate and on the required payment dates; provided, however, that interest payable on the Subordinate Obligations will be excluded to the extent such payments are to be paid from Subordinate Capitalized Interest for such Fiscal Year;

(b) if all or any portion or portions of an Outstanding Series of Subordinate Obligations or Unissued Subordinate Program Obligations constitute Balloon Indebtedness, then, for purposes of determining Subordinate Aggregate Annual Debt Service, each maturity which constitutes Balloon Indebtedness will, unless otherwise provided in the Supplemental Subordinate Indenture pursuant to which such Balloon Indebtedness is issued or unless provision (c) of this definition then applies to such maturity, be treated as if it were to be amortized over a term of not more than 30 years and with substantially level annual debt service payments commencing not later than the year following the year in which such Balloon Indebtedness was issued, and extending not later than 30 years from the date such Balloon Indebtedness was originally issued; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Department, or if the Department fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Series of Subordinate Obligations, Unissued Subordinate Program Obligations or Subordinate Program Obligations, only a portion of which constitutes Balloon Indebtedness, the remaining portion will be treated as described in (a) above or such other provision of this definition as will be applicable and, with respect to any Series, Unissued Subordinate Program Obligations or Subordinate Program Obligations, or that portion of a Series thereof which constitutes Balloon Indebtedness, all payments of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness will be treated as described in (a) above or such other provision of this definition as will be applicable;

(c) any maturity of Subordinate Obligations which constitutes Balloon Indebtedness as described in provision (b) of this definition and for which the stated maturity date occurs within 12 months from the date such calculation of Subordinate Aggregate Annual Debt Service is made, will be assumed to become due and payable on the stated maturity date and provision (b) above will not apply thereto unless there is delivered to the entity making the calculation of Subordinate Aggregate Annual Debt Service a certificate of an Authorized Representative stating that the Department intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Department is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Indebtedness will be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms will be used for purposes of calculating Subordinate Aggregate Annual Debt Service, provided that such assumption will not result in an interest rate lower than that which would be assumed under provision (b) above and will be amortized over a term of not more than 30 years from the date of refinancing;

(d) if any Outstanding Subordinate Obligations (including Subordinate Program Obligations) or any Subordinate Obligations which are then proposed to be issued constitute

Subordinate Tender Indebtedness, then, for purposes of determining Subordinate Aggregate Annual Debt Service, Subordinate Tender Indebtedness will be treated as if (i) the principal amount of such Subordinate Obligations were to be amortized over a term of not more than 30 years commencing in the year in which such Series is first subject to tender and with substantially level Subordinate Annual Debt Service payments and extending not later than 30 years from the date such Subordinate Tender Indebtedness was originally issued, provided, however, notwithstanding the previous provisions of this clause (i), any principal amortization schedule set forth in a Supplemental Subordinate Indenture (including, but not limited to, any mandatory sinking fund redemption schedule) will be applied to determine the principal amortization of such Subordinate Obligations; (ii); the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Department, or if the Department fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes; and (iii) with respect to all principal and interest payments becoming due prior to the year in which such Subordinate Tender Indebtedness is first subject to tender, such payments will be treated as described in (a) above unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date will be determined as provided in (e) or (f) below, as appropriate;

(e) if any Outstanding Subordinate Obligations constitute Variable Rate Indebtedness, including obligations described in subsection (h)(ii) to the extent it applies (except to the extent subsection (b) or (c) relating to Balloon Indebtedness or (d) relating to Subordinate Tender Indebtedness or subsection (h)(i) relating to Synthetic Fixed Rate Debt applies), the interest rate used for such computation will be the rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Department, or if the Department fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes;

(f) with respect to any Subordinate Program Obligations or Unissued Subordinate Program Obligations (other than a Subordinate Commercial Paper Program) (i) debt service on such Subordinate Program Obligations then Outstanding will be determined in accordance with such of the foregoing provisions of this definition as will be applicable, and (ii) with respect to Unissued Subordinate Program Obligations, it will be assumed that the full principal amount of such Unissued Subordinate Program Obligations will be amortized over a term certified by an Authorized Representative at the time the initial Subordinate Program Obligations of such Subordinate Program are issued to be the expected duration of such Subordinate Program or, if such expectations have changed, over a term certified by an Authorized Representative to the expected duration of such Subordinate Program at the time of such calculation, but not to exceed 30 years from the date of the initial issuance of such Subordinate Program Obligations and it will be assumed that debt service will be paid in substantially level Subordinate Annual Debt Service payments over such assumed term; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Department, or if the Department fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes;

(g) debt service on Subordinate Repayment Bonds, to the extent such obligations constitute Subordinate Obligations under the Master Subordinate Indenture, will be calculated as provided in the Master Subordinate Indenture;

(h) (i) for purposes of computing the Subordinate Aggregate Annual Debt Service of Subordinate Obligations which constitute Synthetic Fixed Rate Debt, the interest payable thereon will, if the Department elects, be that rate payable by the Department as provided for by the terms of the Swap or the net interest rate payable by the Department pursuant to offsetting indices, as applicable, or if the Department does not elect such rate, then it will be deemed to be the fixed interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Department, or if the Department fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Master Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes;

(ii) for purposes of computing the Subordinate Aggregate Annual Debt Service of Subordinate Obligations with respect to which a Swap has been entered into whereby the Department has agreed to pay the floating variable rate thereunder, no fixed interest rate amounts payable on the Subordinate Obligations to which such Swap pertains will be included in the calculation of Subordinate Aggregate Annual Debt Service, and the interest rate with respect to such Subordinate Obligations will be the sum of that rate as determined in accordance with subsection (e) relating to Variable Rate Indebtedness plus the difference between the interest rate on the Subordinate Designated Debt and the rate received from the Swap Provider;

(iii) for purposes of computing the Subordinate Aggregate Annual Debt Service of Subordinate Obligations with respect to which a Swap in the form of an "interest rate cap" (or a similarly structured financial arrangement) has been entered into by the Department, the interest payable thereon will be the lower of (A) the effective capped rate provided by the terms of the Swap and (B) the fixed interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Department or if the Department fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Master Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes;"

(i) with respect to any Subordinate Commercial Paper Program which has been Implemented and not then terminated or with respect to any Subordinate Commercial Paper Program then proposed to be Implemented, the principal and interest thereon will be calculated as if the entire Subordinate Authorized Amount of such Implemented Subordinate Commercial Paper Program were to be amortized over a term of 30 years commencing in the year in which such Subordinate Commercial Paper Program is Implemented and with substantially level annual debt service payments; the interest rate used for such computation will be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Department, or if the Department fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed-rate Subordinate Obligations of a corresponding term issued under the Subordinate Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes;

(j) if moneys, Subordinate Permitted Investments or any other amounts not included in Subordinate Pledged Revenues have been used to pay or have been irrevocably deposited with and are held by the Subordinate Trustee or another fiduciary to pay or Subordinate Capitalized Interest has been set aside exclusively to be used to pay principal and/or interest on specified Subordinate Obligations, then the principal and/or interest to be paid from such moneys, Subordinate Permitted Investments, other amounts not included in Subordinate Pledged Revenues or Subordinate Capitalized Interest or from the earnings thereon will be disregarded and not included in calculating Subordinate Aggregate Annual Debt Service; and;

(k) if Passenger Facility Charges, Customer Facility Charges, state and/or federal grants or other moneys not included in Subordinate Pledged Revenues have been irrevocably committed or are held by the Subordinate Trustee or another fiduciary and are to be set aside exclusively to be used to pay principal and/or interest on specified Subordinate Obligations, then the principal and/or interest to be paid from such Passenger Facility Charges, Customer Facility Charges, state and/or federal grants or other moneys not included in Subordinate Pledged Revenues or from earnings thereon will be disregarded (unless such Passenger Facility Charges, Customer Facility Charges, state and/or federal grants or other moneys are included in Pledged Revenues) and not included in calculating Subordinate Aggregate Annual Debt Service.

"*Subordinate Aggregate Annual Debt Service For Reserve Requirement*" means the computation of Subordinate Aggregate Annual Debt Service for a Subordinate Debt Service Reserve Fund with respect to all Outstanding Subordinate Obligations participating in an identified Subordinate Debt Service Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Subordinate Aggregate Annual Debt Service For Reserve Requirement for the respective Subordinate Debt Service Reserve Fund, for a Series of Subordinate Obligations, the annual debt service with respect to any Variable Rate Indebtedness will, upon the issuance of such Series participating in a Subordinate Debt Service Reserve Fund, be calculated on the basis of the assumptions set forth in subsection (e) of the definition of Subordinate Aggregate Annual Debt Service, and the amount so determined will not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series. For purposes of the Subordinate Aggregate Annual Debt Service For Reserve Requirement, the annual debt service requirements assumed at the time of issuance of a Series of Subordinate Obligations containing Balloon Indebtedness or Subordinate Tender Indebtedness will not, with respect to such Series, require subsequent increases.

"*Subordinate Annual Debt Service*" means, with respect to any Subordinate Obligation, the aggregate amount of principal and interest becoming due and payable during any Fiscal Year, and if a Subordinate Qualified Swap is in effect for such Subordinate Obligation, plus the amount payable by the Department (or the Subordinate Trustee) under the Subordinate Qualified Swap in accordance with the terms thereof, less any amount to be received by the Department from the Subordinate Qualified Swap Provider pursuant to the Subordinate Qualified Swap, calculated using the principles and assumptions set forth in the definition of Subordinate Aggregate Annual Debt Service. Principal of and/or interest on Subordinate Obligations paid during any Fiscal Year with Passenger Facility Charges, Customer Facility Charges, state and/or federal grants, Subordinate Capitalized Interest or other moneys not included in Subordinate Pledged Revenues, or from earnings thereon, will be disregarded (unless such Passenger Facility Charges, Customer Facility Charges, state and/or federal grants, Subordinate Capitalized Interest or other moneys are included in Pledged Revenues) and not included in calculating Subordinate Annual Debt Service.

"*Subordinate Authorized Amount*" means, when used with respect to Subordinate Obligations, including Subordinate Program Obligations, the maximum Subordinate Principal Amount of Subordinate Obligations which is then authorized by a resolution or Supplemental Subordinate Indenture adopted by the Board pursuant to the Master Subordinate Indenture to be Outstanding at any one time under the terms of such Subordinate Program or Supplemental Subordinate Indenture. If the maximum Subordinate Principal Amount of Subordinate Obligations or Subordinate Program Obligations authorized by a preliminary resolution or form of Supplemental Subordinate Indenture approved by the Board pursuant to the Master Subordinate Indenture exceeds the maximum Subordinate Principal Amount of Subordinate Obligations set forth in the final resolution of sale adopted by the Board or in the definitive Supplemental Subordinate Indenture executed and delivered by the Department pursuant to which such Subordinate Obligations are issued or such Subordinate Program is established, the Subordinate Principal Amount of such Subordinate Obligations or Subordinate Program Obligations as is set forth in said final resolution of sale or in the definitive Supplemental Subordinate Indenture as executed and delivered by the Department will be deemed to be the "*Subordinate Authorized Amount*." Notwithstanding the provisions of this definition of "*Subordinate Authorized Amount*," in connection with the issuance of additional Subordinate Obligations and the calculation of Subordinate Maximum Aggregate Annual Debt Service and Subordinate Aggregate Annual Debt Service with respect to a Subordinate Commercial Paper Program, "*Subordinate Authorized Amount*" means the total amount available (utilized and unutilized, if applicable) under a Credit Facility entered into with respect to such Subordinate Commercial Paper Program and the total amount of Commercial Paper Notes that may be issued pursuant to an Unenhanced Subordinate Commercial Paper Program.

"*Subordinate Capitalized Interest*" means proceeds of Subordinate Obligations or other moneys not included in Subordinate Pledged Revenue that are deposited with the Subordinate Trustee in a Subordinate Debt Service Fund as will be described in a Supplemental Subordinate Indenture upon issuance of such Subordinate Obligations that are to be used to pay interest on Subordinate Obligations.

"*Subordinate Commercial Paper Notes*" means the commercial paper notes issued on parity with the other Subordinate Obligations from time to time under the terms of the Subordinate Indenture, designated the "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) and Series D (Private Activity – Non-AMT)," which may be issued from time to time pursuant to the Subordinate Indenture in an aggregate principal amount not to exceed $500,000,000 at any one time.

"*Subordinate Commercial Paper Program*" means a Subordinate Program authorized by the Board pursuant to which Commercial Paper will be issued and reissued from time to time, up to the Authorized Amount of such Subordinate Program.

"*Subordinate Construction Fund*" means any of the Subordinate Construction Funds authorized to be created as provided by the Master Subordinate Indenture.

"*Subordinate Debt Service Fund*" or "*Subordinate Debt Service Funds*" means a Subordinate Debt Service Fund or any of the Subordinate Debt Service Funds required to be created as provided in the Master Subordinate Indenture.

"*Subordinate Debt Service Reserve Fund*" means any Subordinate Debt Service Reserve Fund created by the Department pursuant to a Supplemental Subordinate Indenture in connection with the issuance of any Series of Subordinate Obligations and that is required to be funded for the purpose of providing additional security for such Series of Subordinate Obligations and under certain circumstances to provide additional security for such other designated Series of Subordinate Obligations issued pursuant to the terms of the Master Subordinate Indenture and as specified in any Supplemental Subordinate Indenture.

"*Subordinate Debt Service Reserve Fund Surety Policy*" means an insurance policy or surety bond, or a letter of credit, deposited with the Subordinate Trustee for the credit of the Subordinate Debt Service Reserve Fund created for one or more Series of Outstanding Subordinate Obligations in lieu of or partial substitution for cash or securities on deposit therein. Except as otherwise provided in a Supplemental Subordinate Indenture, the entity providing such Subordinate Debt Service Reserve Fund Surety Policy will be rated, at the time such instrument is provided, in one of the two highest long-term Rating Categories by one or more of the Rating Agencies.

"*Subordinate Designated Debt*" means a specific indebtedness designated by the Department in which such debt will be offset with a Swap, such specific indebtedness to include all or any part of a Series or multiple Series of Subordinate Obligations.

"*Subordinated Obligation*" means any bond, note or other debt instrument issued or otherwise entered into by the Department which ranks junior and subordinate to the Senior Bonds and which may be paid from moneys constituting Pledged Revenues only if all LAX Maintenance and Operation Expenses and amounts of principal and interest which have become due and payable on the Senior Bonds whether by maturity, redemption or acceleration have been paid in full and the Department is current on all payments, if any, required to be made to replenish the Senior Reserve Fund and any Senior Debt Service Reserve Fund. "*Subordinated Obligations*" are not Senior Bonds for purposes of the Master Senior Indenture; provided, however, that the Department may henceforth by Supplemental Senior Indenture elect to have the provisions of the Master Senior Indenture applicable to the Senior Bonds apply to the Subordinated Obligations issued thereunder, except that such Subordinated Obligations will be secured on a junior and subordinate basis to the Senior Bonds from the Net Pledged Revenues. No bond, note or other instrument of indebtedness will be deemed to be a "*Subordinated Obligation*" for purposes of the Master Senior Indenture and payable on a subordinated basis from Net Pledged Revenues unless specifically designated by the Department as a "*Subordinated Obligation*" in a Supplemental Senior Indenture or other written instrument. In connection with any Subordinated Obligation with respect to which a Swap is in effect or proposes to be in, the term "*Subordinated Obligation*" includes, collectively, both such Subordinated Obligation and either such Swap or the obligations of the Department under each such Swap, as the context requires. The term "*Subordinated Obligations*" also includes a Swap or the obligations of the Department under such Swap which has been entered into in connection with a Subordinated Obligation, as the context requires, although none of the Subordinated Obligations with respect to which such Swap was entered into remain outstanding. The term "*Subordinated Obligation*" includes any Senior Swap Termination Payment under a Senior Qualified Swap with respect to any Senior Bonds payable on parity with Subordinated Obligations.

"*Subordinate Event of Default*" means any occurrence or event specified as a "Subordinate Event of Default" in the Subordinate Indenture. See APPENDIX C-4 – "SUMMARY OF THE MASTER SUBORDINATE INDENTURE – Subordinate Events of Default and Remedies" below.

"*Subordinate Indenture*" means the Master Subordinate Indenture, together with all Supplemental Subordinate Indentures.

"*Subordinate Investment Agreement*" means an investment agreement or guaranteed investment contract (a) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term Rating Category (if the term of the Subordinate Investment Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Subordinate Investment Agreement is three years or longer) by one or more of the Rating Agencies, or (b) which investment agreement or guaranteed investment contract is fully secured by obligations described in items (a) and (b) of the definition of Subordinate Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Subordinate Trustee (who will not be the provider of the collateral) or by any Federal

Reserve Bank or a depository acceptable to the Subordinate Trustee, (iii) subject to a perfected first lien on behalf of the Subordinate Trustee, and (iv) free and clear from all third-party liens.

"*Subordinate Maximum Aggregate Annual Debt Service*" means the maximum amount of Subordinate Aggregate Annual Debt Service with respect to all Subordinate Obligations, Unissued Subordinate Program Obligations, and the Subordinate Authorized Amount of all Subordinate Obligations then proposed to be issued in the then current or any future Fiscal Year.

"*Subordinate Maximum Aggregate Annual Debt Service For Reserve Requirement*" means the computation of Subordinate Maximum Aggregate Annual Debt Service for a Subordinate Debt Service Reserve Fund with respect to all Outstanding Subordinate Obligations participating in an identified Subordinate Debt Service Reserve Fund in the then current or any future Fiscal Year, with such modifications in the assumptions thereof as is described in this definition. For purposes of determining the Subordinate Maximum Aggregate Annual Debt Service For Reserve Requirement for the respective Subordinate Debt Service Reserve Fund, for a Series of Subordinate Obligations the annual debt service with respect to any Variable Rate Indebtedness will, upon the issuance of such Series participating in an identified Subordinate Debt Service Reserve Fund, be calculated on the basis of the assumptions set forth in subsection (e) of the definition of Subordinate Aggregate Annual Debt Service, and the amount so determined will not require adjustment thereafter except as appropriate to reflect reductions in the outstanding principal amount of such Series. For purposes of the Subordinate Maximum Aggregate Annual Debt Service For Reserve Requirement, the annual debt service requirements assumed at the time of issuance of a Series of Subordinate Obligations containing Balloon Indebtedness or Subordinate Tender Indebtedness will not, with respect to such Series, require subsequent increases.

"*Subordinate Notes*" means Subordinate Obligations issued under the provisions of the Master Subordinate Indenture which have a maturity of one year or less from their original date of issue and which are not part of a Subordinate Commercial Paper Program.

"*Subordinate Obligation*" or "*Subordinate Obligations*" means any debt obligation of the Department issued as a taxable or tax-exempt obligation under and in accordance with the provisions of the Master Subordinate Indenture, including, but not limited to, bonds, notes, bond anticipation notes, commercial paper and other instruments creating an indebtedness of the Department, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and Subordinate Repayment Obligations to the extent provided in the Master Subordinate Indenture. The terms "*Subordinate Obligation*" and "*Subordinate Obligations*" do not include any Third Lien Obligation; provided, however, the Department may provide in a Supplemental Subordinate Indenture that Third Lien Obligations may be issued thenceforth pursuant to the Master Subordinate Indenture having the terms applicable to the Subordinate Obligations, except that such Third Lien Obligations will be junior and subordinate in payment of such Third Lien Obligations from the Subordinate Pledged Revenues. The terms "*Subordinate Obligation*" and "*Subordinate Obligations*" include Subordinate Program Obligations. The Series 2025DEF Subordinate Bonds are Subordinate Obligations.

"*Subordinate Paying Agent*" or "*Subordinate Paying Agents*" means, with respect to the Subordinate Obligations or any Series of Subordinate Obligations, the banks, trust companies or other financial institutions or other entities designated in a Supplemental Subordinate Indenture or a resolution of the Department as the place where such Subordinate Obligations will be payable. The Subordinate Trustee will act as the Subordinate Paying Agent with respect to the Series 2025DEF Subordinate Bonds.

"*Subordinate Permitted Investments*" means to the extent permitted to be invested by the Department by applicable law, the Charter and investment policy of the City, any of the following:

(a) Government Obligations;

(b) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Financing Bank; Government National Mortgage Association; Federal National Mortgage Association; Student Loan Marketing Association; Federal Farm Credit Bureau; Farmers Home Administration; Federal Home Loan Mortgage Corporation; and Federal Housing Administration;

(c) direct and general long-term obligations of any state, which obligations are rated in either of the two highest Rating Categories by two or more Rating Agencies;

(d) direct and general short-term obligations of any state, which obligations are rated in the highest Rating Category by two or more Rating Agencies;

(e) interest-bearing demand or time deposits (including certificates of deposit) or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC") or by savings and loan associations that are members of the FDIC, which deposits or interests must either be (i) continuously and fully insured by FDIC and with banks that are rated in (y) the highest short-term Rating Category by two or more Rating Agencies or (z) either of the two highest long-term Rating Categories by two or more Rating Agencies or (ii) fully secured by obligations described in items (a) or (b) of this definition of Subordinate Permitted Investments which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (B) held by the Subordinate Trustee (who may not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Subordinate Trustee, (C) subject to a perfected first lien in favor of the Subordinate Trustee, and (D) free and clear from all third party liens;

(f) long-term or medium-term corporate debt guaranteed by any corporation that is rated by two or more Rating Agencies in either of the two highest Rating Categories;

(g) repurchase agreements which are (i) entered into with banks or trust companies organized under state law, national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and which either are members of the Security Investors Protection Corporation or with a dealer or parent holding company that has an investment grade rating from two or more of the Rating Agencies; and (ii) fully secured by investments specified in items (a) or (b) of this definition of Subordinate Permitted Investments which are (A) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements; (B) held by the Subordinate Trustee (who may not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Subordinate Trustee; (C) subject to a perfected first lien in favor of the Subordinate Trustee; and (D) free and clear from all third-party liens;

(h) prime commercial paper of a United States corporation, finance company or banking institution rated in the highest short-term Rating Category by two or more Rating Agencies;

(i) shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940, as amended) or shares in a regulated investment company (as defined in Section 851(a) of the Code) that is (i) a money market fund that has been rated in one of the two highest Rating Categories by one or more of the Rating Agencies, or (ii) a money market fund or account of the Subordinate Trustee or any state or federal bank that is rated in (A) the highest short-term Rating Category by two or more Rating Agencies or (B) either of the two highest long-term Rating Categories by two or more Rating Agencies, or whose own bank holding company parent is rated in (y) the highest short-term Rating Category by two or more Rating Agencies or (z) either of the two highest long-term

Rating Categories by two or more Rating Agencies, or that has a combined capital and surplus of not less than $50,000,000;

(j) Investment Agreements; and

(k) any other type of investment consistent with City policy in which the Department directs the Subordinate Trustee to invest; provided that there is delivered to the Subordinate Trustee a certificate of an Authorized Representative stating that each of the Rating Agencies then maintaining a rating on the Subordinate Obligations has been informed of the proposal to invest in such investment.

"*Subordinate Pledged Revenues*" means 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 Senior Aggregate Annual Debt Service or the Senior Annual Debt Service, as applicable, on the Outstanding Senior Bonds, less, for such period, deposits to any reserve fund or account required pursuant to Senior Indenture as described under the paragraph labeled THIRD under the caption APPENDIX C-2 – "SUMMARY OF THE MASTER SENIOR INDENTURE – Withdrawals from LAX Revenue Account."

"*Subordinate Principal Amount*" or "*Subordinate principal amount*" means, as of any date of calculation, (a) with respect to any Capital Appreciation Subordinate Obligations, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), (b) with respect to any Original Issue Discount Subordinate Obligations, the Accreted Value thereof, unless the Supplemental Subordinate Indenture under which such Subordinate Obligation was issued will specify a different amount, in which case, the terms of the Supplemental Subordinate Indenture will control, and (c) with respect to any other Subordinate Obligations, the principal amount of such Subordinate Obligation payable at maturity.

"*Subordinate Program*" means a financing program identified in a Supplemental Subordinate Indenture, including but not limited to a Subordinate Commercial Paper Program, (a) which is authorized and the terms thereof approved by a resolution adopted by the Board and the items required under the Master Subordinate Indenture have been filed with the Subordinate Trustee, (b) wherein the Board has authorized the issuance, from time to time, of notes, bonds, commercial paper or other indebtedness in a Subordinate Authorized Amount, and (c) the Subordinate Authorized Amount of which has met the additional bonds test set forth in the Master Subordinate Indenture and the Outstanding amount of which may vary from time to time, but not exceed the Subordinate Authorized Amount.

"*Subordinate Program Obligations*" means Subordinate Obligations issued and Outstanding pursuant to a Subordinate Program, other than Unissued Subordinate Program Obligations.

"*Subordinate Qualified Swap*" means any Swap (a) whose Subordinate Designated Debt is all or part of a particular Series of Subordinate Obligations; (b) whose Swap Provider is a Subordinate Qualified Swap Provider or has been a Subordinate Qualified Swap Provider within the 60 day period preceding the date on which the calculation of Subordinate Annual Debt Service or Subordinate Aggregate Annual Debt Service is being made; (c) which has a term not greater than the term of the Subordinate Designated Debt or to a specified mandatory tender or redemption of such Subordinate Designated Debt; (d) which has been designated in writing to the Subordinate Trustee by the Department as a Subordinate Qualified Swap with respect to such Subordinate Obligations; and (e) which has been approved by S&P, if S&P has an outstanding rating on any Subordinate Obligations, and Moody's, if Moody's has an outstanding rating on the Subordinate Obligations.

"*Subordinate Qualified Swap Provider*" means a financial institution (a) whose senior long-term debt obligations, or whose obligations under any Subordinate Qualified Swap are guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, are rated at least "Aa," in the case of Moody's and "AA," in the case of S&P, or the equivalent thereto in the case of any successor thereto, or (b) whose obligations under a Subordinate Qualified Swap are fully secured by obligations described in items

(a) or (b) of the definition of Subordinate Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Subordinate Trustee (who will not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Subordinate Trustee, (iii) subject to a perfected first lien on behalf of the Subordinate Trustee, and (iv) free and clear from all third-party liens.

"*Subordinate Registrar*" means, with respect to the Subordinate Obligation or any Series of Subordinate Obligations, the bank, trust company or other entity designated in a Supplemental Subordinate Indenture or a resolution of the Board to perform the function of Subordinate Registrar under the Master Subordinate Indenture or any Supplemental Subordinate Indenture, and which bank, trust company or other entity has accepted the position in accordance with the Master Subordinate Indenture. The Subordinate Trustee will act as the Subordinate Registrar with respect to the Series 2025DEF Subordinate Bonds.

"*Subordinate Repayment Obligatio*ns" means an obligation arising under a written agreement of the Department and a Credit Provider pursuant to which the Department agrees to reimburse the Credit Provider for amounts paid through a Credit Facility to be used to pay debt service on any Subordinate Obligations and all other amounts due and owing to a Credit Provider under a Credit Facility, or an obligation arising under a written agreement of the Department and a Liquidity Provider pursuant to which the Department agrees to reimburse the Liquidity Provider for amounts paid through a Liquidity Facility to be used to purchase Subordinate Obligations and all other amounts due and owing to a Liquidity Provider under a Liquidity Facility.

"*Subordinate Reserve Fund*" means the Subordinate Debt Service Reserve Fund of such designation created under the Fourth Supplemental Subordinate Indenture as security for any Subordinate Obligations which may participate in the Subordinate Reserve Fund as provided in Fourth Supplemental Subordinate Indenture. The Department will specify in the Twenty-Seventh Supplemental Subordinate Indenture that the Series 2025DEF Subordinate Bonds will participate in the Subordinate Reserve Fund.

"*Subordinate Reserve Requirement*" means an amount equal to the least of (a) Subordinate Maximum Aggregate Annual Debt Service for Reserve Requirement for all Subordinate Obligations participating in the Subordinate Reserve Fund, (b) 10% of the principal amount of the Subordinate Obligations that have been issued and are participating in the Subordinate Reserve Fund, less the amount of original issue discount with respect to such Subordinate Obligations if such original issue discount exceeded 2% on such Subordinate Obligations at the time of their original sale, and (c) 125% of the average Subordinate Aggregate Annual Debt Service for Reserve Requirement for all Subordinate Obligations participating in the Subordinate Reserve Fund.

"*Subordinate Revolving Obligations*" means the revolving obligations issued on parity with the other Subordinate Obligations from time to time under the terms of the Subordinate Indenture, designated the "Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Revolving Obligations," which may be issued and/or incurred, from time to time, pursuant to the Subordinate Indenture in an aggregate principal amount not to exceed $500,000,000 at any one time.

"*Subordinate Swap Termination Payment*" means an amount payable by the Department or a Qualified Swap Provider, in accordance with a Subordinate Qualified Swap, to compensate the other party to the Subordinate Qualified Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Subordinate Qualified Swap.

"*Subordinate Tender Indebtedness*" means any Subordinate Obligations or portions of Subordinate Obligations a feature of which is an option and/or an obligation on the part of the holders, under the terms of such Subordinate Obligations, to tender all or a portion of such Subordinate Obligations to the Department, the Subordinate Trustee, the Subordinate Paying Agent or other fiduciary or agent or Credit Provider for payment or purchase and requiring that such Subordinate Obligations or portions of Subordinate Obligations be purchased if properly presented.

"*Subordinate Trustee*" means U.S. Bank Trust Company, National Association, as successor in interest to U.S. Bank National Association, until a successor replaces it and, thereafter, means such successor.

"*Supplemental Senior Indenture*" means any document supplementing or amending the Master Subordinate Indenture or providing for the issuance of Senior Bonds and entered into as provided in the Master Senior Indenture.

"*Supplemental Subordinate Indenture*" means any document supplementing or amending the Master Subordinate Indenture or providing for the issuance of Subordinate Obligations and entered into as provided in the Master Subordinate Indenture.

"*Swap*" means any financial arrangement between the Department and a Swap Provider which provides that (a) each of the parties will pay to the other an amount or amounts calculated as if such amount were interest accruing during the term of the arrangement at a specified rate (whether fixed or a variable rate or measured against some other rate or index) on a Senior Designated Debt or a Subordinate Designated Debt, as the case may be, and payable from time to time or at a designated time or times (whether before, during or after the term of the arrangement); (b) if such amount is to be paid *before* it is deemed to have accrued, the amount paid will reflect the present value of such future amount (i.e., an upfront premium), while an amount to be paid *after* it is deemed to have accrued will reflect the time value of such funds; (c) payment dates and calculated accrual rates need not be the same for each payor, but to the extent payment dates coincide, the arrangement may (but need not) provide that one will pay to the other any net amount due under such arrangement. Swap will include, but not be limited to, (i) caps, floors and collars, (ii) forward rate, future rate, swap (such swap may be based on an amount equal either to the principal amount of such Senior Bonds or Subordinate Obligations as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Senior Bonds or Subordinate Obligations, as applicable), asset, index, price or market-linked transactions or agreements, (iii) other exchange or rate protection transaction agreements, (iv) other similar transactions (however designated), or (v) any combination thereof, or any option with respect thereto, in each case executed by the Department for the purpose of moderating interest rate fluctuations, reducing debt service costs or creating either fixed interest rate Senior Bonds or fixed interest rate Subordinate Obligations, or Variable Rate Indebtedness on a synthetic basis or otherwise.

"*Swap Provider*" means a party to a Swap with the Department.

"*Synthetic Fixed Rate Debt*" means indebtedness issued by the Department which: (a) is combined, as Senior Designated Debt or Subordinate Designated Debt, as the case may be, with a Senior Qualified Swap or a Subordinate Qualified Swap, respectively, and creates, in the opinion of a Consultant, a substantially fixed-rate maturity or maturities for a term not exceeding such maturity or maturities, or (b) consisting of an arrangement in which two inversely related variable-rate securities are issued in equal principal amounts with interest based on off-setting indices resulting in a combined payment which is economically equivalent to a fixed rate.

"*Tax Compliance Certificate*" means the certificate of the Department prepared by Bond Counsel and delivered by the Department at the time of issuance and delivery of any Series or Senior Bonds or Subordinate Obligations, as the case may be, the interest on which is excluded from gross income for federal income tax purposes pursuant to a favorable opinion of such Bond Counsel, making certifications and representations of the Department as to the status of such Senior Bonds or Subordinate Obligations, as the case may be, under the Code.

"*Term Senior Bonds*" means Senior Bonds of a series which are payable on or before their specified maturity dates from sinking installment payments established pursuant to the Supplemental Senior Indenture for such series for that purpose and calculated to retire the Senior Bonds on or before their specified maturity dates.

"*Term Subordinate Obligations*" means Subordinate Obligations of a Series which are payable on or before their specified maturity dates from sinking installment payments established pursuant to the Supplemental Subordinate Indenture for such Series for that purpose and calculated to retire the Subordinate Obligations on or before their specified maturity dates.

"*Third Lien Obligation*" means any bond, note or other debt instrument issued or otherwise entered into by the Board which ranks junior and subordinate to the Senior Bonds and the Subordinated Obligations and which may be paid from moneys constituting Pledged Revenues only if all LAX Maintenance and Operation Expenses and amounts of principal and interest which have become due and payable on the Senior Bonds and the Subordinated Obligations whether by maturity, redemption or acceleration have been paid in full and the Board is current on all payments, if any, required to be made to replenish the Senior Reserve Fund, any Senior Debt Service Reserve Fund and any debt service reserve fund(s) established for the Subordinated Obligations. "*Third Lien Obligations*" are not Senior Bonds for purposes of the Master Senior Indenture; provided, however, that the Board may henceforth by Supplemental Senior Indenture elect to have the provisions of the Master Senior Indenture applicable to the Senior Bonds apply to the Third Lien Obligations issued thereunder, except that such Third Lien Obligations will be secured on a junior and subordinate basis to the Senior Bonds and the Subordinated Obligations from the Net Pledged Revenues. No bond, note or other instrument of indebtedness will be deemed to be a "*Third Lien Obligation*" for purposes of the Master Senior Indenture and payable on a subordinated basis from Net Pledged Revenues unless specifically designated by the Board as a "*Third Lien Obligation*" in a Supplemental Senior Indenture or other written instrument. In connection with any Third Lien Obligation with respect to which a Swap is in effect or proposes to be in effect, the term "*Third Lien Obligation*" includes, collectively, both such Third Lien Obligation and either such Swap or the obligations of the Board under each such Swap, as the context requires. The term "*Third Lien Obligations*" also includes a Swap or the obligations of the Board under such Swap which has been entered into in connection with a Third Lien Obligation, as the context requires, although none of the Third Lien Obligations with respect to which such Swap was entered into remain outstanding. The term "*Third Lien Obligation*" includes any Senior Swap Termination Payment under a Senior Qualified Swap with respect to any Senior Bonds or Subordinated Obligations payable on parity with Third Lien Obligations.

"*Transfer*" means for any Fiscal Year the amount of unencumbered funds on deposit or anticipated to be on deposit, as the case may be, on the first day of such Fiscal Year in the LAX Revenue Account (after all deposits and payments required by paragraphs FIRST through NINTH described under the caption APPENDIX C-2 – "SUMMARY OF THE MASTER SENIOR INDENTURE – Withdrawals from LAX Revenue Account" have been made as of the last day of the immediately preceding Fiscal Year).

"*Treasurer*" means the Treasurer of the City as set forth in the Charter.

"*Twenty-Seventh Supplemental Subordinate Indenture*" means the Twenty-Seventh Supplemental Subordinate Trust Indenture, to be dated as of April 1, 2025, by and between the Department and the Subordinate Trustee.

"*Unenhanced Senior Commercial Paper Program*" will be a Senior Commercial Paper Program that is authorized to be issued without the support of a Credit Facility, provided such Senior Commercial Paper Program has received at least an investment grade short-term rating from two or more of the Rating Agencies.

"*Unenhanced Subordinate Commercial Paper Program*" will be a Subordinate Commercial Paper Program that is authorized to be issued without the support of a Credit Facility, provided such Subordinate Commercial Paper Program has received at least an investment grade short-term rating from two or more of the Rating Agencies.

"*Unissued Senior Program Bonds*" means the bonds, notes or other indebtedness authorized to be issued pursuant to a Senior Program and payable from Net Pledged Revenues, issuable in an amount up to the Senior Authorized Amount relating to such Senior Program, which have been approved for issuance by the Department pursuant to a resolution adopted by the Board and with respect to which Senior Program the items required pursuant to the Master Senior Indenture have been filed with the Senior Trustee but which have not yet been authenticated and delivered pursuant to the Senior Program documents.

"*Unissued Subordinate Program Obligations*" means the bonds, notes or other indebtedness authorized to be issued pursuant to a Subordinate Program and payable from Subordinate Pledged Revenues, issuable in an amount up to the Subordinate Authorized Amount relating to such Subordinate Program, which have been approved for issuance by the Department pursuant to a resolution adopted by the Board and with respect to which Subordinate Program the items required pursuant to the Master Subordinate Indenture have been filed with the Subordinate Trustee but which have not yet been authenticated and delivered pursuant to the Subordinate Program documents.

"*United States Bankruptcy Code*" means Title 11 U.S.C., Section 101 et seq., as amended or supplemented from time to time, or any successor federal act.

"*United States Obligations*" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including, with respect only to direct and general obligations and not to guaranteed obligations, evidences of ownership of proportionate interests in future interest and/or principal payments of such obligations, provided that investments in such proportionate interests must be limited to circumstances wherein: (1) a bank or trust company acts as custodian and holds the underlying United States Obligations; (2) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (3) the underlying United States Obligations are held in a special account separate from the custodian's general assets and are not available to satisfy any claim of the custodian, any person claiming through the custodian or any person to whom the custodian may be obligated. "*United States Obligations*" will include any stripped interest or principal portion of United States Treasury securities and any stripped interest portion of Resolution Funding Corporation securities.

"*Variable Rate Indebtedness*" means any Senior Bond, Senior Bonds, Subordinate Obligation or Subordinate Obligations the interest rate on which is not, at the time in question, fixed to maturity, excluding any commercial paper program.

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APPENDIX C-2

SUMMARY OF THE MASTER SENIOR INDENTURE

In addition to certain information contained under the captions "DESCRIPTION OF THE SERIES 2025DEF SUBORDINATE BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025DEF SUBORDINATE BONDS" in the forepart of this Official Statement, the following is a summary of certain provisions of the Master Senior Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Master Senior Indenture.

See APPENDIX D-1—"AMENDMENTS TO THE MASTER SENIOR INDENTURE" for a description of the Master Senior Indenture Amendments. The Master Senior Indenture Amendments will become effective on the date of issuance of the Series 2025DEF Subordinate Bonds and the defeasance of the Series 2015 Senior Bonds.

Grant to Secure Senior Bonds; Pledge of Net Pledged Revenues

To secure the payment of the interest, principal and premium, if any, on the Senior Bonds and the performance and observance by the Department of all the covenants, agreements and conditions expressed or implied in the Master Senior Indenture or contained in the Senior Bonds, the Department has pledged and assigned to the Senior Trustee and granted to the Senior Trustee a lien on and security interest in all right, title and interest of the Department in and to all of the following and provides that such lien and security interest will be prior in right to any other pledge, lien or security interest created by the Department in the following: (a) the Net Pledged Revenues, (b) all moneys and securities (excluding moneys and securities on deposit in any Rebate Fund) held from time to time by the Senior Trustee under the Master Senior Indenture, moneys and securities held in the Senior Reserve Fund or any Senior Debt Service Reserve Fund and any Senior Reserve Fund Surety Policy or Senior Debt Service Reserve Fund Surety Policy, provided at any time in satisfaction of all or a portion of the Senior Reserve Requirement, and to the extent provided in any Supplemental Senior Indenture moneys and securities held in any Senior Construction Fund whether or not held by the Senior Trustee, (c) earnings on amounts included in provisions (a) and (b) above (except to the extent excluded from the definition of "Pledged Revenues"), and (d) any and all other funds, assets, rights, property or interests therein, of every kind or description which may from time to time hereafter, by delivery or by writing of any kind, be sold, transferred, conveyed, assigned, pledged, mortgaged, granted or delivered to or deposited with the Senior Trustee as additional security hereunder, for the equal and proportionate benefit and security of all Senior Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, will, with respect to the security provided by this Granting Clause, be of equal rank without preference, priority or distinction as to any Senior Bond over any other Senior Bond or Senior Bonds, except as to the timing of payment of the Senior Bonds. Any security or Credit Facility provided for specific Senior Bonds or a specific Series of Senior Bonds may, as provided by Supplemental Senior Indenture, secure only such specific Senior Bonds or Series of Senior Bonds and, therefore, will not be included as security for all Senior Bonds under the Master Senior Indenture and moneys and securities held in trust as provided in the Master Senior Indenture exclusively for Senior Bonds which have become due and payable and moneys and securities which are held exclusively to pay Senior Bonds which are deemed to have been paid under the Master Senior Indenture will be held solely for the payment of such specific Senior Bonds.

Additional Senior Bonds

Additional Senior Bonds may be issued under the Master Senior Indenture on parity with the Outstanding Senior Bonds, provided, among other things, there is delivered to the Senior Trustee either:

(a) a certificate, dated as of a date between the date of pricing of the proposed Additional Senior Bonds being issued and the date of delivery of such proposed Additional Senior Bonds (both dates inclusive), prepared by an Authorized Representative showing that the Net Pledged Revenues, together with any Transfer, for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Additional Senior Bonds or preceding the first issuance of the proposed Senior Program Bonds were at least equal to 125% of Senior Maximum Aggregate Annual Debt Service with respect to all Outstanding Senior Bonds, Unissued Senior Program Bonds and the proposed Additional Senior Bonds, calculated as if the proposed Additional Senior Bonds and the full Senior Authorized Amount of such proposed Senior Program Bonds (as applicable) were then Outstanding; or

(b) a certificate, dated as of a date between the date of pricing of the proposed Additional Senior Bonds being issued and the date of delivery of such proposed Additional Senior Bonds (both dates inclusive), prepared by a Consultant showing that:

(i) the Net Pledged Revenues, together with any Transfer, for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Additional Senior Bonds or the establishment of a Senior Program, were at least equal to 125% of the sum of the Senior Annual Debt Service due and payable with respect to all Outstanding Senior Bonds (not including the proposed Additional Senior Bonds or the proposed Senior Program Bonds) for such Fiscal Year or other applicable period; and

(ii) for the period from and including the first full Fiscal Year following the issuance of such proposed Additional Senior Bonds during which no interest on such Additional Senior Bonds is expected to be paid from the proceeds thereof through and including the later of (A) the fifth full Fiscal Year following the issuance of such Additional Senior Bonds, or (B) the third full Fiscal Year during which no interest on such Additional Senior Bonds is expected to be paid from the proceeds thereof, the estimated Net Pledged Revenues, together with any estimated Transfer, for each such Fiscal Year, will be at least equal to 125% of the Senior Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Senior Bonds, Unissued Senior Program Bonds and the proposed Additional Senior Bonds (calculated as if the proposed Additional Senior Bonds and the full Senior Authorized Amount of such proposed Senior Program Bonds (as applicable) were then Outstanding).

For purposes of subparagraphs (a) and (b) above, the amount of any Transfer taken into account may not exceed 25% of the Senior Annual Debt Service or Senior Aggregate Annual Debt Service, as applicable, on the Outstanding Senior Bonds, Unissued Senior Program Bonds, the proposed Additional Senior Bonds and the full Senior Authorized Amount of such proposed Senior Program Bonds, as applicable, for such applicable Fiscal Year or such other applicable period.

For purposes of subsection (b)(ii) above, in estimating Net Pledged Revenues, the Consultant may take into account (1) Pledged Revenues from Specified LAX Projects or LAX Airport Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Pledged Revenues which have been approved by the Department and will be in effect during the period for which the estimates are provided and (3) any other increases in Pledged Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to LAX Maintenance and Operation Expenses, the Consultant may use such assumptions as the Consultant believes to be reasonable, taking into account: (i) historical LAX Maintenance and Operation Expenses, (ii) LAX Maintenance and Operation Expenses associated with the Specified LAX Projects and any other new LAX Airport Facilities, and (iii) such other factors, including inflation and changing operations or policies of the Department, as the Consultant believes to be appropriate. The Consultant may include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Pledged Revenues and may also set forth the calculations of Senior Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

For purposes of preparing the certificate or certificates described above, the Consultant or Consultants or the Authorized Representative may rely upon financial statements prepared by the Department which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized Representative will certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year-end adjustments.

Neither of the certificates described above under subparagraphs (a) or (b) will be required if:

(1) the Senior Bonds being issued are for the purpose of refunding then Outstanding Senior Bonds and there is delivered to the Senior Trustee, instead, a certificate of an Authorized Representative showing that Senior Aggregate Annual Debt Service for each Fiscal Year after the issuance of the Refunding Senior Bonds will not exceed Senior Aggregate Annual Debt Service for each Fiscal Year prior to the issuance of such Refunding Senior Bonds;

(2) the Senior Bonds being issued constitute Senior Notes and there is delivered to the Senior Trustee, instead, a certificate prepared by an Authorized Representative showing that the principal amount of the proposed Senior Notes being issued, together with the principal amount of any Senior Notes then Outstanding, does not exceed 10% of the Net Pledged Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Senior Notes and there is delivered to the Senior Trustee a certificate of an Authorized Representative showing that for each of the Fiscal Years during which the Senior Notes will be Outstanding, and taking into account the debt service becoming due on such Senior Notes, the Department will be in compliance with the rate covenant under the Master Senior Indenture (as described above under "– Senior Rate Covenant" below); or

(3) if the Senior Bonds being issued are to pay costs of completing a Specified LAX Project for which Senior Bonds have previously been issued and the principal amount of such Senior Bonds being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Senior Bonds originally issued for such Specified LAX Project and reasonably allocable to the Specified LAX Project to be completed as shown in a written certificate of an Authorized Representative and there is delivered to the Senior Trustee (i) a Consultant's certificate stating that the nature and purpose of such Specified LAX Project has not materially changed and (ii) a certificate of an Authorized Representative to the effect that (A) all of the proceeds (including investment earnings on amounts in the Construction Fund allocable to such Specified LAX Project) of the original Senior Bonds issued to finance such Specified LAX Project have been or will be used to pay Costs of the Specified LAX Project, (B) the then estimated Costs of the Specified LAX Project exceed the sum of the Costs of the Specified LAX Project already paid plus moneys available in the Construction Fund established for the Specified LAX Project (including unspent proceeds of the Senior Bonds previously issued for such purpose), and (C) the proceeds to be received from the issuance of such Senior Bonds plus moneys available in the Construction Fund established for the Specified LAX Project (including unspent proceeds of the Senior Bonds previously issued for such purpose) will be sufficient to pay the remaining estimated Costs of the Specified LAX Project.

Senior Repayment Obligations Afforded Status of Senior Bonds

If a Credit Provider or Liquidity Provider makes payment of principal of and/or interest on a Senior Bond or advances funds to purchase or provide for the purchase of Senior Bonds and is entitled to reimbursement thereof, pursuant to a separate written agreement with the Department, but is not reimbursed, the Department's Senior Repayment Obligation under such written agreement may, if so provided in the written agreement, be afforded the status of a Senior Bond issued under the Master Senior Indenture, and, if afforded such status, the Credit Provider or Liquidity Provider will be the Senior Bondholder and such Senior Bond will be deemed to have been issued at the time of the original Senior Bond for which the Credit Facility or Liquidity Facility was provided and will not be subject to the additional bonds test set forth in the Master Senior Indenture; provided, however, the payment terms of the Senior Bond held by the Credit Provider or Liquidity Provider will be as follows (unless otherwise provided in the Supplemental Senior Indenture pursuant to which the Senior Bonds are issued or in the agreement with the Credit Provider or Liquidity Provider): interest will be due and payable semiannually and principal will be due and payable not less frequently than annually and in such annual amounts as to amortize the principal amount thereof in (i) 30 years or, (ii)(a) if shorter, a term extending to the maturity date of the enhanced Senior Bonds or (b) if later, the final maturity of the Senior Repayment Obligation under the written agreement, and providing substantially level Senior Annual Debt Service payments, using the rate of interest set forth in the written repayment agreement which would apply to the Senior Repayment Obligation as of the date such amortization schedule is fixed. The principal amortized as described in the prior sentence will bear interest in accordance with the terms of the Senior Repayment Obligation. Any amount which comes due on the Senior Repayment Obligation by its terms and which is in excess of the amount treated as principal of and interest on a Senior Bond will be payable from Net Pledged Revenues on a basis subordinate to the payment and/or funding of the Senior Bonds and any reserve funds established with respect to the Senior Bonds. This provision will not defeat or alter the rights of subrogation which any Credit Provider or Liquidity Provider may have under law or under the terms of any Supplemental Senior Indenture. The Senior Trustee may conclusively rely on a written certification by the Credit Provider or Liquidity Provider of the amount of such non reimbursement and that such Senior Repayment Obligation is to be afforded the status of a Senior Bond under the Master Senior Indenture.

Obligations Under Qualified Swap; Non-Qualified Swap

The obligation of the Department to make Regularly Scheduled Swap Payments under a Senior Qualified Swap with respect to a Series of Senior Bonds may be on a parity with the obligation of the Department to make payments with respect to such Series of Senior Bonds and other Senior Bonds under the Master Senior Indenture, except as otherwise provided by in the Master Senior Indenture or a Supplemental Senior Indenture with respect to any Senior Swap Termination Payments. The Department may provide in any Supplemental Senior Indenture that Regularly Scheduled Swap Payments under a Senior Qualified Swap will be secured by a pledge of or lien on the Net Pledged Revenues on a parity with the Senior Bonds of such Series and all other Senior Bonds, regardless of the principal amount, if any, of the Senior Bonds of such Series remaining Outstanding. The Senior Trustee will take all action consistent with the other provisions hereof as will be requested in writing by the Senior Qualified Swap Provider necessary to preserve and protect such pledge, lien and assignment and to enforce the obligations of the Department with respect thereto. In the event the action requested to be taken pursuant to the preceding sentence will require the Senior Trustee either to exercise the remedies granted in the Master Senior Indenture or to institute any action, suit or proceeding in its own name, the Senior Qualified Swap Provider will provide to the Senior Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred in connection therewith.

In the event that a Senior Swap Termination Payment or any other amounts other than as described in the previous paragraph are due and payable by the Department under a Senior Qualified Swap, such Senior Swap Termination Payment and any such other amounts will, unless otherwise provided in a Supplemental Senior Indenture, constitute an obligation of the Department payable from Pledged Revenues subordinate to its obligations to pay and/or fund LAX Maintenance and Operation Expenses, the Senior Bonds and any reserve funds established with respect to such Senior Bonds.

Obligations of the Department to make payments, including termination payments, under a Non-Qualified Swap will, unless otherwise provided in a Supplemental Senior Indenture, constitute an obligation of the Department payable from Pledged Revenues subordinate to its obligations to pay and/or fund LAX Maintenance and Operation Expenses, the Senior Bonds and any reserve funds established with respect to such Senior Bonds.

Withdrawals from LAX Revenue Account

(a) Subject to the provisions of the Master Senior Indenture, the Department will cause the Treasurer to separately account for all of the revenues and expenses of each airport under the jurisdiction of the Board and to deposit all the revenues for each individual airport within the Airport System which are received pursuant to the Charter, in its respective revenue account within the Airport Revenue Fund. The Department has covenanted and agreed that all LAX Revenues, when and as received by or on behalf of the Department, will be deposited by the Department in the LAX Revenue Account and will, immediately upon receipt thereof, become subject to the lien and pledge of the Master Senior Indenture. The Department has notified the Treasurer of the pledge of, lien on, and interest in LAX Revenues granted by the Master Senior Indenture and instructed the Treasurer that all such LAX Revenues, are to be accounted for separately and apart from all other revenues, funds, accounts or other resources of the Department or the City. If the Treasurer fails to comply with such instructions, the Department will separately account for all of the revenues and expenses of each airport under the jurisdiction of the Board.

Earnings on the various funds and accounts created under any Supplemental Senior Indenture will be deposited as provided in such Supplemental Senior Indenture, except that (i) during the continuation of a Senior Event of Default earnings on such funds and accounts will be deposited into the Senior Debt Service Funds created under the respective Supplemental Senior Indentures, (ii) earnings on the Senior Construction Funds may, if so provided by Supplemental Senior Indenture, be retained in such Senior Construction Fund, (iii) pursuant to the provisions of the Master Senior Indenture, earnings on the Senior Reserve Fund may be retained in such fund under the conditions therein described, and (iv) earnings on any Senior Debt Service Reserve Fund may, if so provided by Supplemental Senior Indenture, be retained in such fund.

The sums of Pledged Revenues required by the Master Senior Indenture to be so set aside out of the LAX Revenue Account into the specified accounts will be set aside out of said LAX Revenue Account and not out of any other funds or revenues of the Department or the City, except as expressly authorized or permitted by the Department or the City. An Authorized Representative will direct that such sums be set aside through transfers or payments made at such time and in such amounts as may be necessary to comply with the provisions of this section.

The provisions in the Master Senior Indenture regarding the use of the LAX Revenue Account and the establishment of certain accounts therein are made pursuant to Section 635 of the Charter and are intended to be in full compliance therewith and will be so construed.

(b) The amounts of Pledged Revenues credited to the LAX Revenue Account will first be applied as follows and in the order set forth:

FIRST To the payment of LAX Maintenance and Operation Expenses of the Airport System which are payable from LAX Revenues, which include payment to the City for services provided by it to LAX;

SECOND To the payment of amounts required to be deposited in the Senior Debt Service Funds as described in "– Deposits and Withdrawals from the Senior Debt Service Funds" below;

THIRD To the payment of amounts required to be deposited in the Senior Reserve Fund, pursuant to the Master Senior Indenture, or any Senior Debt Service Reserve Fund created pursuant to a Supplemental Senior Indenture;

FOURTH To the payment of debt service on any indebtedness (other than Outstanding Senior Bonds or Third Lien Obligations), including Subordinated Obligations, if any, but only to the extent a specific pledge of Pledged Revenues has been made in writing to the payment debt service on such indebtedness;

FIFTH To the payment of any reserve requirement for debt service for any indebtedness (other than Outstanding Senior Bonds or Third Lien Obligations), including Subordinated Obligations, if any, but only to the extent a specific pledge of Pledged Revenues has been made in writing to the payment of any such reserve requirement on such indebtedness (see APPENDIX C-4 – "SUMMARY OF THE MASTER SUBORDINATE INDENTURE – Deposits and Withdrawals from the Subordinate Debt Service Funds");

SIXTH To the payment of debt service on any indebtedness (other than Outstanding Senior Bonds or Subordinated Obligations), including Third Lien Obligations, if any, but only to the extent a specific pledge of Pledged Revenues has been made in writing to the payment of debt service on such indebtedness;

SEVENTH To the payment of any reserve requirement for debt service for any indebtedness (other than Outstanding Senior Bonds or Subordinated Obligations), including Third Lien Obligations, if any, but only to the extent a specific pledge of Pledged Revenues has been made in writing to the payment of any such reserve requirement on such indebtedness;

EIGHTH To the payment of the amounts required to be deposited in the LAX Maintenance and Operation Reserve Account which are payable from LAX Revenues as determined by the Department pursuant to the Master Senior Indenture;

NINTH To the payment of such amounts as are directed by the Department for discretionary purposes as authorized by the Charter which include capital projects, defraying the expenses of any pension or retirement system applicable to the employees of the Department, defraying the Maintenance and Operation Expenses of the Airport System, for reimbursement to another department or office of the City on account of services rendered, or materials, supplies or equipment furnished to support purposes of the Department and for any other lawful purpose of the Department, but only to the extent any such purposes relate to LAX.

With respect to the application of Pledged Revenues described in subparagraphs FIRST, EIGHTH and NINTH above, the Department need apply only such amount of Pledged Revenues pursuant to the provisions of such subparagraphs as is necessary, after taking into account all other moneys and revenues available to the Department for application for such purposes, to pay the amounts required by such subparagraphs.

Notwithstanding the provisions of the Master Senior Indenture, nothing in the Master Senior Indenture will preclude the Department from making the payments described in paragraphs FIRST through NINTH above from sources other than Pledged Revenues.

Deposits and Withdrawals from the Senior Debt Service Funds

Deposits into the Senior Debt Service Funds. The Senior Trustee will, at least fifteen Business Days prior to each Payment Date on any Senior Bond, give the Department notice by telephone, promptly confirmed in writing, of the amount after taking into account Senior Capitalized Interest, if any, on deposit in the Senior Debt Service Funds, required to be deposited with the Senior Trustee to make each required payment of principal and interest due on such Payment Date. With respect to any Series of Senior Bonds, the Supplemental Senior Indenture under which such Senior Bonds are issued may provide for different times and methods of notifying the Department of payment dates and amounts to accommodate the specific provisions of such Series and, in such event, the terms of such Supplemental Senior Indenture will control.

So long as any of the Senior Bonds are Outstanding, the Authorized Representative will deliver to the Treasurer, at least ten Business Days prior to each Payment Date, as to each Series of Senior Bonds Outstanding, a written demand authenticated by the signature of the Chief Financial Officer requesting that the Treasurer, not later than five Business Days prior to each Payment Date, transfer from the LAX Revenue Account to the Senior

Trustee for deposit in the Senior Debt Service Funds established in respect of each Series of Outstanding Senior Bonds the full amount required to pay the principal of and/or interest on Senior Bonds of that Series due on such Payment Date.

On any day on which the Senior Trustee receives funds from the Treasurer to be used to pay principal of or interest on Senior Bonds, the Senior Trustee will, if the amount received is fully sufficient to pay all amounts of principal and interest then due or becoming due on the next Payment Date, deposit such amounts into the respective Senior Debt Service Funds for the Series of Senior Bonds for which such payments were made and any excess funds will be applied to pay all amounts of principal and interest becoming due on any subsequent Payment Dates. Notwithstanding any of the foregoing provisions of this paragraph, no amount need be transferred from the LAX Revenue Account or otherwise deposited into any Senior Debt Service Fund for any Series of Senior Bonds for the payment of principal or interest, respectively, if the amount already on deposit therein and available for such purpose is sufficient to pay in full the amount of principal and/or interest, respectively, coming due on such Senior Bonds on the next succeeding Payment Date.

The Department may provide in any Supplemental Senior Indenture that, as to any Series of Senior Bonds Outstanding, any amounts required to be transferred to and paid into a Senior Debt Service Fund may be prepaid, in whole or in part, by being earlier transferred to and paid into that Senior Debt Service Fund, and in that event any subsequently scheduled transfer, or any part thereof, which has been so prepaid need not be made at the time appointed therefor. In any Supplemental Senior Indenture, the Department may provide that monies in the redemption account allocable to sinking fund installment payments of a Series may, at the discretion of the Department, be applied to the purchase and cancellation of such Series (at a price not greater than par) prior to notice of redemption of such Series. Such Senior Bonds so delivered or previously redeemed or purchased at the direction of the Department will be credited by the Senior Trustee at the principal amount thereof to the next scheduled sinking installment payments on Senior Bonds of such Series and any excess over the sinking installment payment deposit required on that date will be credited against future sinking installment deposits in such manner and order as the Department may determine in its discretion, and the scheduled principal amount of the Senior Bonds to be redeemed by operation of such sinking installment payments will be accordingly modified in such manner as the Department may determine and as specified to the Senior Trustee in writing.

Money set aside and placed in a Senior Debt Service Fund for any Series of Senior Bonds will remain therein until from time to time expended for the aforesaid purposes thereof and will not be used for any other purpose whatsoever, except that any such money so set aside and placed in a Senior Debt Service Fund may be temporarily invested as provided in the Master Senior Indenture, but such investment will not affect the obligation of the Department to cause the full amount required by the terms of this section to be available in a Senior Debt Service Fund at the time required to meet payments of principal of and interest on Senior Bonds of the Series for which it is accumulated. Earnings on such investments upon written request of the Department may be transferred into the LAX Revenue Account, except that during the continuation of a Senior Event of Default, such earnings will remain in the Senior Debt Service Funds created under the respective Supplemental Senior Indentures.

Each Senior Debt Service Fund established to pay principal of and interest on any Series of Senior Bonds will be held by the Senior Trustee or any agent of the Senior Trustee, and amounts to be used to pay principal and interest on such Series, as received by the Senior Trustee or its agent, will be deposited therein and used for such purpose. Accounts and subaccounts will be created by the Senior Trustee or any agent of the Senior Trustee in the various Senior Debt Service Funds as requested in writing by the Authorized Representative and will be held by the Senior Trustee or such agents as will be provided by Supplemental Senior Indenture.

The moneys in each Senior Debt Service Fund established for any issue or Series will be held in trust and applied as provided herein and in the Supplemental Senior Indenture, and pending the application of such amounts in accordance herewith and with the provisions of such Supplemental Senior Indenture will be subject to a lien on and security interest in favor of the holders of the Outstanding Senior Bonds of such Series.

Withdrawals From Senior Debt Service Funds. On each Payment Date for any Outstanding Senior Bonds, the Senior Trustee will pay to the Owners of the Senior Bonds of a given Series from the appropriate Senior Debt Service Fund or Senior Debt Service Funds, an amount equal to the principal and interest becoming due on such Series of Senior Bonds.

On or before a mandatory redemption date from sinking installment payments for Term Senior Bonds of a Series of Senior Bonds, the Senior Trustee will transfer from the Senior Debt Service Fund to the redemption account for such Series an amount which, together with amounts on deposit therein and available for such purpose, is sufficient to make the sinking installment payment due on such mandatory redemption date. On each date on which Term Senior Bonds of a Series are to be mandatorily redeemed from sinking installment payments, the Senior Trustee will pay to the Owners of Senior Bonds of such Series from the redemption account for such Series, an amount equal to the amount of interest and the principal amount of Term Senior Bonds of such Series to be mandatorily redeemed on such date.

On each date on which Senior Bonds of any Series will otherwise become subject to optional or mandatory redemption (other than from sinking installment payments) in accordance with the provisions of any Supplemental Senior Indenture, the Senior Trustee will pay to the Owners of such Senior Bonds from the redemption account, an amount of interest and principal, and premium, if any, on such Senior Bonds to be mandatorily or optionally redeemed on said date. On or before such redemption date, in accordance with the Supplemental Senior Indenture pursuant to which such Senior Bonds are issued, the Department will have or will have caused to be deposited in the redemption account for such Series, an amount which, together with amounts on deposits therein and available for such purpose, is sufficient to pay the redemption price of such Senior Bonds on such redemption date.

The payments made by the Senior Trustee in this section will be made solely to the extent that moneys are on deposit in the appropriate Senior Debt Service Fund.

All money remaining in a Senior Debt Service Fund on the final Payment Date, in excess of the amount required to make provisions for the payment in full of the interest and/or the principal of the Senior Bonds of the Series for which that Senior Debt Service Fund was established or the payment of amounts required to be rebated, pursuant to the Code, to the United States of America with respect to Senior Bonds of that Series, will be returned to the Department and deposited by the Department in the LAX Revenue Account.

The Senior Trustee will, at least two Business Days prior to each Payment Date on any Senior Bond, or as otherwise directed in any Supplemental Senior Indenture, give the Chief Financial Officer notice by telephone, promptly confirmed in writing, of any additional amount required to be deposited with the Senior Trustee to pay the amount required to be paid on such Payment Date in respect of such Senior Bond, in the event the amount then on deposit in any Senior Debt Service Fund is insufficient to pay the amounts due on any Series of Senior Bonds on such Payment Date. With respect to any Series of Senior Bonds, the Supplemental Senior Indenture under which such Senior Bonds are issued may provide for different times and methods of notifying the Department of payment dates and amounts to accommodate the specific provisions of such Series and, in such event, the terms of such Supplemental Senior Indenture will control.

If, on any Payment Date, the Senior Trustee does not have sufficient amounts in the Senior Debt Service Funds (without regard to any amounts which may be available in the Senior Reserve Fund or any Senior Debt Service Reserve Fund) to pay in full with respect to Senior Bonds of all Series all amounts of principal and/or interest due on such date, the Senior Trustee will allocate the total amount which is available to make payment on such day (without regard to any amounts in the Senior Reserve Fund or any Senior Debt Service Reserve Fund) as follows: first to the payment of past due interest on Senior Bonds of any Series, in the order in which such interest came due, then to the payment of past due principal on Senior Bonds of any Series, in the order in which such principal came due, then to the payment of interest then due and payable on the Senior Bonds of each Series due on such Payment Date and, if the amount available will not be sufficient to pay in full all interest on the Senior Bonds then due, then pro rata among the Series according to the amount of interest then due and second to the payment of principal then due on the Senior Bonds and, if the amount available will not be sufficient to pay in full all principal on the Senior Bonds then due, then pro rata among the Series according to the Principal Amount then due on the Senior Bonds.

If the Senior Reserve Fund or any Senior Debt Service Reserve Fund (or a Credit Facility provided in lieu thereof) have been used to make payments on the Senior Bonds secured thereby, then the Department may be required by Supplemental Senior Indenture to replenish the Senior Reserve Fund or any Senior Debt Service Reserve Fund or reimburse the Credit Provider from Net Pledged Revenues provided that (a) no amount from Net Pledged Revenues may be used for such purpose until all payments of principal of and interest on all Senior Bonds which have become due and payable have been paid in full, (b) the required payments to replenish the Senior Reserve Fund and any Senior Debt Service Reserve Fund or reimburse the Credit Provider will be due in no more than twelve (12) substantially equal monthly installments commencing in the month following any such withdrawal and (c) if the aggregate amount of payments due on any date to replenish the Senior Reserve Fund or any Senior Debt Service Reserve Fund or reimburse the Credit Provider exceeds the amount available for such purposes, the payments made to the Senior Trustee for such purpose will be allocated among the Senior Reserve Fund and any Senior Debt Service Reserve Fund and the Credit Provider pro rata on the basis of the Outstanding Principal Amount of Senior Bonds secured thereby.

Notwithstanding the foregoing, the Department may, by Supplemental Senior Indenture, provide for different provisions and timing of deposits with the Senior Trustee and different methods of paying principal of or interest on Senior Bonds of any Series depending upon the terms of such Series of Senior Bonds and may provide for payment through a Credit Facility with reimbursement to the Credit Provider from the respective Senior Debt Service Fund created for the Series of Senior Bonds for which such Credit Facility is provided.

If Net Pledged Revenues are at any time insufficient to make the deposits required to make payments on the Senior Bonds, the Department may, at its election, pay to the Senior Trustee funds from any available sources with the direction that such funds be deposited into the Senior Debt Service Funds or into a specified account or accounts or subaccount or subaccounts therein.

Senior Reserve Fund

Pursuant to the terms of the Master Senior Indenture, the Department established with the Senior Trustee the "Senior Reserve Fund" for all of the Senior Bonds the Department elects to have participate in the Senior Reserve Fund. The Department has elected to have all of the Outstanding Senior Bonds participate in the Senior Reserve Fund.

Pursuant to the Master Senior Indenture, the Senior Reserve Fund is required to be funded at all times in an amount equal to the Senior Reserve Requirement. The "Senior Reserve Requirement" equals the least of (i) Senior Maximum Aggregate Annual Debt Service for Reserve Requirement with respect to all Senior Bonds participating in the Senior Reserve Fund, (ii) 10% of the principal amount of all Senior Bonds participating in the Senior Reserve Fund, less the amount of original issue discount with respect to the Senior Bonds participating in the Senior Reserve Fund if such original issue discount exceeded 2% on such Senior Bonds at the time of original sale, and (iii) 125% of the average Senior Aggregate Annual Debt Service for Reserve Requirement with respect to all Senior Bonds participating in the Senior Reserve Fund. In the event the Department issues any Additional Senior Bonds pursuant to a Supplemental Senior Indenture under which the Department elects to have such Additional Senior Bonds participate in the Senior Reserve Fund, the Department will be required to deposit an amount, if any, in the Senior Reserve Fund sufficient to cause the amount on deposit in the Senior Reserve Fund to equal the Senior Reserve Requirement.

Moneys or investments held in the Senior Reserve Fund may be used only to pay the principal of and interest on the Senior Bonds participating in the Senior Reserve Fund. Moneys and investments held in the Senior Reserve Fund are not available to pay debt service on the Subordinate Obligations or any Third Lien Obligations. The Senior Reserve Fund may be drawn upon if the amounts in the respective Senior Debt Service

Funds for the Senior Bonds participating in the Senior Reserve Fund are insufficient to pay in full any principal or interest then due on such Senior Bonds. In the event any amounts are required to be withdrawn from the Senior Reserve Fund, such amounts will be withdrawn and deposited pro rata to meet the funding requirements of the Senior Debt Service Funds for the Senior Bonds secured by the Senior Reserve Fund.

The Department may fund all or a portion of the Senior Reserve Requirement with a Senior Reserve Fund Surety Policy. Any such Senior Reserve Fund Surety Policy must either extend to the final maturity of the Series of Senior Bonds for which the Senior Reserve Fund Surety Policy was issued or the Department must agree, by Supplemental Senior Indenture, that the Department will replace such Senior Reserve Fund Surety Policy prior to its expiration with another Senior Reserve Fund Surety Policy, which will have no adverse effect on ratings, if any, then in effect, on the Senior Bonds, or with cash, and the face amount of the Senior Reserve Fund Surety Policy, together with amounts on deposit in the Senior Reserve Fund, including the face amount of any other Senior Reserve Fund Surety Policy, are at least equal to the Senior Reserve Requirement. As of the date of this Official Statement, there are no and there will be no Senior Reserve Fund Surety Policies on deposit in the Senior Reserve Fund.

LAX Maintenance and Operation Reserve Account

The Department has caused the LAX Maintenance and Operation Reserve Account to be maintained with the City Treasury. At the beginning of each Fiscal Year the Department will deposit in the LAX Maintenance and Operation Reserve Account amounts from the LAX Airport Account so that the balance in the LAX Maintenance and Operation Reserve Account as of the first day of such Fiscal Year, will be equal to not less than 25% nor more than 50% of the budgeted LAX Maintenance and Operation Expenses for the current Fiscal Year. Moneys on deposit in the LAX Maintenance and Operation Reserve Account will be used by the Department to pay LAX Maintenance and Operation Expenses in the event there are insufficient moneys in the LAX Revenue Account to make such payments.

Additional Security

The pledge of Net Pledged Revenues and the other security provided in the Granting Clauses of the Master Senior Indenture, secure all Senior Bonds issued under the terms of the Master Senior Indenture on an equal and ratable basis, except as to the timing of such payments. The Department may, however, in its discretion, provide additional security or credit enhancement for specified Senior Bonds or Series of Senior Bonds with no obligation to provide such additional security or credit enhancement to other Senior Bonds.

Payment of Principal and Interest

The Department has covenanted and agreed that it will duly and punctually pay or cause to be paid from the Net Pledged Revenues and to the extent thereof the principal of, premium, if any, and interest on every Senior Bond at the place and on the dates and in the manner set forth the Master Senior Indenture, the Supplemental Senior Indentures and in the Senior Bonds specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements in the Senior Indenture and in the Senior Bonds contained, provided that the Department's obligation to make payment of the principal of, premium, if any, and interest on the Senior Bonds will be limited to payment from the Net Pledged Revenues, the funds and accounts pledged therefor in the Granting Clauses of the Master Senior Indenture and any other source which the Department may specifically provide for such purpose and no Bondholder will have any right to enforce payment from any other funds of the Department.

Senior Lien Obligations Prohibited

The Department has covenanted that so long as any Senior Bonds are Outstanding under the Senior Indenture, it (i) will not adopt a resolution determining that Pledged Revenues be used to pay general obligation bonds of the City on a senior lien basis, and (ii) will not issue any additional bonds or other obligations with a lien on or security interest granted in Net Pledged Revenues which is senior to the Senior Bonds. Notwithstanding the previous sentence, nothing in the Senior Indenture prohibits the Department from entering into agreements that provide for the granting of Facilities Construction Credits by the Department.

Senior Rate Covenant

The Department has covenanted that, while any of the Senior Bonds remain Outstanding (but subject to all prior existing contracts and legal obligations of the Department as of the date of execution of the Master Senior Indenture), the Department 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 Pledged Revenues in each Fiscal Year will be at least equal to the payments required in such Fiscal Year to be made pursuant to the paragraphs FIRST through EIGHTH described in subsection (b) under the caption "– Withdrawals from LAX Revenue Account" above. The Department has further agreed 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 the Net Pledged Revenues, together with any Transfer, will be equal to at least 125% of Senior Annual Debt Service on the Outstanding Senior Bonds for such Fiscal Year. Any amount of Transfer taken into account as described in the previous sentence cannot exceed 25% of Senior Annual Debt Service on the Outstanding Senior Bonds for such Fiscal Year.

If the Department violates the covenants described in the previous paragraph, such violation will not be a default under the Senior Indenture and will not give rise to a declaration of a Senior Event of Default if, within 180 days after the date such violation is discovered, the Department revises the schedule of rates, tolls, fees, rentals and charges insofar as practicable and revises any LAX Maintenance and Operation Expenses insofar as practicable and takes such other actions as are necessary so as to produce Pledged Revenues to cure such violation for future compliance; provided, however, that if the Department does not cure such violation by the end of the second subsequent Fiscal Year succeeding the date such violation is discovered, a Senior Event of Default may be declared under the Senior Indenture. The Department may obtain such recommendations from a Consultant as it deems necessary or appropriate to bring the Department into compliance with such covenants.

Subordinated Obligations and Third Lien Obligations

(a) The Department may, from time to time, incur indebtedness which is subordinate to the Senior Bonds and which indebtedness is, in the Master Senior Indenture, referred to as Subordinated Obligations. Such indebtedness will be incurred at such times and upon such terms as the Department determines, provided that:

(i) Any Supplemental Senior Indenture authorizing the issuance of any Subordinated Obligations will specifically state that such lien on or security interest granted in the Net Pledged Revenues is junior and subordinate to the lien on and security interest in such Net Pledged Revenues and other assets granted to secure the Senior Bonds; and

(ii) Payment of principal of and interest on such Subordinated Obligations will be permitted, provided that all deposits required to be made to pay LAX Maintenance and Operation Expenses and to the Senior Trustee to be used to pay debt service on the Senior Bonds or to replenish the Senior Reserve Fund or a Senior Debt Service Reserve Fund are then current in accordance with the Master Senior Indenture.

(b) The Department may, from time to time, incur indebtedness which is subordinate to the Senior Bonds and any Subordinated Obligations and which indebtedness is, in the Master Senior Indenture, referred to as Third Lien Obligations. Such indebtedness will be incurred at such times and upon such terms as the Department determines, provided that:

(i) Any Supplemental Senior Indenture authorizing the issuance of any Third Lien Obligations will specifically state that such lien on or security interest granted in the Net Pledged

Revenues is junior and subordinate to the lien on and security interest in such Net Pledged Revenues and other assets granted to secure the Senior Bonds and the Subordinated Obligations; and

(ii) Payment of principal of and interest on such Third Lien Obligations will be permitted, provided that all deposits required to be made to pay LAX Maintenance and Operation Expenses, to the Senior Trustee to be used to pay debt service on the Senior Bonds and to replenish the Senior Reserve Fund or a Senior Debt Service Reserve Fund, and to pay debt service on the Subordinated Obligations and to replenish any debt service reserve fund established for the Subordinated Obligations are then current in accordance with the Master Senior Indenture.

LAX Special Facilities and LAX Special Facility Obligations

The Department is permitted to designate new or existing LAX Airport Facilities as LAX Special Facilities as permitted in this section. The Department may, from time to time, and subject to the terms and conditions set forth below, (i) designate a separately identifiable existing facility or improvement or planned facility or improvement as an "LAX Special Facility," (ii) pursuant to an indenture other than the Senior Indenture and without a pledge of any Pledged Revenues (except as otherwise provided in (iv) below), incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing or refinancing to a third party to acquire, construct, renovate or improve, such facility or improvement, (iii) provide that the contractual payments derived from or related to such LAX Special Facility, together with other income and revenues available to the Department from such LAX Special Facility to the extent necessary to make the payments required by clause (1) of the second succeeding paragraph, be "LAX Special Facilities Revenue" and not included as Pledged Revenues unless otherwise provided in any supplemental indenture, and (iv) provide that the debt so incurred will be an "LAX Special Facility Obligation" and the principal of and interest thereon will be payable solely from the LAX Special Facilities Revenue and the proceeds of such LAX Special Facility Obligation set aside exclusively to pay debt service on such LAX Special Facility Obligation (except the Department may, in its sole discretion, determine to make Pledged Revenues or such other moneys not included in Pledged Revenues available (through a specific pledge or otherwise and subject to any covenants or other provisions of the Master Senior Indenture (including, but not limited to, the additional bonds test and the rate covenant set forth in the Master Senior Indenture) or such other indentures or agreements of the Department) to the payment of the principal of and interest on such LAX Special Facility Obligation in such amounts and at such times as may be agreed to by the Department). The Department may from time to time refinance any such LAX Special Facility Obligations with other LAX Special Facility Obligations.

LAX Special Facility Obligations will be payable as to principal, redemption premium, if any, and interest solely from (a) LAX Special Facilities Revenue, which will include contractual payments derived by the Department under and pursuant to a contract (which may be in the form of a lease) relating to an LAX Special Facility by and between the Department and another person, firm or corporation, either public or private, as will undertake the operation of an LAX Special Facility, (b) proceeds of such LAX Special Facility Obligations set aside exclusively to pay debt service on such LAX Special Facility Obligations, if any, and (c) such Pledged Revenues or other moneys not included in Pledged Revenues made available by the Department as provided in clause (iv) of the previous paragraph, if any.

No LAX Special Facility Obligations will be issued by the Department unless there has been filed with the Senior Trustee a certificate of an Authorized Representative stating that:

(1) The estimated LAX Special Facilities Revenue pledged to the payment of the LAX Special Facility Obligations, the proceeds of such LAX Special Facility Obligations set aside exclusively to pay debt service on such LAX Special Facility Obligations, if any, and such Pledged Revenues or other moneys made available by the Department pursuant to clause (iv) of the first paragraph of this section, if any, will be at least sufficient, to pay the principal of and interest on such LAX Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such LAX Special Facility not paid for by the operator thereof or by a party other than

the Department and all sinking fund, reserve or other payments required by the resolution or indenture authorizing the LAX Special Facility Obligations as the same become due; and

(2) With respect to the designation of any separately identifiable existing LAX Airport Facilities or LAX Airport Facility as an “LAX Special Facility” or “LAX Special Facilities,” the estimated Pledged Revenues and Net Pledged Revenues, calculated without including the new LAX Special Facilities Revenue, the proceeds of any LAX Special Facility Obligations set aside exclusively to pay debt service on such LAX Special Facility Obligations or any Pledged Revenues or other moneys made available by the Board pursuant to clause (iv) of the first paragraph of this section, if any, and without including any operation and maintenance expenses of the LAX Special Facility as LAX Maintenance and Operation Expenses, will be sufficient so that the Department will be in compliance with the rate covenant set forth in the Master Senior Indenture during each of the first five complete Fiscal Years immediately following the anticipated closing date of such transaction or financing; and

(3) No Senior Event of Default then exists under Master Senior Indenture.

To the extent LAX Special Facilities Revenue received by the Department during any Fiscal Year will exceed the amounts required to be paid pursuant to clause (1) of the immediately preceding paragraph for such Fiscal Year, such excess LAX Special Facilities Revenue, to the extent not otherwise encumbered or restricted, may constitute Pledged Revenues as determined by the Department.

Notwithstanding any other provision of this section, at such time as the LAX Special Facility Obligations issued for an LAX Special Facility including LAX Special Facility Obligations issued to refinance LAX Special Facility Obligations are fully paid or otherwise discharged, all revenues of the Department from such facility will be included as Pledged Revenues.

Maintenance and Operation of LAX Airport Facilities

Subject to the transfer of any LAX Airport Facilities pursuant to the provisions of the Master Senior Indenture, the Department has covenanted that the LAX Airport Facilities will at all times be operated and maintained in good working order and condition and that all lawful orders of any governmental agency or authority having jurisdiction in the premises will be complied with (provided the Department will not be required to comply with any such orders so long as the validity or application thereof will be contested in good faith), and that all licenses and permits necessary to construct or operate any of the LAX Airport Facilities will be obtained and maintained and that all necessary repairs, improvements and replacements of the LAX Airport Facilities will be made, subject to sound business judgment. Subject to the transfer of any LAX Airport Facilities pursuant to the provisions of the Master Senior Indenture, the Department will, from time to time, duly pay and discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith by the Department, all taxes (if any), assessments or other governmental charges lawfully imposed upon the LAX Airport Facilities or upon any part thereof, or upon the Pledged Revenues, when the same will become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the Pledged Revenues or LAX Airport Facilities or any part thereof constituting part of Los Angeles International Airport.

Insurance; Application of Insurance Proceeds

Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions:

(1) the Department will procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance with respect to the facilities constituting Los Angeles International Airport and public liability insurance in the form of commercial insurance or Qualified Self Insurance and, in each case, in such amounts and against such risks as are, in the judgment

of the Department, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports;

(2) the Department will procure and maintain reasonable fidelity insurance or bonds on the position of Chief Financial Officer and on any other employees of the Department who handle or are responsible for funds of the Department; and

(3) the Department will place on file with the Senior Trustee annually within 120 days after the close of each Fiscal Year a certificate of an Authorized Representative containing a summary of all insurance policies and self-insured programs then in effect with respect to Los Angeles International Airport and the operations of the Department. The Senior Trustee may conclusively rely upon such certificate and will not be responsible for the sufficiency or adequacy of any insurance required herein or obtained by the Department.

"*Qualified Self Insurance*" will mean insurance maintained through a program of self-insurance or insurance maintained with a fund, company or association in which the Department may have a material interest and of which the Department may have control, either singly or with others. Each plan of Qualified Self Insurance will be established in accordance with law, will provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Department determines to be reasonable to protect against risks assumed under the Qualified Self Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified Self Insurance, and such self-insurance program will be reviewed at least once every 12 months by a Consultant who will deliver to the Department a report on the adequacy of the reserves established thereunder. If the Consultant determines that such reserves are inadequate, he or she will make a recommendation as to the amount of reserves that should be established and maintained, and the Department will comply with such recommendation unless it can establish to the satisfaction of and receive a certification from a Consultant that a lower amount is reasonable to provide adequate protection to the Department.

If, as a result of any event, any part of an LAX Airport Facility or any LAX Airport Facilities is destroyed or severely damaged, the Department will create within the LAX Revenue Account a special subaccount and will credit the Net Proceeds received as a result of such event of damage or destruction to such subaccount and such Net Proceeds will, within a reasonable period of time taking into account any terms under which insurance proceeds are paid and any insurance restrictions upon the use or timing of the use of insurance proceeds, be used to: (1) repair or replace the LAX Airport Facilities, or portion thereof, which were damaged or destroyed, (2) provide additional revenue producing LAX Airport Facilities, (3) redeem Senior Bonds, or (4) create an escrow fund pledged to pay specified Senior Bonds and thereby cause such Senior Bonds to be deemed to be paid as provided in the Master Senior Indenture; provided, however, that the Department will first deliver to the Senior Trustee a certificate of a Consultant showing that, after taking into account the use of the Net Proceeds for the redemption of such specified Senior Bonds, the rate covenant set forth in the Master Senior Indenture would, nevertheless, be met.

Transfer of LAX Airport Facility or LAX Airport Facilities.

The Department will not, except as permitted below transfer, sell or otherwise dispose of an LAX Airport Facility or LAX Airport Facilities. For purposes of this section, any transfer of an asset over which the Department retains substantial control in accordance with the terms of such transfer will not, for so long as the Department has such control, be deemed a disposition of an LAX Airport Facility or LAX Airport Facilities.

The Department may transfer, sell or otherwise dispose of LAX Airport Facilities only if such transfer, sale or disposition complies with one or more of the following provisions:

(a) The property being disposed of is inadequate, obsolete or worn out; or

(b) The property proposed to be disposed of and all other LAX Airport Facilities disposed of during the 12 month period ending on the day of such transfer (but excluding property disposed of under (a) above), will not, in the aggregate, constitute a Significant Portion, the proceeds are deposited into the LAX Revenue Account to be used as described below and the Department believes that such disposal will not prevent it from fulfilling its obligations under the Senior Indenture; or

(c) Prior to the disposition of such property, there is delivered to the Senior Trustee a certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the Department as evidenced by a certificate of an Authorized Representative, the Consultant estimates that Department will be in compliance with the rate covenant set forth in the Master Senior Indenture during each of the five Fiscal Years immediately following such disposition.

LAX Airport Facilities which were financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes will not be disposed of, except under the terms of provision (a) above, unless the Department has first received a written opinion of Bond Counsel to the effect that such disposition and the application of any disposition proceeds thereof will not cause the interest on such obligations to become includable in gross income for federal income tax purposes.

No such disposition will be made which would cause the Department to be in default of any other covenant contained in the Master Senior Indenture.

Eminent Domain

If a Significant Portion of any Airport Facility or LAX Airport Facilities are taken by eminent domain proceedings or conveyance in lieu thereof, the Department will create within the LAX Revenue Account a special account and credit the Net Proceeds received as a result of such taking or conveyance to such account and will within a reasonable period of time, after the receipt of such amounts, use such proceeds to (1) replace the LAX Airport Facility or LAX Airport Facilities which were taken or conveyed, (2) provide an additional revenue producing LAX Airport Facility or LAX Airport Facilities, (3) redeem Senior Bonds, or (4) create an escrow fund pledged to pay specified Senior Bonds and thereby cause such Senior Bonds to be deemed to be paid as provided in the Master Trust Indenture.

Investments

Moneys held by the Senior Trustee in the funds and accounts created herein and under any Supplemental Senior Indenture will be invested and reinvested as directed by the Department, in Senior Permitted Investments subject to the restrictions set forth in the Master Senior Indenture and such Supplemental Senior Indenture and subject to the investment restrictions imposed upon the Department by the Charter and the laws of the State. The Department will direct such investments by written certificate (upon which the Senior Trustee may conclusively rely) of an Authorized Representative or by telephone instruction followed by prompt written confirmation by an Authorized Representative; in the absence of any such instructions, the Senior Trustee will, to the extent practicable, invest in Senior Permitted Investments specified in clause (9) of the definition thereof. The Senior Trustee will not be liable for any loss resulting from following the written directions of the Department or as a result of liquidating investments to provide funds for any required payment, transfer, withdrawal or disbursement from any fund or account in which such Senior Permitted Investment is held. The Senior Trustee may buy or sell any Senior Permitted Investment through its own (or any of its affiliates) investment department.

Defeasance

Senior Bonds or portions thereof (such portions to be in integral multiples of the authorized denomination) which have been paid in full or which are deemed to have been paid in full will no longer be secured by or entitled to the benefits of the Master Senior Indenture except for the purposes of payment from moneys or Government Obligations held by the Senior Trustee or a Senior Paying Agent for such purpose. When all Senior Bonds which have been issued under the Master Senior Indenture have been paid in full or are deemed to have been paid in full, and all other sums payable under the Master Senior Indenture by the Department, including all necessary and proper fees, compensation and expenses of the Senior Trustee, the Senior Registrar and the Senior Paying Agent, have been paid or are duly provided for, then the right, title and interest of the Senior Trustee in and to the Net Pledged Revenues and the other assets pledged to secure the Senior Bonds under the Master Senior Indenture will thereupon cease, terminate and become void, and thereupon the Senior Trustee will cancel, discharge and release the Master Senior Indenture, will execute, acknowledge and deliver to the Department such instruments as will be requisite to evidence such cancellation, discharge and release and will assign and deliver to the Department any property and revenues at the time subject to the Master Senior Indenture which may then be in the Senior Trustee's possession, except funds or securities in which such funds are invested and are held by the Senior Trustee or the Senior Paying Agent for the payment of the principal of, premium, if any, and interest on the Senior Bonds.

A Senior Bond will be deemed to be paid within the meaning of the Master Senior Indenture when payment of the principal, interest and premium, if any, either (a) will have been made or caused to be made in accordance with the terms of the Senior Bonds and the Master Senior Indenture or (b) will have been provided for by depositing with the Senior Trustee in trust and setting aside exclusively for such payment, (i) moneys sufficient to make such payment and/or (ii) noncallable Government Obligations, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment. At such times as Senior Bonds will be deemed to be paid under the Master Senior Indenture, such Senior Bonds will no longer be secured by or entitled to the benefits of the Master Senior Indenture, except for the purposes of payment from such moneys or Government Obligations.

Any deposit under clause (b) of the foregoing paragraph will be deemed a payment of such Senior Bonds. Once such deposit will have been made, the Senior Trustee will notify all holders of the affected Senior Bonds that the deposit required by (b) above has been made with the Senior Trustee and that such Senior Bonds are deemed to have been paid in accordance with the Master Senior Indenture. No notice of redemption will be required at the time of such defeasance or prior to such date as may be required by the Supplemental Senior Indenture under which such Senior Bonds were issued. The Department may at any time, prior to issuing such notice of redemption as may be required by the Supplemental Senior Indenture under which such Senior Bonds were issued, modify or otherwise change the scheduled date for the redemption or payment of any Senior Bond deemed to be paid under the terms of the foregoing paragraph in accordance with the terms of the Senior Bonds or the Master Senior Indenture subject to (a) receipt of an approving opinion of nationally recognized Bond Counsel that such action will not adversely affect the tax exemption of any Senior Bond or Senior Bond then outstanding and (b) receipt of an approving opinion of a nationally recognized accounting firm that there are sufficient moneys and/or Government Obligations to provide for the payment of such Senior Bonds. Notwithstanding anything in this section to the contrary, monies from the trust or escrow established for the defeasance of Senior Bonds may be withdrawn and delivered to the Department so long as the requirements of subparagraphs (a) and (b) above are met prior to or concurrently with any such withdrawal.

Senior Events of Default and Remedies

Senior Events of Default. Each of the following events will constitute and be referred to as a "*Senior Event of Default*":

(a) a failure to pay the principal of or premium, if any, on any of the Senior Bonds when the same will become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Senior Bonds when such interest will become due and payable;

(c) a failure to pay the purchase price of any Senior Bond when such purchase price will be due and payable upon an optional or mandatory tender date as provided in the Supplemental Senior Indenture;

(d) a failure by the Department to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) above) that are to be observed or performed by the Department and which are contained in the Master Senior Indenture or a Supplemental Senior Indenture, which failure, except for a violation under the rate covenant set forth in the Master Senior Indenture which will be controlled by the provisions set forth therein, will continue for a period of 90 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Department by the Senior Trustee, which notice may be given at the discretion of the Senior Trustee and will be given at the written request of holders of 25% or more of the Principal Amount of the Senior Bonds then Outstanding, unless the Senior Trustee, or the Senior Trustee and holders of Senior Bonds in a Principal Amount not less than the Principal Amount of Senior Bonds the holders of which requested such notice, will agree in writing to an extension of such period prior to its expiration; provided, however, that the Senior Trustee or the Senior Trustee and the holders of such principal amount of Senior Bonds will be deemed to have agreed to an extension of such period if corrective action is initiated by the Department within such period and is being diligently pursued until such failure is corrected;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 or 11 of the United States Bankruptcy Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the Department and, if instituted against the Department, said proceedings are consented to or are not dismissed within 60 days after such institution; or

(f) the occurrence of any other Senior Event of Default as is provided in a Supplemental Senior Indenture.

Remedies.

(a) Upon the occurrence and continuance of any Senior Event of Default, the Senior Trustee in its discretion may, and upon the written direction of the holders of 25% or more of the Principal Amount of the Senior Bonds then Outstanding and receipt of indemnity to its satisfaction, will, in its own name and as the Senior Trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Senior Bondholders, and require the Department to carry out any agreements with or for the benefit of the Senior Bondholders and to perform its or their duties under the Charter or any other law to which it is subject and this Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this Indenture;

(ii) bring suit upon the Senior Bonds;

(iii) commence an action or suit in equity to require the Department to account as if it were the trustee of an express trust for the Senior Bondholders; or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Senior Bondholders.

(b) The Senior Trustee will be under no obligation to take any action with respect to any Senior Event of Default unless the Senior Trustee has actual knowledge of the occurrence of such Senior Event of Default.

(c) Except with respect to a Credit Provider or a Liquidity Provider as provided in a Supplemental Senior Indenture or a written agreement between the Department and a Credit Provider or a Liquidity Provider, in no event, upon the occurrence and continuation of a Senior Event of Default, will the Senior Trustee, the Holders of the Senior Bonds, a Credit Provider, a Liquidity Provider or any other party have the right to accelerate the payment of principal of and interest on the Senior Bonds Outstanding.

Senior Bondholders' Right To Direct Proceedings. Anything in the Master Senior Indenture to the contrary notwithstanding, holders of not less than 51% in aggregate Principal Amount of the Senior Bonds then Outstanding will have the right, at any time, by an instrument in writing executed and delivered to the Senior Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Senior Trustee under the Master Senior Indenture to be taken in connection with the enforcement of the terms of the Master Senior Indenture or exercising any trust or power conferred on the Senior Trustee by the Master Senior Indenture; provided that such direction will not be otherwise than in accordance with the provisions of the law and the Master Senior` Indenture and that there has been provided to the Senior Trustee security and indemnity satisfactory to the Senior Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Senior Trustee.

Limitation on Right To Institute Proceedings. No Senior Bondholder will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power under the Master Senior Indenture, or any other remedy under the Master Senior Indenture or on such Senior Bonds, unless such Senior Bondholder or Senior Bondholders previously has given to the Senior Trustee written notice of a Senior Event of Default as hereinabove provided and unless also holders of 25% or more of the Principal Amount of the Senior Bonds then Outstanding will have made written request of the Senior Trustee to do so, after the right to institute such suit, action or proceeding under the Master Senior Indenture will have accrued, and will have afforded the Senior Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also will have been offered to the Senior Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Senior Trustee will not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Senior Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Senior Bondholders will have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Master Senior Indenture, or to enforce any right under the Master Senior Indenture or under the Senior Bonds, except in the manner provided in the Master Senior Indenture, and that all suits, actions and proceedings at law or in equity will be instituted, had and maintained in the manner provided in the Master Senior Indenture and for the equal benefit of all Senior Bondholders.

Application of Moneys. If a Senior Event of Default has occurred and is continuing, all amounts then held or any moneys received by the Senior Trustee, by any receiver or by any Bondholder pursuant to any right given or action taken under the provisions of the Master Senior Indenture (which will not include moneys provided through a Credit Facility, which moneys will be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Senior Trustee (including attorneys' fees and disbursements), will be applied as follows: (a) first, to the payment to the persons entitled thereto of all installments of interest then due on the Senior Bonds, with interest on overdue installments, if lawful, at the rate per annum as provided in any Supplemental Senior Indenture, as the case may be, in the order of maturity of the installments of such interest and, if the amount available will not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (b) second, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Senior Bonds which will have become due with interest on such Senior Bonds at such rate as provided in a Supplemental Senior Indenture from the respective dates upon which they became due and, if the amount available will not be sufficient to pay in full Senior Bonds on any particular date determined to be the payment date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys will be applied at such times, and from time to time, as the Senior Trustee will determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Senior Trustee will apply such funds, it will fix the date (which will be an interest Payment Date unless it will deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date will cease to accrue. The Senior Trustee will give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Senior Bondholders and will not be required to make payment to any Senior Bondholder until such Senior Bonds will be presented to the Senior Trustee for appropriate endorsement or for cancellation if fully paid.

The Senior Trustee

Duties. If a Senior Event of Default has occurred and is continuing, the Senior Trustee will exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. The Senior Trustee will perform the duties set forth in the Senior Indenture and no implied duties or obligations will be read into the Senior Indenture against the Senior Trustee. Except during the continuance of a Senior Event of Default, in the absence of any negligence on its part or any knowledge to the contrary, the Senior Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Senior Trustee and conforming to the requirements of the Senior Indenture. However, the Senior Trustee will examine the certificates and opinions to determine whether they conform to the requirements of the Senior Indenture.

The Senior Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that: (a) the Senior Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer unless the Senior Trustee was negligent in ascertaining the pertinent facts; and (b) the Senior Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Senior Bondholders or the Department in the manner provided in the Senior Indenture.

The Senior Trustee will not, by any provision of the Senior Indenture, be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Notice of Defaults. If (i) a Senior Event of Default has occurred or (ii) an event has occurred which with the giving of notice and/or the lapse of time would be a Senior Event of Default and, with respect to such events for which notice to the Department is required before such events will become Senior Events of Default, such notice has been given, then the Senior Trustee will promptly, after obtaining actual notice of such Senior Event of Default or event described in (ii) above, give notice thereof to each Senior Bondholder. Except in the case of a default in payment or purchase on any Senior Bonds, the Senior Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Senior Bondholders.

Eligibility of Senior Trustee. The Senior Indenture will always have a Senior Trustee that is a trust company, banking association or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized to conduct trust business under the laws of the State, is subject to supervision or examination by United States, state or District of Columbia authority and has (together with its corporate parent) a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition.

Replacement of Senior Trustee. The Senior Trustee may resign by notifying the Department in writing prior to the proposed effective date of the resignation. The holders of not less than 51% in aggregate Principal Amount of the Senior Bonds may remove the Senior Trustee by notifying the removed Senior Trustee and may appoint a successor Senior Trustee with the Department's consent. The Department may remove the Senior Trustee, by notice in writing delivered to the Senior Trustee at least 60 days prior to the proposed removal date; provided, however, that the Department will have no right to remove the Senior Trustee during any time when a Senior Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists which with the giving of notice or the passage of time or both would be a Senior Event of Default.

No resignation or removal of the Senior Trustee will be effective until a new Senior Trustee has taken office and delivered a written acceptance of its appointment to the retiring Senior Trustee and to the Department. Immediately thereafter, the retiring Senior Trustee will transfer all property held by it as Senior Trustee to the successor Senior Trustee, the resignation or removal of the retiring Senior Trustee will then (but only then) become effective and the successor Senior Trustee will have all the rights, powers and duties of the Senior Trustee under the Senior Indenture.

If the Senior Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under the Senior Indenture, the Department will promptly appoint a successor Senior Trustee.

If a Senior Trustee is not performing its duties under the Senior Indenture and a successor Senior Trustee does not take office within 60 days after the retiring Senior Trustee delivers notice of resignation or the Department delivers notice of removal, the retiring Senior Trustee, the Department or the holders of not less than 51% in aggregate Principal Amount of the Senior Bonds may petition any court of competent jurisdiction for the appointment of a successor Senior Trustee.

Amendments and Supplements

Supplemental Senior Indentures Not Requiring Consent of Senior Bondholders. The Department may, from time to time and at any time, without the consent of or notice to the Senior Bondholders, execute and deliver Supplemental Senior Indentures supplementing and/or amending the Master Senior Indenture or any Supplemental Senior Indenture, as follows:

(a) to provide for the issuance of a Series or multiple Series of Senior Bonds under the provisions of Master Senior Indenture and to set forth the terms of such Senior Bonds and the special provisions which will apply to such Senior Bonds;

(b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, the Master Senior Indenture or any Supplemental Senior Indenture, provided such supplement or amendment is not materially adverse to the Senior Bondholders;

(c) to add to the covenants and agreements of the Department in the Master Senior Indenture or any Supplemental Senior Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Department, provided such supplement or amendment will not adversely affect the interests of the Senior Bondholders;

(d) to confirm, as further assurance, any interest of the Senior Trustee in and to the Net Pledged Revenues or in and to the funds and accounts held by the Senior Trustee or in and to any other moneys, securities or funds of the Department provided pursuant to the Master Senior Indenture or to otherwise add additional security for the Senior Bondholders;

(e) to evidence any change made in the terms of any Series of Senior Bonds if such changes are authorized by the Supplemental Senior Indenture at the time the Series of Senior Bonds is issued and such change is made in accordance with the terms of such Supplemental Senior Indenture;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended, provided such supplement or amendment is not materially adverse to the Senior Bondholders;

(g) to provide for uncertificated Senior Bonds or for the issuance of coupons and bearer Senior Bonds or Senior Bonds registered only as to principal;

(h) to qualify the Senior Bonds or a Series of Senior Bonds for a rating or ratings by one or more of the Rating Agencies;

(i) to accommodate the technical, operational and structural features of Senior Bonds which are issued or are proposed to be issued or of a Senior Program which has been authorized or is proposed to be authorized, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, variable rate or adjustable rate bonds, discounted or compound interest bonds, swaps or other forms of indebtedness which the Department from time to time deems appropriate to incur;

(j) to accommodate the use of a Credit Facility or Liquidity Facility for specific Senior Bonds or a specific Series of Senior Bonds, provided such supplement or amendment is not materially adverse to the Senior Bondholders;

(k) to comply with the requirements of the Code as are necessary, in the opinion of Senior Bond Counsel, to prevent the federal income taxation of the interest on the Senior Bonds, including, without limitation, the segregation of Pledged Revenues and Net pledged Revenues into different funds; or

(l) to modify, alter, amend or supplement this Indenture or any Supplemental Senior Indenture in any other respect which is not materially adverse to the Senior Bondholders.

Before the Department executes, pursuant to this section, any Supplemental Senior Indenture, there will be delivered to the Department and Senior Trustee an opinion of Bond Counsel to the effect that such Supplemental Senior Indenture is authorized or permitted by the Master Senior Indenture, the Charter and, other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Department in accordance with its terms and will not cause interest on any of the Senior Bonds which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes.

Supplemental Senior Indentures Requiring Consent of Senior Bondholders.

(a) Except for any Supplemental Senior Indenture entered into pursuant to the provisions described in "– Supplemental Senior Indentures Not Requiring Consent of Senior Bondholders" above and any Supplemental Senior Indenture entered into pursuant to (b) below, subject to the terms and provisions contained in this paragraph (a) and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Senior Bonds then Outstanding will have the right from time to time to consent to and approve the execution by the Department of any Supplemental Senior Indenture deemed necessary or desirable by the Department for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Master Senior Indenture or in a Supplemental Senior Indenture; provided, however, that, unless approved in writing by the holders of all the Senior Bonds then Outstanding or unless such change affects less than all Series of Senior Bonds and the following subsection (b) is applicable, nothing contained in the Master Senior Indenture will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Senior Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Senior Bonds or the rate of interest thereon; and provided that nothing contained in the Master Senior Indenture, including the provisions of (b) below, will, unless approved in writing by the holders of all the Senior Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by the Master Senior Indenture) upon or pledge of the Pledged Revenues created by the Master Senior Indenture, ranking prior to or on a parity with the claim created by the Master Senior Indenture, (iv) except with respect to additional security which may be provided for a particular Series of Senior Bonds, a preference or priority of any Senior Bond or Senior Bonds over any other Senior Bond or Senior Bonds with respect to the security granted therefor under the Granting Clauses of the Master Senior Indenture, or (v) a reduction in the aggregate Principal Amount of Senior Bonds the consent of the Senior Bondholders of which is required for any such Supplemental Senior Indenture. Nothing contained in the Master Senior Indenture, however, will be construed as making necessary the approval by Senior Bondholders of the execution of any Supplemental Senior Indenture as authorized in to "– Supplemental Senior Indentures Not Requiring Consent of Senior Bondholders" above, including the granting, for the benefit of particular Series of Senior Bonds, security in addition to the pledge of the Pledged Revenues.

(b) The Department may, from time to time and at any time, execute a Supplemental Senior Indenture which amends the provisions of an earlier Supplemental Senior Indenture under which a Series or multiple Series of Senior Bonds were issued. If such Supplemental Senior Indenture is executed for one of the purposes described under "– Supplemental Senior Indentures Not Requiring Consent of Senior Bondholders" above, no notice to or consent of the Senior Bondholders will be required. If such Supplemental Senior Indenture contains provisions which affect the rights and interests of less than all Series of Senior Bonds Outstanding and the provisions described under "– Supplemental Senior Indentures Not Requiring Consent of Senior Bondholders" above are not applicable, then this subsection (b) rather than subsection (a) above will control and, subject to the terms and provisions contained in this subsection (b) and not otherwise, the holders of not less than 51% in aggregate Principal Amount of the Senior Bonds of all Series which are affected by such changes will have the right from time to time to consent to any Supplemental Senior Indenture deemed necessary or desirable by the Department for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Senior Indenture and affecting only the Senior Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the Senior Bonds of all the affected Series then Outstanding, nothing contained in the Master Senior Indenture will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Senior Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Senior Bonds of such Series or the rate of interest thereon. Nothing contained in the Master Senior Indenture, however, will be construed as making necessary the approval by Senior Bondholders of the adoption of any Supplemental Senior Indenture as authorized pursuant to the provisions as described under "– Supplemental Senior Indentures Not Requiring Consent of Senior Bondholders" above, including the granting, for the benefit of particular Series of Senior Bonds, security in addition to the pledge of the Pledged Revenues.

Rights of Credit Provider

The Master Senior Indenture provides that if a Credit Facility is provided for a Series of Senior Bonds or for specific Senior Bonds, the Department may in the Supplemental Senior Indenture under which such Senior

Bonds are issued, provide any or all of the following rights to the Credit Provider as the Department will deem to be appropriate: (a) the right to make requests of, direct or consent to the actions of the Senior Trustee or to otherwise direct proceedings all as provided in the Master Senior Indenture to the same extent and in place of the owners of the Senior Bonds which are secured by the Credit Facility and for such purposes the Credit Provider will be deemed to be the Bondholder of such Senior Bonds; (b) the right to act in place of the owners of the Senior Bonds which are secured by the Credit Facility for purposes of removing a Senior Trustee or appointing a Senior Trustee under the Senior Indenture; and (c) the right to consent to Supplemental Senior Indentures, which would otherwise require the consent of the holders of not less than 51% of the aggregate Principal Amount of the Senior Bonds, entered into pursuant to the provisions described in "– Amendments and Supplements—Supplemental Senior Indentures Requiring Consent of Senior Bondholders" above, except with respect to any amendments described in clauses (a)(i) through (v) and clauses (b)(i) or (ii) described in "– Amendments and Supplements—Supplemental Senior Indentures Requiring Consent of Senior Bondholders" above, which consent of the actual Senior Bondholders will still be required, to the same extent and in place of the owners of the Senior Bonds which are secured by the Credit Facility and for such purposes the Credit Provider will be deemed to be the Bondholder of such Senior Bonds.

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APPENDIX C-3

SUMMARY OF THE MASTER SUBORDINATE INDENTURE

In addition to certain information contained under the captions "DESCRIPTION OF THE SERIES 2025DEF SUBORDINATE BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025DEF SUBORDINATE BONDS" in the forepart of this Official Statement, the following is a summary of certain provisions of the Master Subordinate Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Master Subordinate Indenture.

Grant to Secure Subordinate Obligations; Pledge of Subordinate Pledged Revenues

To secure the payment of the interest, principal and premium, if any, on the Subordinate Obligations and the performance and observance by the Department of all the covenants, agreements and conditions expressed or implied in the Master Subordinate Indenture or contained in the Subordinate Obligations, the Department has pledged and assigned to the Subordinate Trustee and granted to the Subordinate Trustee a lien on and security interest in all right, title and interest of the Department in and to all of the following and provided that such lien and security interest will be prior in right to any other pledge, lien or security interest created by the Department in the following: (a) the Subordinate Pledged Revenues, (b) all moneys and securities (excluding moneys and securities on deposit in any Subordinate Rebate Fund) held from time to time by the Subordinate Trustee under the Subordinate Indenture, and to the extent provided in any Supplemental Subordinate Indenture moneys and securities held in any Subordinate Construction Fund whether or not held by the Subordinate Trustee, (c) earnings on amounts included in provisions (a) and (b) of this Granting Clause, and (d) any and all other funds, assets, rights, property or interests therein, of every kind or description which may from time to time hereafter, by delivery or by writing of any kind, be sold, transferred, conveyed, assigned, pledged, mortgaged, granted or delivered to or deposited with the Subordinate Trustee as additional security under the Master Subordinate Indenture, for the equal and proportionate benefit and security of all Subordinate Obligations, all of which, regardless of the time or times of their authentication and delivery or maturity, will, with respect to the security provided by this Granting Clause, be of equal rank without preference, priority or distinction as to any Subordinate Obligation over any other Subordinate Obligation or Subordinate Obligations, except as to the timing of payment of the Subordinate Obligations. Any Subordinate Debt Service Reserve Fund and any Subordinate Debt Service Reserve Fund Surety Policy, provided at any time in satisfaction of all or a portion of the Subordinate Reserve Requirement and any other security, Liquidity Facility or Credit Facility provided for specific Subordinate Obligations, a specific Series of Subordinate Obligations or one or more Series of Subordinate Obligations may, as provided by a Supplemental Subordinate Indenture, secure only such specific Subordinate Obligations, Series of Subordinate Obligations or one or more Series of Subordinate Obligations and, therefore, will not be included as security for all Subordinate Obligations under the Master Subordinate Indenture unless otherwise provided by a Supplemental Subordinate Indenture and moneys and securities held in trust as provided in the Master Subordinate Indenture exclusively for Subordinate Obligations which have become due and payable and moneys and securities which are held exclusively to pay Subordinate Obligations which are deemed to have been paid under the Master Subordinate Indenture will be held solely for the payment of such specific Subordinate Obligations. All amounts held in the funds and accounts created under the Senior Indenture will not be included as security for any Subordinate Obligations under the Master Subordinate Indenture.

Subordinate Repayment Obligations Afforded Status of Subordinate Obligations

If a Credit Provider or Liquidity Provider makes payment of principal and/or interest on a Subordinate Obligation or advances funds to purchase or provide for the purchase of Subordinate Obligations and is entitled to reimbursement thereof, pursuant to a separate written agreement with the Department, but is not reimbursed, the Department's Subordinate Repayment Obligation under such written agreement may, if so provided in the written agreement, be afforded the status of a Subordinate Obligation issued under the Master Subordinate

Indenture, and, if afforded such status, the Credit Provider or Liquidity Provider will be the Holder of such Subordinate Obligation, and such Subordinate Obligation will be deemed to have been issued at the time of the original Subordinate Obligation for which the Credit Facility or Liquidity Facility was provided and will not be subject to the additional bonds test set forth in the Master Subordinate Indenture; provided, however, the payment terms of the Subordinate Obligation held by the Credit Provider or Liquidity Provider hereunder will be as follows (unless otherwise provided in the Supplemental Subordinate Indenture pursuant to which the Subordinate Obligations are issued or in the agreement with the Credit Provider or Liquidity Provider): (a) interest will be due and payable semiannually and (b) principal will be due and payable not less frequently than annually and in such annual amounts as to amortize the principal amount thereof in (i) 30 years or, if shorter, (ii)(A) a term extending to the maturity date of the enhanced Subordinate Obligations or (B) if later, the final maturity of the Subordinate Repayment Obligation under the written agreement, and providing substantially level annual debt service payments, using the rate of interest set forth in the written repayment agreement which would apply to the Subordinate Repayment Obligation as of the date such amortization schedule is fixed. The principal amortized as described in the prior sentence will bear interest in accordance with the terms of the Subordinate Repayment Obligation. Any amount which comes due on the Subordinate Repayment Obligation by its terms and which is in excess of the amount treated as principal of and interest on a Subordinate Obligation will be payable from Pledged Revenues on a basis subordinate to the payment and/or funding of LAX Maintenance and Operation Expenses, Senior Bonds, any reserve funds established with respect to Senior Bonds, Subordinate Obligations and any reserve funds established with respect to Subordinate Obligations (including the Subordinate Reserve Fund and any other Subordinate Debt Service Reserve Fund). This provision will not defeat or alter the rights of subrogation which any Credit Provider or Liquidity Provider may have under law or under the terms of any Supplemental Subordinate Indenture. The Subordinate Trustee may conclusively rely on a written certification by the Credit Provider or Liquidity Provider of the amount of such non-reimbursement and that such Subordinate Repayment Obligation is to be afforded the status of a Subordinate Obligation under the Master Subordinate Indenture.

Obligations Under Subordinate Qualified Swap; Non-Qualified Swap

The obligation of the Department to make Regularly Scheduled Swap Payments under a Subordinate Qualified Swap with respect to a Series of Subordinate Obligations may be on a parity with the obligation of the Department to make payments with respect to such Series of Subordinate Obligations and other Subordinate Obligations under the Master Subordinate Indenture, except as otherwise provided by Supplemental Subordinate Indenture and elsewhere in the Master Subordinate Indenture with respect to any Subordinate Swap Termination Payments. The Department may provide in any Supplemental Subordinate Indenture that Regularly Scheduled Swap Payments under a Subordinate Qualified Swap will be secured by a pledge of or lien on the Subordinate Pledged Revenues on a parity with the Subordinate Obligations of such Series and all other Subordinate Obligations, regardless of the principal amount, if any, of the Subordinate Obligations of such Series remaining Outstanding. The Subordinate Trustee will take all action consistent with the other provisions of the Master Subordinate Indenture as will be requested in writing by the Subordinate Qualified Swap Provider necessary to preserve and protect such pledge, lien and assignment and to enforce the obligations of the Department with respect thereto. In the event the action requested to be taken pursuant to the preceding sentence will require the Subordinate Trustee either to exercise the remedies granted in the Master Subordinate Indenture or to institute any action, suit or proceeding in its own name, the Subordinate Qualified Swap Provider will provide to the Subordinate Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred in connection therewith.

In the event that a Subordinate Swap Termination Payment or any other amounts other than as described in the previous paragraph are due and payable by the Department under a Subordinate Qualified Swap, such Subordinate Swap Termination Payment and any such other amounts will, unless otherwise provided in a Supplemental Subordinate Indenture, constitute an obligation of the Department payable from Pledged Revenues after its obligations to pay and/or fund LAX Maintenance and Operation Expenses, Senior Bonds, any reserve funds established with respect to Senior Bonds, Subordinate Obligations and any reserve funds established with respect to Subordinate Obligations (including the Subordinate Reserve Fund and any other Subordinate Debt Service Reserve Fund).

Obligations of the Department to make payments, including termination payments, under a Non-Qualified Swap will, unless otherwise provided in a Supplemental Subordinate Indenture, constitute an obligation of the Department payable from Pledged Revenues after its obligations to pay and/or fund LAX Maintenance and Operation Expenses, Senior Bonds, any reserve funds established with respect to Senior Bonds, Subordinate Obligations and any reserve funds established with respect to Subordinate Obligations (including the Subordinate Reserve Fund and any other Subordinate Debt Service Reserve Fund).

Deposits and Withdrawals from the Subordinate Debt Service Funds

Deposits into the Subordinate Debt Service Funds. The Subordinate Trustee will, at least fifteen Business Days prior to each Payment Date on any Subordinate Obligation, give the Department notice by telephone, promptly confirmed in writing, of the amount, after taking into account Subordinate Capitalized Interest, if any, on deposit in the Subordinate Debt Service Funds, required to be deposited with the Subordinate Trustee to make each required payment of principal and interest due on such Payment Date. With respect to any Series of Subordinate Obligations, the Supplemental Subordinate Indenture under which such Subordinate Obligations are issued may provide for different times and methods of notifying the Department of payment dates and amounts to accommodate the specific provisions of such Series and, in such event, the terms of such Supplemental Subordinate Indenture will control.

So long as any of the Subordinate Obligations are Outstanding, the Authorized Representative will deliver to the Treasurer, at least ten Business Days prior to each Payment Date, as to each Series of Subordinate Obligations Outstanding, a written demand authenticated by the signature of the Chief Financial Officer requesting that the Treasurer, not later than five Business Days prior to each Payment Date, transfer from the LAX Revenue Account to the Subordinate Trustee for deposit in the Subordinate Debt Service Funds established in respect of each Series of Outstanding Subordinate Obligations the full amount required to pay the principal of and/or interest on Subordinate Obligations of that Series due on such Payment Date.

On any day on which the Subordinate Trustee receives funds from the Treasurer to be used to pay principal of or interest on Subordinate Obligations, the Subordinate Trustee will, if the amount received is fully sufficient to pay all amounts of principal and interest then due or becoming due on the next Payment Date, deposit such amounts into the respective Subordinate Debt Service Funds for the Series of Subordinate Obligations for which such payments were made and any excess funds will be applied to pay all amounts of principal and interest becoming due on any subsequent Payment Dates. Notwithstanding any of the foregoing provisions of this paragraph, no amount need be transferred from LAX Revenue Account or otherwise deposited into any Subordinate Debt Service Fund for any Series of Subordinate Obligations for the payment of principal or interest, respectively, if the amount already on deposit therein and available for such purpose is sufficient to pay in full the amount of principal and/or interest, respectively, coming due on such Subordinate Obligations on the next succeeding Payment Date.

The Department may provide in any Supplemental Subordinate Indenture that, as to any Series of Subordinate Obligations Outstanding, any amounts required to be transferred to and paid into a Subordinate Debt Service Fund may be prepaid, in whole or in part, by being earlier transferred to and paid into that Subordinate Debt Service Fund, and in that event any subsequently scheduled transfer, or any part thereof, which has been so prepaid need not be made at the time appointed therefor. In any Supplemental Subordinate Indenture, the Department may provide that moneys in the redemption account allocable to sinking fund installment payments of a Series may, at the discretion of the Department, be applied to the purchase and cancellation of such Series (a price not greater than par) prior to notice of redemption of such Series. Such Subordinate Obligations so delivered or previously redeemed or purchased at the direction of the Department will be credited by the Subordinate Trustee at the principal amount thereof to the next scheduled sinking installment payments on Subordinate Obligations of such Series and any excess over the sinking installment payment deposit required on that date will be credited against future sinking installment deposits in such manner and order as the Department may determine in its discretion, and the scheduled principal amount of the Subordinate Obligations to be redeemed by operation of such sinking installment payments will be accordingly modified in such manner as the Department may determine and as specified to the Subordinate Trustee in writing.

Money set aside and placed in a Subordinate Debt Service Fund for any Series of Subordinate Obligations will remain therein from time to time expended for the aforesaid purposes thereof and will not be used for any other purpose whatsoever, except that any such money so set aside and placed in a Subordinate Debt Service Fund may be temporarily invested as provided in the Master Subordinate Indenture, but such investment will not affect the obligation of the Department to cause the full amount required by the terms of this Section to be available in a Subordinate Debt Service Fund at the time required to meet payments of principal of and interest on Subordinate Obligations of the Series for which it is accumulated. Earnings on such investments upon written request of the Department may be transferred into the LAX Revenue Account, except that during the continuation of a Subordinate Event of Default, such earnings will remain in the Subordinate Debt Service Funds created under the respective Supplemental Subordinate Indentures.

Each Subordinate Debt Service Fund established to pay principal of and interest on any Series of Subordinate Obligations will be held by the Subordinate Trustee or any agent of the Subordinate Trustee, and amounts to be used to pay principal and interest on such Series, as received by the Subordinate Trustee or its agent, will be deposited therein and used for such purpose. Accounts and subaccounts will be created by the Subordinate Trustee or any agent of the Subordinate Trustee in the various Subordinate Debt Service Funds as requested in writing by the Authorized Representative and will be held by the Subordinate Trustee or such agents as will be provided by the Supplemental Subordinate Indenture.

The moneys in each Subordinate Debt Service Fund established for any issue, Series will be held in trust and applied as provided in the Master Subordinate Indenture and in the Supplemental Subordinate Indenture, and pending the application of such amounts in accordance with the Master Subordinate Indenture and with the provisions of such Supplemental Subordinate Indenture will be subject to a lien on and security interest in favor of the holders of the Outstanding Subordinate Obligations of such Series.

Withdrawals From Subordinate Debt Service Funds. On each Payment Date for any Outstanding Subordinate Obligations, the Subordinate Trustee will pay to the Owners of the Subordinate Obligations of a given Series from the appropriate Subordinate Debt Service Fund or Subordinate Debt Service Funds, an amount equal to the principal and interest becoming due on such Series of Subordinate Obligations.

On or before a mandatory redemption date from sinking installment payments for Term Subordinate Obligations of a Series of Subordinate Obligations, the Subordinate Trustee will transfer from the Subordinate Debt Service Fund to the redemption account for such Series an amount which, together with amounts on deposit therein and available for such purpose, is sufficient to make the sinking installment payment due on such mandatory redemption date. On each date on which Term Subordinate Obligations of a Series are to be mandatorily redeemed from sinking installment payments, the Subordinate Trustee will pay to the Owners of Subordinate Obligations of such Series from the Redemption Account for such Series, an amount equal to the amount of interest and the principal amount of Term Subordinate Obligations of such Series to be mandatorily redeemed on such date.

On each date on which Subordinate Obligations of any Series will otherwise become subject to optional or mandatory redemption (other than from sinking installment payments) in accordance with the provisions of any Supplemental Subordinate Indenture, the Subordinate Trustee will pay to the Owners of such Subordinate Obligations from the redemption account, an amount of interest and principal, and premium, if any, on such Subordinate Obligations to be mandatorily or optionally redeemed on said date. On or before such redemption date, in accordance with the Supplemental Subordinate Indenture pursuant to which such Subordinate Obligations are issued, the Department will have or will have caused to be deposited in the redemption account for such Series, an amount which, together with amounts on deposit therein and available for such purpose, is sufficient to pay the redemption price of such Subordinate Obligations on such redemption date.

The payments made by the Subordinate Trustee in this section will be made solely to the extent that moneys are on deposit in the appropriate Subordinate Debt Service Fund.

All money remaining in a Subordinate Debt Service Fund on the final Payment Date, in excess of the amount required to make provisions for the payment in full of the interest and/or the principal of the Subordinate Obligations of the Series for which that Subordinate Debt Service Fund was established or the payment of amounts required to be rebated, pursuant to the Code, to the United States of America with respect to Subordinate Obligations of that Series, will be returned to the Department and deposited by the Department in the LAX Revenue Account.

The Subordinate Trustee will, at least two Business Days prior to each Payment Date on any Subordinate Obligation, or as otherwise directed in any Supplemental Subordinate Indenture, give the Chief Financial Officer notice by telephone, promptly confirmed in writing, of any additional amount required to be deposited with the Subordinate Trustee to pay the amount required to be paid on such Payment Date in respect of such Subordinate Obligation, in the event the amount then on deposit in any Subordinate Debt Service Fund is insufficient to pay the amounts due on any Series of Subordinate Obligations on such Payment Date. With respect to any Series of Subordinate Obligations, the Supplemental Subordinate Indenture under which such Subordinate Obligations are issued may provide for different times and methods of notifying the Department of payment dates and amounts to accommodate the specific provisions of such Series and, in such event, the terms of such Supplemental Subordinate Indenture will control.

If, on any Payment Date, the Subordinate Trustee does not have sufficient amounts in the Subordinate Debt Service Funds (without regard to any amounts which may be available in the Subordinate Reserve Fund or any other Subordinate Debt Service Reserve Fund) to pay in full with respect to Subordinate Obligations of all Series all amounts of principal and/or interest due on such date, the Subordinate Trustee will allocate the total amount which is available to make payment on such day (without regard to any amounts in the Subordinate Reserve Fund or any other Subordinate Debt Service Reserve Fund) as follows: first, to the payment of past due interest on Subordinate Obligations of any Series, in the order in which such interest came due, then to the payment of past due principal on Subordinate Obligations of any Series, in the order in which such principal came due, then to the payment of interest then due and payable on the Subordinate Obligations of each Series due on such Payment Date and, if the amount available will not be sufficient to pay in full all interest on the Subordinate Obligations then due, then pro rata among the Series according to the amount of interest then due and second to the payment of principal then due on the Subordinate Obligations and, if the amount available will not be sufficient to pay in full all principal on the Subordinate Obligations then due, then pro rata among the Series according to the Principal Amount then due on the Subordinate Obligations.

If the Subordinate Reserve Fund or any other Subordinate Debt Service Reserve Funds (or a Credit Facility provided in lieu thereof) have been used to make payments on Subordinate Obligations secured thereby, then the Department may be required by a Supplemental Subordinate Indenture to replenish the Subordinate Reserve Fund or such other Subordinate Debt Service Reserve Fund or reimburse the Credit Provider from Subordinate Pledged Revenues provided that (a) no amount from Subordinate Pledged Revenues may be used for such purpose until all payments of principal of and interest on all Subordinate Obligations which have become due and payable have been paid in full, (b) the required payments to replenish the Subordinate Reserve Fund or any other Subordinate Debt Service Reserve Fund or reimburse the Credit Provider will be due in no more than twelve (12) substantially equal monthly installments commencing in the month following any such withdrawal and (c) if the aggregate amount of payments due on any date to replenish the Subordinate Reserve Fund or such other Subordinate Debt Service Reserve Fund exceeds the amount available for such purpose, the payments made to the Subordinate Trustee for such purpose will be allocated among the Subordinate Reserve Fund or the various Subordinate Debt Service Reserve Funds pro rata on the basis of the Outstanding Principal Amount of Subordinate Obligations secured thereby.

Notwithstanding the foregoing, the Department may, in the Supplemental Subordinate Indenture authorizing such Series of Subordinate Obligations, provide for different provisions and timing of deposits with the Subordinate Trustee and different methods of paying principal of or interest on such Subordinate Obligations depending upon the terms of such Subordinate Obligations and may provide for payment through a Credit Facility with reimbursement to the Credit Provider from the respective Subordinate Debt Service Fund created for the Series of Subordinate Obligations for which such Credit Facility is provided.

If the Subordinate Pledged Revenues are at any time insufficient to make the deposits required to make payments on the Subordinate Obligations, the Department may, at its election, pay to the Subordinate Trustee funds from any available sources with the direction that such funds be deposited into the Subordinate Debt Service Funds or into a specified account or accounts or subaccount or subaccounts therein.

Additional Security

The pledge of Subordinate Pledged Revenues and the other security provided in the Granting Clauses of the Master Subordinate Indenture, secure all Subordinate Obligations issued under the terms of the Master Subordinate Indenture on an equal and ratable basis, except as to the timing of such payments. The Department may, however, in its discretion, provide additional security or credit enhancement for specified Subordinate Obligations or Series of Subordinate Obligations with no obligation to provide such additional security or credit enhancement to other Subordinate Obligations.

Payment of Principal and Interest

The Department covenants and agrees that it will duly and punctually pay or cause to be paid from the Subordinate Pledged Revenues and to the extent thereof the principal of, premium, if any, and interest on every Subordinate Obligation at the place and on the dates and in the manner set forth herein, and in the Supplemental Subordinate Indentures and in the Subordinate Obligations specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements in the Master Subordinate Indenture and in the Subordinate Obligations contained, provided that the Department's obligation to make payments of the principal of, premium, if any, and interest on the Subordinate Obligations will be limited to payment from the Subordinate Pledged Revenues, the funds and accounts pledged therefor in the Granting Clauses of the Master Subordinate Indenture and any other source which the Department may specifically provide for such purpose and no Holder will have any right to enforce payment from any other funds of the Department.

Junior and Subordinated Obligations

The Department may, from time to time, incur indebtedness with a lien on Subordinate Pledged Revenues ranking junior and subordinate to the lien of the Subordinate Obligations. Such indebtedness will be incurred at such times and upon such terms as the Department will determine, provided that: (a) any resolution or indenture of the Department authorizing the issuance of any subordinate obligations (including, but not limited to, Third Lien Obligations) will specifically state that such lien on or security interest granted in the Subordinate Pledged Revenues is junior and subordinate to the lien on and security interest in such Subordinate Pledged Revenues and other assets granted to secure the Subordinate Obligations; and (b) payment of principal of and interest on such subordinated obligations (including, but not limited to, Third Lien Obligations) will be permitted, provided that all deposits required to be made to the Subordinate Trustee to be used to pay debt service on the Subordinate Obligations and to replenish the Subordinate Reserve Fund or any other Subordinate Debt Service Reserve Fund, if any, are then current in accordance with the Master Subordinate Indenture.

Maintenance and Operation of LAX Airport Facilities

Except as otherwise provided in the Master Subordinate Indenture or the Master Senior Indenture with respect to the transfer or disposition of LAX Airport Facilities, the Department has covenanted that the LAX

Airport Facilities will at all times be operated and maintained in good working order and condition and that all lawful orders of any governmental agency or authority having jurisdiction in the premises will be complied with (provided the Department will not be required to comply with any such orders so long as the validity or application thereof will be contested in good faith), and that all licenses and permits necessary to construct or operate any part of the LAX Airport Facilities will be obtained and maintained and that all necessary repairs, improvements and replacements of the LAX Airport Facilities will be made, subject to sound business judgment. Except as otherwise provided in the Master Subordinate Indenture or the Master Senior Indenture with respect to the transfer or disposition of LAX Airport Facilities, the Department will, from time to time, duly pay and discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith by the Department, all taxes (if any), assessments or other governmental charges lawfully imposed upon the LAX Airport Facilities or upon any part thereof, or upon the LAX Revenues, Pledged Revenues, Net Pledged Revenues or Subordinate Pledged Revenues, when the same will become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the LAX Revenues, Pledged Revenues, Net Pledged Revenues or Subordinate Pledged Revenues or LAX Airport Facilities or any part thereof constituting part of the LAX Airport Facilities.

Insurance; Application of Insurance Proceeds

Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions:

(1) the Department will procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self-Insurance with respect to the facilities constituting Los Angeles International Airport and public liability insurance in the form of commercial insurance or Qualified Self-Insurance and, in each case, in such amounts and against such risks as are, in the judgment of the Department, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports;

(2) the Department will procure and maintain reasonable fidelity insurance or bonds on the position of Chief Financial Officer and on any other employees of the Board or the Department who handle or are responsible for funds of the Department; and

(3) the Department will place on file with the Subordinate Trustee annually within 120 days after the close of each Fiscal Year a certificate of an Authorized Representative containing a summary of all insurance policies and self-insured programs then in effect with respect to Los Angeles International Airport and the operations of the Department. The Subordinate Trustee may conclusively rely upon such certificate and will not be responsible for the sufficiency or adequacy of any insurance required in the Master Subordinate Indenture or obtained by the Department.

"Qualified Self-Insurance" means insurance maintained through a program of self-insurance or insurance maintained with a fund, company or association in which the Department may have a material interest and of which the Department may have control, either singly or with others. Each plan of Qualified Self-Insurance will be established in accordance with law, will provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Department determines to be reasonable to protect against risks assumed under the Qualified Self-Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified Self-Insurance, and such self-insurance program will be reviewed at least once every 12 months by a Consultant who will deliver to the Department a report on the adequacy of the reserves established thereunder. If the Consultant determines that such reserves are inadequate, he will make a recommendation as to the amount of reserves that should be established and maintained, and the Department will comply with such recommendation unless it can establish to the satisfaction of and receive a certification from a Consultant that a lower amount is reasonable to provide adequate protection to the Department.

If, as a result of any event, any part of an LAX Airport Facility or any LAX Airport Facilities is destroyed or severely damaged, the Department will create within the LAX Revenue Account a special subaccount and will credit the Net Proceeds received as a result of such event of damage or destruction to such subaccount and such Net Proceeds will, within a reasonable period of time taking into account any terms under which insurance proceeds are paid and any insurance restrictions upon the use or timing of the use of insurance proceeds, be used to: (1) repair or replace the LAX Airport Facilities, or portion thereof, which were damaged or destroyed, (2) provide additional revenue-producing LAX Airport Facilities, (3) redeem Senior Bonds, (4) create an escrow fund pledged to pay specified Senior Bonds and thereby cause such Senior Bonds to be deemed to be paid as provided in the Master Senior Indenture; provided, however, that the Department will first deliver to the Senior Trustee a certificate of a Consultant showing that, after taking into account the use of the Net Proceeds for the redemption of such specified Senior Bonds, the rate covenant set forth in the Master Senior Indenture would, nevertheless, be met, (5) redeem Subordinate Obligations, or (6) create an escrow fund pledged to pay specified Subordinate Obligations and thereby cause such Subordinate Obligations to be deemed to be paid as provided in the Master Subordinate Indenture; provided, however, that the Department will first deliver to the Subordinate Trustee a certificate of a Consultant showing that, after taking into account the use of the Net Proceeds for the redemption of such specified Subordinate Obligations, the rate covenant set forth in the Master Subordinate Indenture would, nevertheless, be met.

Transfer of LAX Airport Facility or LAX Airport Facilities

The Department will not, except as permitted below transfer, sell or otherwise dispose of an LAX Airport Facility or LAX Airport Facilities. For purposes of this section, any transfer of an asset over which the Department retains substantial control in accordance with the terms of such transfer will not, for so long as the Department has such control, be deemed a disposition of an LAX Airport Facility or LAX Airport Facilities.

The Department may transfer, sell or otherwise dispose of LAX Airport Facilities only if such transfer, sale or disposition complies with one or more of the following provisions:

(a) The property being disposed of is inadequate, obsolete or worn out; or

(b) The property proposed to be disposed of and all other LAX Airport Facilities disposed of during the 12-month period ending on the day of such transfer (but excluding property disposed of under (a) above), will not, in the aggregate, constitute a Significant Portion, the proceeds are deposited into the LAX Revenue Account to be used as described below and the Department believes that such disposal will not prevent it from fulfilling its obligations under the Senior Indenture; or

(c) Prior to the disposition of such property, there is delivered to the Senior Trustee and the Subordinate Obligations a certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the Department as evidenced by a certificate of an Authorized Representative, the Consultant estimates that Department will be in compliance with the rate covenants set forth in the Master Senior Indenture and the Master Subordinate Indenture during each of the five Fiscal Years immediately following such disposition.

LAX Airport Facilities which were financed with the proceeds of obligations the interest on which is then excluded from gross income for federal income tax purposes will not be disposed of, except under the terms of provision (a) above, unless the Department has first received a written opinion of Bond Counsel to the effect that such disposition and the application of any disposition proceeds thereof will not cause the interest on such obligations to become includable in gross income for federal income tax purposes.

No such disposition will be made which would cause the Department to be in default of any other covenant contained in the Master Senior Indenture or the Master Subordinate Indenture.

Investments

Moneys held by the Subordinate Trustee in the funds and accounts created in the Master Subordinate Indenture and under any Supplemental Subordinate Indenture will be invested and reinvested as directed by the Department, in Subordinate Permitted Investments subject to the restrictions set forth in the Master Subordinate Indenture and such Supplemental Subordinate Indenture and subject to the investment restrictions imposed upon the Department by the Charter and the laws of the State. The Department will direct such investments by written certificate (upon which the Subordinate Trustee may conclusively rely) of an Authorized Representative or by telephone instruction followed by prompt written confirmation by an Authorized Representative; in the absence of any such instructions, the Subordinate Trustee will, to the extent practicable, invest in Subordinate Permitted Investments specified in (i) of the definition thereof.

The Subordinate Trustee will not be liable for any loss resulting from following the written directions of the Department or as a result of liquidating investments to provide funds for any required payment, transfer, withdrawal or disbursement from any fund or account in which such Subordinate Permitted Investment is held.

The Subordinate Trustee may buy or sell any Subordinate Permitted Investment through its own (or any of its affiliates) investment department.

Defeasance

Subordinate Obligations or portions thereof (such portions to be in integral multiples of the authorized denomination) which have been paid in full or which are deemed to have been paid in full will no longer be secured by or entitled to the benefits of the Master Subordinate Indenture except for the purposes of payment from moneys or Government Obligations held by the Subordinate Trustee or a Subordinate Paying Agent for such purpose. When all Subordinate Obligations which have been issued under the Master Subordinate Indenture have been paid in full or are deemed to have been paid in full, and all other sums payable under the Master Subordinate Indenture by the Department, including all necessary and proper fees, compensation and expenses of the Subordinate Trustee, the Subordinate Registrar and the Subordinate Paying Agent, have been paid or are duly provided for, then the right, title and interest of the Subordinate Trustee in and to the pledge of Subordinate Pledged Revenues and the other assets pledged to secure the Subordinate Obligations under the Master Subordinate Indenture will thereupon cease, terminate and become void, and thereupon the Subordinate Trustee will cancel, discharge and release the Master Subordinate Indenture, will execute, acknowledge and deliver to the Department such instruments as will be requisite to evidence such cancellation, discharge and release and will assign and deliver to the Department any property and revenues at the time subject to the Master Subordinate Indenture which may then be in the Subordinate Trustee’s possession, except funds or securities in which such funds are invested and are held by the Subordinate Trustee or the Subordinate Paying Agent for the payment of the principal of, premium, if any, and interest on the Subordinate Obligations.

A Subordinate Obligation will be deemed to be paid within the meaning of the Master Subordinate Indenture when payment of the principal, interest and premium, if any, either (a) has been made or caused to be made in accordance with the terms of the Subordinate Obligations and the Master Subordinate Indenture or (b) has been provided for by depositing with the Subordinate Trustee in trust and setting aside exclusively for such payment, (i) moneys sufficient to make such payment and/or (ii) noncallable Government Obligations, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment. At such times as Subordinate Obligations will be deemed to be paid under the Master Subordinate Indenture, such Subordinate Obligations will no longer be secured by or entitled to the benefits of the Master Subordinate Indenture, except for the purposes of payment from such moneys or Government Obligations.

Any deposit under clause (b) of the foregoing paragraph will be deemed a payment of such Subordinate Obligations. Once such deposit has been made, the Subordinate Trustee will notify all Holders of the affected Subordinate Obligations that the deposit required by (b) above has been made with the Subordinate Trustee and that such Subordinate Obligations are deemed to have been paid in accordance with the Master Subordinate Indenture. No notice of redemption will be required at the time of such defeasance or prior to such date as may be required by the Supplemental Subordinate Indenture under which such Subordinate Obligations were issued. The Department may at any time, prior to issuing such notice of redemption as may be required by the Supplemental Subordinate Indenture under which such Subordinate Obligations were issued, modify or otherwise change the scheduled date for the redemption or payment of any Subordinate Obligation deemed to be paid under the terms of the foregoing paragraph in accordance with the terms of the Subordinate Obligations or the Master Subordinate Indenture subject to (i) receipt of an approving opinion of Bond Counsel that such action will not adversely affect the tax-exemption of any Subordinate Obligation or Subordinate Obligations then Outstanding and (ii) receipt of an approving opinion of a nationally recognized accounting firm that there are sufficient moneys and/or Government Obligations to provide for the payment of such Subordinate Obligations. Notwithstanding anything in this section to the contrary, moneys from the trust or escrow established for the defeasance of Subordinate Obligations may be withdrawn and delivered to the Department so long as the requirements of subparagraphs (i) and (ii) above are met prior to or concurrently with any such withdrawal.

Subordinate Events of Default and Remedies

Subordinate Events of Default. Each of the following events will constitute and is referred to as a "*Subordinate Event of Default*":

(a) a failure to pay the principal of or premium, if any, on any of the Subordinate Obligations, when the same will become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Subordinate Obligations when such interest will become due and payable;

(c) failure to pay the purchase price of any Subordinate Obligation when such purchase price will be due and payable upon an optional or mandatory tender date as provided in a Supplemental Subordinate Indenture;

(d) a failure by the Department to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) above) that are to be observed or performed by the Department and which are contained in the Master Subordinate Indenture or a Supplemental Subordinate Indenture, which failure, except for a violation under the rate covenant set forth in the Master Subordinate Indenture which will be controlled by the provisions set forth therein, will continue for a period of 90 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Department by the Subordinate Trustee, which notice may be given at the discretion of the Subordinate Trustee and will be given at the written request of Holders of 25% or more of the Principal Amount of the Subordinate Obligations then Outstanding, unless the Subordinate Trustee, or the Subordinate Trustee and the Holders of Subordinate Obligations in a Principal Amount not less than the Principal Amount of Subordinate Obligations the Holders of which requested such notice, agree in writing to an extension of such period prior to its expiration; provided, however, that the Subordinate Trustee or the Subordinate Trustee and the Holders of such principal amount of Subordinate Obligations will be deemed to have agreed to an extension of such period if corrective action is initiated by the Department within such period and is being diligently pursued until such failure is corrected;

(e) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, including without limitation proceedings under Chapter 9 of the United States Bankruptcy Code (as the same may from time to time be hereafter amended), or other proceedings for relief under any federal or state bankruptcy law or similar law for the relief of debtors are instituted by or against the Department and, if instituted against the Department, said proceedings are consented to or are not dismissed within 60 days after such institution;

(f) the occurrence of any other Subordinate Event of Default as is provided in a Supplemental Subordinate Indenture; or

(g) a default in the payment of principal of or interest on any Senior Bonds.

Remedies.

(a) Upon the occurrence and continuance of any Subordinate Event of Default, the Subordinate Trustee in its discretion may, and upon the written direction of the Holders of 25% or more of the Principal Amount of the Subordinate Obligations then Outstanding and receipt of indemnity to its satisfaction, will, in its own name and as the Subordinate Trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Subordinate Holders, and require the Department to carry out any agreements with or for the benefit of the Subordinate Holders and to perform its or their duties under the Charter or any other law to which it is subject and this Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Master Subordinate Indenture;

(ii) bring suit upon the Subordinate Obligations;

(iii) commence an action or suit in equity to require the Department to account as if it were the trustee of an express trust for the Subordinate Holders; or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Subordinate Holders.

(b) The Subordinate Trustee will be under no obligation to take any action with respect to any Subordinate Event of Default unless the Subordinate Trustee has actual knowledge of the occurrence of such Subordinate Event of Default.

(c) Except with respect to a Credit Provider or a Liquidity Provider as provided in a Supplemental Subordinate Indenture or a written agreement between the Department and a Credit Provider or a Liquidity Provider (subject to the prior lien on Pledged Revenues granted to the Senior Bonds pursuant to the Senior Indenture), in no event, upon the occurrence and continuation of a Subordinate Event of Default, will the Subordinate Trustee, the Holders of Subordinate Obligations, a Credit Provider, a Liquidity Provider or any other party have the right to accelerate the payment of principal of and interest on the Subordinate Obligations Outstanding.

Holders' Right To Direct Proceedings. Anything in the Master Subordinate Indenture to the contrary notwithstanding, Holders of not less than 51% in aggregate Principal Amount of the Subordinate Obligations then Outstanding will have the right, at any time, by an instrument in writing executed and delivered to the Subordinate Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Subordinate Trustee under the Master Subordinate Indenture to be taken in connection with the enforcement of the terms of the Master Subordinate Indenture or exercising any trust or power conferred on the Subordinate Trustee by the Master Subordinate Indenture; provided that such direction will not be otherwise than in accordance with the provisions of the law and the Master Subordinate Indenture and that there will have been provided to the Subordinate Trustee security and indemnity satisfactory to the Subordinate Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Subordinate Trustee.

Limitation on Right To Institute Proceedings. No Subordinate Holder will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy under the Master Subordinate Indenture or on such Subordinate Obligations, unless such Subordinate Holder or Holders previously has given to the Subordinate Trustee written notice of a Subordinate Event of Default as hereinabove provided and unless also Holders of 25% or more of the Principal Amount of the Subordinate Obligations then Outstanding has made written request of the Subordinate Trustee to do so, after the right to institute such suit, action or proceeding under the Master Subordinate Indenture will have accrued, and will have afforded the Subordinate Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also will have been offered to the Subordinate Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Subordinate Trustee will not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are thereby declared in every such case, at the option of the Subordinate Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Subordinate Holders will have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of the Master Subordinate Indenture, or to enforce any right under the Master Subordinate Indenture or under the Subordinate Obligations, except in the manner provided in the Master Subordinate Indenture, and that all suits, actions and proceedings at law or in equity will be instituted, had and maintained in the manner provided in the Master Subordinate Indenture and for the equal benefit of all Subordinate Holders.

Application of Moneys. If a Subordinate Event of Default will occur and be continuing, all amounts then held or any moneys received by the Subordinate Trustee, by any receiver or by any Subordinate Holder pursuant to any right given or action taken under the provisions of the Master Subordinate Indenture (which will not include moneys provided through a Credit Facility, which moneys will be restricted to the specific use for which such moneys were provided), after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Subordinate Trustee (including attorneys' fees and disbursements), will be applied as follows: (a) first, to the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Obligations, with interest on overdue installments, if lawful, at the rate per annum as provided in any Supplemental Subordinate Indenture, as the case may be, in the order of maturity of the installments of such interest and, if the amount available will not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment, and (b) second, to the payment to the persons entitled thereto of the unpaid principal amount of any of the Subordinate Obligations which have become due with interest on such Subordinate Obligations at such rate as provided in a Supplemental Subordinate Indenture from the respective dates upon which they became due and, if the amount available will not be sufficient to pay in full Subordinate Obligations on any particular date determined to be the payment date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this section, such moneys will be applied at such times, and from time to time, as the Subordinate Trustee will determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Subordinate Trustee will apply such funds, it will fix the date (which will be an interest Payment Date unless it will deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date will cease to accrue. The Subordinate Trustee will give notice of the deposit with it of any such moneys and of the fixing of any such date by Mail to all Subordinate Holders and will not be required to make payment to any Subordinate Holder until such Subordinate Obligations will be presented to the Subordinate Trustee for appropriate endorsement or for cancellation if fully paid.

The Subordinate Trustee

Duties. If a Subordinate Event of Default has occurred and is continuing, the Subordinate Trustee will exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. The Subordinate Trustee will perform the duties set forth in the Subordinate Indenture and no implied duties or obligations will be read into the Subordinate Indenture against the Subordinate Trustee. Except during the continuance of a Subordinate Event of Default, in the absence of any negligence on its part or any knowledge to the contrary, the Subordinate Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Subordinate Trustee and conforming to the requirements of the Master Subordinate Indenture. However, the Subordinate Trustee will examine the certificates and opinions to determine whether they conform to the requirements of the Master Subordinate Indenture.

The Subordinate Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that: (a) the Subordinate Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer unless the Subordinate Trustee was negligent in ascertaining the pertinent facts; and (b) the Subordinate Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Subordinate Holders or the Department in the manner provided in the Master Subordinate Indenture.

The Subordinate Trustee will not, by any provision of the Master Subordinate Indenture, be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Master Subordinate Indenture, or in the exercise of any of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Notice of Defaults. If (a) a Subordinate Event of Default has occurred or (b) an event has occurred which with the giving of notice and/or the lapse of time would be a Subordinate Event of Default and, with respect to such events for which notice to the Department is required before such events will become Subordinate Events of Default, such notice has been given, then the Subordinate Trustee will promptly, after obtaining actual notice of such Subordinate Event of Default or event described in (b) above, give notice thereof to each Subordinate Holder. Except in the case of a default in payment or purchase on any Subordinate Obligations, the Subordinate Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Subordinate Holders.

Eligibility of Subordinate Trustee. The Master Subordinate Indenture will always have a Subordinate Trustee that is a trust company, banking association or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized to conduct trust business under the laws of the State, is subject to supervision or examination by United States, state or District of Columbia authority and has (together with its corporate parent) a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition.

Replacement of Subordinate Trustee. The Subordinate Trustee may resign by notifying the Department in writing prior to the proposed effective date of the resignation. The Holders of not less than 51% in aggregate Principal Amount of the Subordinate Obligations may remove the Subordinate Trustee by notifying the removed Subordinate Trustee and may appoint a successor Subordinate Trustee with the Department's consent. The Department may remove the Subordinate Trustee, by notice in writing delivered to the Subordinate Trustee at least 60 days prior to the proposed removal date; provided, however, that the Department will have no right to remove the Subordinate Trustee during any time when a Subordinate Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists which with the giving of notice or the passage of time or both would be a Subordinate Event of Default.

No resignation or removal of the Subordinate Trustee will be effective until a new Subordinate Trustee has taken office and delivered a written acceptance of its appointment to the retiring Subordinate Trustee and to the Department. Immediately thereafter, the retiring Subordinate Trustee will transfer all property held by it as Subordinate Trustee to the successor Subordinate Trustee, the resignation or removal of the retiring Subordinate Trustee will then (but only then) become effective and the successor Subordinate Trustee will have all the rights, powers and duties of the Subordinate Trustee under the Subordinate Indenture.

If the Subordinate Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under the Subordinate Indenture, the Department will promptly appoint a successor Subordinate Trustee.

If a Subordinate Trustee is not performing its duties under the Subordinate Indenture and a successor Subordinate Trustee does not take office within 60 days after the retiring Subordinate Trustee delivers notice of resignation or the Department delivers notice of removal, the retiring Subordinate Trustee, the Department or the Holders of not less than 51% in aggregate Principal Amount of the Subordinate Obligations may petition any court of competent jurisdiction for the appointment of a successor Subordinate Trustee.

Amendments and Supplements

Supplemental Subordinate Indentures Not Requiring Consent of Holders of Subordinate Obligations. The Department may, from time to time and at any time, without the consent of or notice to the Holders of the Subordinate Obligations, execute and deliver Supplemental Subordinate Indentures supplementing and/or amending the Master Subordinate Indenture or any Supplemental Subordinate Indenture, as follows:

(a) to provide for the issuance of a Series or multiple Series of Subordinate Obligations under the provisions of the Master Subordinate Indenture and to set forth the terms of such Subordinate Obligations and the special provisions which will apply to such Subordinate Obligations;

(b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, the Master Subordinate Indenture or any Supplemental Subordinate Indenture, provided such supplement or amendment is not materially adverse to the Subordinate Holders;

(c) to add to the covenants and agreements of the Department in the Master Subordinate Indenture or any Supplemental Subordinate Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Department, provided such supplement or amendment will not adversely affect the interests of the Subordinate Holders;

(d) to confirm, as further assurance, any interest of the Subordinate Trustee in and to the pledge of Subordinate Pledged Revenues or in and to the funds and accounts held by the Subordinate Trustee or in and to any other moneys, securities or funds of the Department provided pursuant to the Master Subordinate Indenture or to otherwise add additional security for the Subordinate Holders;

(e) to evidence any change made in the terms of any Series of Subordinate Obligations if such changes are authorized by a Supplemental Subordinate Indenture at the time the Series of Subordinate Obligations is issued and such change is made in accordance with the terms of such Supplemental Subordinate Indenture;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as amended from time to time, provided such supplement or amendment is not materially adverse to the Subordinate Holders;

(g) to provide for uncertificated Subordinate Obligations or for the issuance of coupons and bearer Subordinate Obligations or Subordinate Obligations registered only as to principal;

(h) to qualify the Subordinate Obligations or a Series of Subordinate Obligations for a rating or ratings from a Rating Agency;

(i) to accommodate the technical, operational and structural features of Subordinate Obligations which are issued or are proposed to be issued or of a Subordinate Program which has been authorized or is proposed to be authorized, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, variable rate or adjustable rate bonds, discounted or compound interest bonds, swaps or other forms of indebtedness which the Department from time to time deems appropriate to incur;

(j) to accommodate the use of a Credit Facility or Liquidity Facility for specific Subordinate Obligations or a specific Series of Subordinate Obligations, provided such supplement or amendment is not materially adverse to the Subordinate Holders;

(k) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on the Subordinate Obligations, including, without limitation, the segregation of Pledged Revenues, Net Pledged Revenues and Subordinate Pledged Revenues into different funds; and

(l) to modify, alter, amend or supplement the Master Subordinate Indenture or any Supplemental Subordinate Indenture in any other respect which is not materially adverse to the Subordinate Holders.

Before the Department executes, pursuant to this section, any Supplemental Subordinate Indenture, there will be delivered to the Department and Subordinate Trustee an opinion of Bond Counsel to the effect that such Supplemental Subordinate Indenture is authorized or permitted by the Master Subordinate Indenture, the Act and other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Department in accordance with its terms and will not cause interest on any of the Subordinate Obligations which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes.

Supplemental Subordinate Indentures Requiring Consent of Holders of Subordinate Obligations.

(a) Except for any Supplemental Subordinate Indenture entered into pursuant to the provisions described under "—Supplemental Subordinate Indentures Not Requiring Consent of Holders of Subordinate Obligations" above and any Supplemental Subordinate Indenture entered into pursuant to (b) below, subject to the terms and provisions contained in this section and not otherwise, the Holders of not less than 51% in aggregate Principal Amount of the Subordinate Obligations then Outstanding will have the right from time to time to consent to and approve the execution by the Department of any Supplemental Subordinate Indenture deemed necessary or desirable by the Department for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Master Subordinate Indenture or in a Supplemental Subordinate Indenture; provided, however, that, unless approved in writing by the Holders of all the Subordinate Obligations then Outstanding or unless such change affects less than all Series of Subordinate Obligations and the following subsection (b) is applicable, nothing contained in the Master Subordinate Indenture will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Subordinate Obligations or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Obligations or the rate of interest thereon; and provided that nothing contained in the Master Subordinate Indenture, including the provisions of (b) below, will, unless approved in writing by the holders of all the Subordinate Obligations then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by the Master Subordinate Indenture) upon or pledge of the Subordinate Pledged Revenues created by the Master Subordinate Indenture, ranking prior to or on a parity with the claim created by the Master Subordinate Indenture, (iv) except with respect to additional security which may be provided for a particular Series of Subordinate Obligations, a preference or priority of any Subordinate Obligation or Subordinate Obligations over any other Subordinate Obligation or Subordinate Obligations with respect to the security granted therefor under the Granting Clauses of the Master Subordinate Indenture, or (v) a reduction in the aggregate Principal Amount of Subordinate Obligations the consent of the Subordinate Holders of which is required for any such Supplemental Subordinate Indenture. Nothing contained in the Master Subordinate Indenture, however, will be construed as making necessary the approval by Subordinate Holders of the execution of any Supplemental Subordinate Indenture as authorized pursuant to the provisions described under "—Supplemental Subordinate Indentures Not Requiring Consent of Holders of Subordinate Obligations" above, including the granting, for the benefit of particular Series of Subordinate Obligations, security in addition to the pledge of the Subordinate Pledged Revenues.

(b) The Department may, from time to time and at any time, execute a Supplemental Subordinate Indenture which amends the provisions of an earlier Supplemental Subordinate Indenture under which a Series or multiple Series of Subordinate Obligations were issued. If such Supplemental Subordinate Indenture is executed for one of the purposes described under "—Supplemental Subordinate Indentures Not Requiring Consent of Holders of Subordinate Obligations" above, no notice to or consent of the Subordinate Holders will be required. If such Supplemental Subordinate Indenture contains provisions which affect the rights and interests of less than all Series of Subordinate Obligations Outstanding and the provisions described under "—Supplemental Subordinate Indentures Not Requiring Consent of Holders of Subordinate Obligations" are not applicable, then this subsection (b) rather than subsection (a) above will control and, subject to the terms and provisions contained in this subsection (b) and not otherwise, the Holders of not less than 51% in aggregate Principal Amount of the Subordinate Obligations of all Series of Subordinate Obligations Outstanding which are affected by such changes will have the right from time to time to consent to any Supplemental Subordinate Indenture deemed necessary or desirable by the Department for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Subordinate Indenture and affecting only the Subordinate Obligations of such Series; provided, however, that, unless approved in writing by the Holders of all the Subordinate Obligations of all the affected Series then Outstanding, nothing contained in the Master Subordinate Indenture will permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Subordinate Obligations of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Subordinate Obligations of such Series or the rate of interest thereon. Nothing contained in the Master Subordinate Indenture, however, will be construed as making necessary the approval by Holders of the adoption of any Supplemental Subordinate Indenture as authorized pursuant to the provisions described under "—Supplemental Subordinate Indentures Not Requiring Consent of Holders of Subordinate Obligations" above, including the granting, for the benefit of particular Series of Subordinate Obligations, security in addition to the pledge of the Subordinate Pledged Revenues.

Amendments to the Senior Indenture

The Holders of the Subordinate Obligations have no right to consent to or reject any amendments to the Senior Indenture that require the consent of the holders of the Senior Bonds, except for amendments to the flow of funds that require the consent of the holders of the Senior Bonds.

Rights of Credit Provider

The Master Subordinate Indenture provides that if a Credit Facility is provided for a Series of Subordinate Obligations or for specific Subordinate Obligations, the Department may in the Supplemental Subordinate Indenture under which such Subordinate Obligations are issued, provide any or all of the following rights to the Credit Provider as the Department deems to be appropriate: (a) the right to make requests of, direct or consent to the actions of the Subordinate Trustee or to otherwise direct proceedings all as provided in the Master Subordinate Indenture to the same extent and in place of the owners of the Subordinate Obligations which are secured by the Credit Facility and for such purposes the Credit Provider will be deemed to be the Bondholder of such Subordinate Obligations; (b) the right to act in place of the owners of the Subordinate Obligations which are secured by the Credit Facility for purposes of removing a Subordinate Trustee or appointing a Subordinate Trustee under the Subordinate Indenture; and (c) the right to consent to Supplemental Subordinate Indentures, which would otherwise require the consent of the Holders of not less than 51% in aggregate Principal Amount of the Subordinate Obligations, entered into pursuant to the provisions set forth under the caption "—Amendments and Supplements—Supplemental Subordinate Indentures Requiring Consent of Holders of Subordinate Obligations" above, except with respect to any amendments described in subsections (a)(i) through (iv) and (b)(i) or (ii) under the caption "—Amendments and Supplements—Supplemental Subordinate Indentures Requiring Consent of Holders of Subordinate Obligations" above, which consent of the actual Subordinate Holders will still be required, of the Master Subordinate Indenture to the same extent and in place of the owners of the Subordinate Obligations which are secured by the Credit Facility and for such purposes the Credit Provider will be deemed to be the Holder of such Subordinate Obligations.

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APPENDIX C-4

SUMMARY OF THE TWENTY-SEVENTH SUPPLEMENTAL SUBORDINATE INDENTURE

In addition to certain information contained under the captions "DESCRIPTION OF THE SERIES 2025DEF SUBORDINATE BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025DEF SUBORDINATE BONDS" in the forepart of this Official Statement, the following is a summary of certain provisions of the Twenty-Seventh Supplemental Subordinate Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Twenty-Seventh Supplemental Subordinate Indenture.

Terms of the Bonds

The Twenty-Seventh Supplemental Subordinate Indenture sets forth the terms of the Series 2025DEF Subordinate Bonds, most of which terms are described in the forepart of this Official Statement under "DESCRIPTION OF THE SERIES 2025DEF SUBORDINATE BONDS."

Establishment of Funds and Accounts

Pursuant to the Twenty-Seventh Supplemental Subordinate Indenture, the Subordinate Trustee will establish and maintain the following funds and accounts: the Series 2025D Subordinate Debt Service Fund (and within such Series 2025D Subordinate Debt Service Fund, an Interest Account, a Principal Account and a Redemption Account), the Series 2025D Subordinate Construction Fund, the Series 2025E Subordinate Debt Service Fund (and within such Series 2025E Subordinate Debt Service Fund, an Interest Account, a Principal Account and a Redemption Account), the Series 2025E Subordinate Construction Fund, the Series 2025F Subordinate Debt Service Fund (and within such Series 2025F Subordinate Debt Service Fund, an Interest Account and a Principal Account), the Series 2025DEF Subordinate Costs of Issuance Fund, the Series 2025DEF Subordinate Reserve Account to be established in the Subordinate Reserve Fund and the Series 2025DEF Subordinate Rebate Fund.

Certain of the funds and accounts will be initially funded with the proceeds of the Series 2025DEF Subordinate Bonds as described in the forepart of this Official Statement under "ESTIMATED SOURCES AND USES OF FUNDS."

Series 2025D Subordinate Debt Service Fund. The Subordinate Trustee will deposit in the Interest Account of the Series 2025D Subordinate Debt Service Fund a portion of the proceeds of the Series 2025D Subordinate Bonds, as provided in the Twenty-Seventh Supplemental Subordinate Indenture, and amounts received from the Department, as provided in the Master Subordinate Indenture, to be used to pay interest on the Series 2025D Subordinate Bonds. The Subordinate Trustee will also deposit into the Interest Account of the Series 2025D Subordinate Debt Service Fund any other amounts deposited with the Subordinate Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. Earnings on the Interest Account will be withdrawn and paid to the Department on the Business Day following an Interest Payment Date for deposit into the LAX Revenue Account, unless a Subordinate Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Subordinate Trustee will deposit into the Principal Account of the Series 2025D Subordinate Debt Service Fund amounts received from the Department to be used to pay principal of the Series 2025D Subordinate Bonds whether at maturity or by mandatory sinking fund redemption as provided in the Twenty-Seventh Supplemental Subordinate Indenture. The Subordinate Trustee will also deposit into the Principal Account of the Series 2025D Subordinate Debt Service Fund any other amounts deposited with the Subordinate Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. Earnings on the Principal Account will be withdrawn and paid to the Department on the Business Day following a principal

Payment Date for deposit into the LAX Revenue Account, unless a Subordinate Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Subordinate Trustee will deposit into the Redemption Account of the Series 2025D Subordinate Debt Service Fund amounts received from the Department or from other sources to be used to pay principal of and interest on the Series 2025D Subordinate Bonds which are to be redeemed in advance of their maturity (except redemptions occurring as a result of the operation of mandatory sinking fund redemption, if any). Earnings on the Redemption Account will be retained in such account or paid to the Department for deposit into the LAX Revenue Account in accordance with instructions given to the Subordinate Trustee by an Authorized Representative at the time of such deposit.

The Series 2025D Subordinate Debt Service Fund will be invested and reinvested in Subordinate Permitted Investments as directed by an Authorized Representative.

Series 2025D Subordinate Construction Fund. Amounts in the Series 2025D Subordinate Construction Fund will be disbursed from time to time, upon requisition of the Department, to pay the costs or to reimburse the Department for costs incurred in connection with the portion of the projects for which the Series 2025D Subordinate Bonds were issued. While held by the Subordinate Trustee, amounts in the Series 2025D Subordinate Construction Fund will not secure the Outstanding Series 2025DEF Subordinate Bonds. Amounts in the Series 2025D Subordinate Construction Fund will be invested and reinvested in Subordinate Permitted Investments as directed by the Department and the earnings upon such fund will be credited to such fund.

Series 2025E Subordinate Debt Service Fund. The Subordinate Trustee will deposit in the Interest Account of the Series 2025E Subordinate Debt Service Fund the amounts received from the Department, as provided in the Master Subordinate Indenture, to be used to pay interest on the Series 2025E Subordinate Bonds. The Subordinate Trustee will also deposit into the Interest Account of the Series 2025E Subordinate Debt Service Fund any other amounts deposited with the Subordinate Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. Earnings on the Interest Account will be withdrawn and paid to the Department on the Business Day following an Interest Payment Date for deposit into the LAX Revenue Account, unless a Subordinate Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Subordinate Trustee will deposit into the Principal Account of the Series 2025E Subordinate Debt Service Fund amounts received from the Department to be used to pay principal of the Series 2025E Subordinate Bonds whether at maturity or by mandatory sinking fund redemption as provided in the Twenty-Seventh Supplemental Subordinate Indenture. The Subordinate Trustee will also deposit into the Principal Account of the Series 2025E Subordinate Debt Service Fund any other amounts deposited with the Subordinate Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. Earnings on the Principal Account will be withdrawn and paid to the Department on the Business Day following a principal Payment Date for deposit into the LAX Revenue Account, unless a Subordinate Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Subordinate Trustee will deposit into the Redemption Account of the Series 2025E Subordinate Debt Service Fund amounts received from the Department or from other sources to be used to pay principal of and interest on the Series 2025E Subordinate Bonds which are to be redeemed in advance of their maturity. Earnings on the Redemption Account will be retained in such account or paid to the Department for deposit into the LAX Revenue Account in accordance with instructions given to the Subordinate Trustee by an Authorized Representative at the time of such deposit.

The Series 2025E Subordinate Debt Service Fund will be invested and reinvested in Subordinate Permitted Investments as directed by an Authorized Representative.

Series 2025E Subordinate Construction Fund. Amounts in the Series 2025E Subordinate Construction Fund will be disbursed from time to time, upon requisition of the Department, to pay the costs or to reimburse the Department for costs incurred in connection with the portion of the projects for which the Series 2025E Subordinate Bonds were issued. While held by the Subordinate Trustee, amounts in the Series 2025E Subordinate Construction Fund will not secure the Outstanding Series 2025DEF Subordinate Bonds. Amounts in the Series 2025E Subordinate Construction Fund will be invested and reinvested in Subordinate Permitted Investments as directed by the Department and the earnings upon such fund will be credited to such fund.

Series 2025F Subordinate Debt Service Fund. The Subordinate Trustee will deposit in the Interest Account of the Series 2025F Subordinate Debt Service Fund amounts received from the Department, as provided in the Master Subordinate Indenture, to be used to pay interest on the Series 2025F Subordinate Bonds. The Subordinate Trustee will also deposit into the Interest Account of the Series 2025F Subordinate Debt Service Fund any other amounts deposited with the Subordinate Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. Earnings on the Interest Account will be withdrawn and paid to the Department on the Business Day following an Interest Payment Date for deposit into the LAX Revenue Account, unless a Subordinate Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Subordinate Trustee will deposit into the Principal Account of the Series 2025F Subordinate Debt Service Fund amounts received from the Department to be used to pay principal of the Series 2025F Subordinate Bonds at maturity. The Subordinate Trustee will also deposit into the Principal Account of the Series 2025F Subordinate Debt Service Fund any other amounts deposited with the Subordinate Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. Earnings on the Principal Account will be withdrawn and paid to the Department on the Business Day following a principal Payment Date for deposit into the LAX Revenue Account, unless a Subordinate Event of Default exists under the Master Subordinate Indenture, in which event the earnings will be retained in such account.

The Series 2025F Subordinate Debt Service Fund will be invested and reinvested in Subordinate Permitted Investments as directed by an Authorized Representative.

Series 2025DEF Subordinate Costs of Issuance Fund. The proceeds of the Series 2025DEF Subordinate Bonds deposited into the Series 2025DEF Subordinate Costs of Issuance Fund will be disbursed by the Subordinate Trustee, from time to time, to pay costs of issuance of the Series 2025DEF Subordinate Bonds. Amounts in the Series 2025DEF Subordinate Costs of Issuance Fund will be invested and reinvested in Subordinate Permitted Investments as directed by the Department and the earnings upon such accounts will be credited to such fund.

Subordinate Reserve Fund and Series 2025DEF Subordinate Reserve Account. For a description of the Subordinate Reserve Fund, see "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2025DEF SUBORDINATE BONDS – Subordinate Reserve Fund" in the forepart of this Official Statement.

Series 2025DEF Subordinate Rebate Fund. The Twenty-Seventh Supplemental Subordinate Indenture creates the Series 2025DEF Subordinate Rebate Fund for the Series 2025DEF Subordinate Bonds established for the purpose of complying with certain provisions of the Code which require that the Department pay to the United States of America the excess, if any, of the amounts earned on certain funds held by the Subordinate Trustee with respect to the Series 2025DEF Subordinate Bonds over the amounts which would have been earned on such funds if such funds earned interest at a rate equal to the yield on the Series 2025DEF Subordinate Bonds. Such excess is to be deposited into the Series 2025DEF Subordinate Rebate Fund and periodically paid to the United States of America. The Series 2025DEF Subordinate Rebate Fund while held by the Subordinate Trustee is held in trust for the benefit of the United States of America and is not pledged as security for nor available to make payment on the Series 2025DEF Subordinate Bonds.

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APPENDIX D-1

AMENDMENTS TO THE MASTER SENIOR INDENTURE

The following is a description of certain amendments that are being made to the Master Senior Indenture. This description is for informational purposes only. These amendments do not require the consent of any of the Bondholders of the Subordinate Obligations (including the Series 2025DEF Subordinate Bonds), and the Department is not requesting consent from any of the Bondholders of the Subordinate Obligations (including the Series 2025DEF Subordinate Bonds).

The Master Senior Indenture Amendments will become effective on the date of issuance of the Series 2025DEF Subordinate Bonds and the defeasance of the Series 2015 Senior Bonds.

Master Senior Indenture Amendments

The Master Senior Indenture Amendments are set forth below. Additions to the Master Senior Indenture are shown in **bold and double underline** and deletions are shown ~~in strikethrough~~.

ARTICLE I - Definitions

(a) The definition of "Debt Service Reserve Fund Surety Policy"

"Debt Service Reserve Fund Surety Policy" shall mean an insurance policy or surety bond, or a letter of credit (other than a Reserve Fund Surety Policy) deposited with the Trustee for the credit of a Debt Service Reserve Fund created for one or more series of Outstanding Bonds in lieu of or partial substitution for cash or securities on deposit therein. Except as otherwise provided in a Supplemental Indenture, the entity providing such Debt Service Reserve Fund Surety Policy shall be rated, at the time such instrument is provided, in one of the ~~two~~ **three** highest long-term Rating Categories by ~~both Moody's if Moody's is then maintaining a rating on the Bonds and S&P if S&P is then maintaining a rating on the Bonds~~ **one or more Rating Agencies, provided that such entity shall not be rated by any Rating Agency in a long-term Rating Category that is lower than the three highest long-term Rating Categories**.

(b) The definition of "Qualified Swap"

"Qualified Swap" shall mean any Swap (a) whose Designated Debt is all or part of a particular Series of Bonds; (b) whose Swap Provider is **currently** a Qualified Swap Provider or ~~has been~~ **was** a Qualified Swap Provider ~~within the 60 day period preceding the date on which the calculation of Annual Debt Service or Aggregate Annual Debt Service is being made~~ **at the time the Swap was originally entered into by the Board**; (c) which has a term not greater than the term of the Designated Debt or to a specified mandatory tender or redemption of such Designated Debt; **and** (d) which has been designated in writing to the Trustee by the ~~Department~~ **Board** as a Qualified Swap with respect to such Bonds~~; and (e) which has been approved by S&P, if S&P has an outstanding rating on any Bonds, and Moody's, if Moody's has an outstanding rating on the Bonds~~.

(c) The definition of "Qualified Swap Provider"

"Qualified Swap Provider" shall mean a financial institution (a) whose senior long-term debt obligations, ~~or whose~~ **financial program rating, counterparty rating or claims paying ability, or whose payment** obligations under any Qualified Swap are guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, **financial program rating, counterparty rating or claims paying ability**, are rated ~~at least "Aa," in the case of Moody's~~

~~and "AA," in the case of S&P, or the equivalent thereto in the case of any successor thereto~~ **in one of the top three Rating Categories by each of the Rating Agencies then rating such financial institution**, or (b) whose obligations under any Qualified Swap are fully secured by obligations described in items (1) or (2) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (iii) subject to a perfected first lien on behalf of the Trustee, and (iv) free and clear from all third-party liens.

(d) The definition of "Released LAX Revenues"

"Released LAX Revenues" shall mean LAX Revenues in respect of which the following have been filed with the Trustee:

(a) a resolution of the Board describing a specific identifiable portion of LAX Revenues and approving that such LAX Revenues be excluded from the term Pledged Revenues;

(b) either (i) a certificate prepared by an Authorized Board Representative showing that Net Pledged Revenues for each of the two most recent completed Fiscal Years, after the specific identifiable portion of LAX Revenues covered by the Board's resolution described in (a) above are excluded, were at least equal to the larger of (A) the amounts needed for making the required deposits and payments pursuant to paragraphs SECOND through EIGHTH of Section 4.04 hereof, or (B) an amount not less than 150% of average Aggregate Annual Debt Service for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such specific identifiable portion of LAX Revenues; or (ii) a certificate prepared by a Consultant showing that the estimated Net Pledged Revenues (excluding the specific identifiable portion of LAX Revenues covered in the resolution adopted by the Board described in (a) above) for each of the first three complete Fiscal Years immediately following the Fiscal Year in which the resolution described in (a) above is adopted by the Board, will not be less than the larger of (A) the amounts needed for making the required deposits and payments pursuant to paragraphs SECOND through EIGHTH of Section 4.04 hereof, or (B) an amount not less than 150% of the average Aggregate Annual Debt Service for each Fiscal Year during the remaining term of all Bonds that will remain Outstanding after the exclusion of such specific identifiable portion of LAX Revenues; **and**

(c) an opinion of Bond Counsel to the effect that the exclusion of such specific identifiable portion of revenues from the definition of LAX Revenues and from the pledge and lien of this Indenture will not, in and of itself, cause the interest on any Outstanding Bonds to be included in gross income for purposes of federal income tax~~; and(d) written confirmation from each of Fitch and Moody's (provided such Rating Agencies have been requested by the Department to maintain a rating on the Bonds and such Rating Agencies are then maintaining a rating on any of the Bonds) to the effect that the exclusion of such specific identifiable portion of revenues from the pledge and lien of this Indenture will not cause a withdrawal or reduction in any unenhanced rating then assigned to the Bonds~~.

For purposes of subparagraph (b) above, no Transfer shall be taken into account in the computation of Net Pledged Revenues.

Additionally, the Department shall give written notice to ~~S&P (provided S&P has~~ **each of the Rating Agencies that have** been requested by the Department to maintain a rating on the Bonds and

~~S&P~~ ~~is~~ **that are** then maintaining a rating on ~~any of~~ the Bonds) at least 15 days prior to any specific identifiable portion of LAX Revenues being excluded from the pledge and lien of this Indenture as proved in this definition of "Released LAX Revenues."

Upon filing of such documents, the specific identifiable portion of LAX Revenues described in the resolution of the Board shall no longer be included in Pledged Revenues and shall be excluded from the pledge and lien of this Indenture, unless otherwise included in Pledged Revenues and in the pledge and lien of this Indenture pursuant to a Supplemental Indenture.

(e) The definition of "Reserve Fund Surety Policy"

"Reserve Fund Surety Policy" shall mean an insurance policy or surety bond, or a letter of credit, deposited with the Trustee for the credit of the Reserve Fund in lieu of or partial substitution for cash or securities on deposit therein. The entity providing such Reserve Fund Surety Policy shall be rated, at the time such instrument is provided, in one of the ~~two~~ **three** highest **long-term** Rating Categories by ~~both Moody's if Moody's is then maintaining a rating on the Bonds and S&P if S&P is then maintaining a rating on the Bonds~~ **one or more Rating Agencies, provided that such entity shall not be rated by any Rating Agency in a long-term Rating Category that is lower than the three highest long-term Rating Categories**.

Section 10.03(g)

Section 10.03(g) is amended to read as follows:

(g) For the purposes of this Section 10.03, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Board, may consent to a modification or amendment permitted by this Section 10.03 in the manner provided herein and with the same effect as a consent given by the Bondholder of such Bonds, except that no proof of ownership shall be required; provided, that this provision of Section 10.03 shall be disclosed prominently in the offering document, if any, for each Series of Bonds issued pursuant to this Indenture, provided that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the offering document prepared in connection with the primary offering of the Bonds of such Series by the Board.

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APPENDIX D-2

AMENDMENTS TO THE MASTER SUBORDINATE INDENTURE

The following is a description of certain amendments that are being made to the Master Subordinate Indenture. The Master Subordinate Indenture Amendments do not require the consent of the purchasers of the Series 2025DEF Subordinate Bonds in order to become effective. Any purchaser of the Series 2025DEF Subordinate Bonds will be purchasing the Series 2025DEF Subordinate Bonds subject to the Master Subordinate Indenture Amendments. The Department will not be requesting a separate written consent from the purchasers of the Series 2025DEF Subordinate Bonds for the Master Subordinate Indenture Amendments.

Master Subordinate Indenture Amendments

The Master Subordinate Indenture Amendments are set forth below. Additions to the Master Subordinate Indenture are shown in **bold and double underline** and deletions are shown ~~in strikethrough~~.

ARTICLE I - Definitions

(a) The definition of "Debt Service Reserve Fund Surety Policy"

"Debt Service Reserve Fund Surety Policy" shall mean an insurance policy or surety bond, or a letter of credit, deposited with the Trustee for the credit of the Debt Service Reserve Fund created for one or more Series or Subseries of Outstanding Subordinate Obligations in lieu of or partial substitution for cash or securities on deposit therein. Except as otherwise provided in a Supplemental Subordinate Indenture, the entity providing such Debt Service Reserve Fund Surety Policy shall be rated, at the time such instrument is provided, in one of the ~~two~~ **three** highest long-term Rating Categories by one or more ~~of the~~ Rating Agencies**, provided that such entity shall not be rated by any Rating Agency in a long-term Rating Category that is lower than the three highest long-term Rating Categories**.

(b) The definition of "Qualified Swap"

"Qualified Swap" shall mean any Swap (a) whose Designated Debt is all or part of a particular Series or Subseries of Subordinate Obligations; (b) whose Swap Provider is **currently** a Qualified Swap Provider or ~~has been~~ **was** a Qualified Swap Provider **at the time the Swap was originally entered into by the Department** ~~within the 60 day period preceding the date on which the calculation of Annual Debt Service or Aggregate Annual Debt Service is being made~~; (c) which has a term not greater than the term of the Designated Debt or to a specified mandatory tender or redemption of such Designated Debt; **and** (d) which has been designated in writing to the Trustee by the Department as a Qualified Swap with respect to such Subordinate Obligations~~; and (e) which has been approved by S&P, if S&P has an outstanding rating on any Subordinate Obligations, and Moody's, if Moody's has an outstanding rating on the Subordinate Obligations~~.

(c) The definition of "Qualified Swap Provider"

"Qualified Swap Provider" shall mean a financial institution (a) whose senior long-term debt obligations, **financial program rating, counterparty rating or claims paying ability, or whose payment** obligations under any Qualified Swap are guaranteed by a financial institution, or subsidiary of a financial institution, whose senior long-term debt obligations, **financial program rating, counterparty rating or claims paying ability**, are rated **in one of the top three Rating Categories by each of the Rating Agencies then rating such financial institution** ~~at least "Aa," in the case of Moody's and "AA," in the case of S&P, or the equivalent thereto in the case of any successor thereto~~, or (b) whose obligations under ~~a~~ **any** Qualified Swap are fully secured by obligations described in items (a) or (b) of the definition of Permitted Investments which are (i) valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 105% of the principal amount of the investment, together with the interest accrued and unpaid thereon, (ii) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (iii) subject to a perfected first lien on behalf of the Trustee, and (iv) free and clear from all third-party liens.

Section 10.03(g)

Section 10.03(g) is amended to read as follows:

(g) For the purposes of this Section 10.03 the purchasers of the Subordinate Obligations of a Series or Subseries, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Department, may consent to a modification or amendment permitted by this Section 10.03 in the manner provided herein and with the same effect as a consent given by the Holders of such Subordinate Obligations, except that no proof of ownership shall be required; provided, that this provision of Section 10.03 shall be disclosed prominently in the offering document, if any, for each Series or Subseries of Subordinate Obligations issued pursuant to this Indenture, provided that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the offering document prepared in connection with the primary offering of the Subordinate Obligations of such Series or Subseries by the Department.

APPENDIX E

PROPOSED FORM OF BOND COUNSEL'S OPINION

Upon issuance of the Series 2025DEF Subordinate Bonds, Kutak Rock LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Closing Date]

Department of Airports of the City of Los Angeles
Board of Airport Commissioners of the City
of Los Angeles
Los Angeles, California

$971,325,000
Department of Airports
of the City of Los Angeles, California
Los Angeles International Airport
Subordinate Revenue and
Refunding Revenue Bonds
2025 Series D
(Governmental Purpose/Non-AMT)
(Green Bonds)

$285,085,000
Department of Airports
of the City of Los Angeles, California
Los Angeles International Airport
Subordinate Revenue and
Refunding Revenue Bonds
2025 Series E
(Governmental Purpose/Non-AMT)

$74,800,000
Department of Airports of the City of Los Angeles, California
Los Angeles International Airport
Subordinate Refunding Revenue Bonds
2025 Series F
(Private Activity/AMT)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Department of Airports of the City of Los Angeles (the "Department"), acting through the Board of Airport Commissioners of the City of Los Angeles (the "Board"), in connection with the Department's issuance and sale of (a) $971,325,000 aggregate principal amount of its Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2025 Series D (Governmental Purpose/Non-AMT) (Green Bonds) (the "Series 2025D Subordinate Bonds"), (b) $285,085,000 aggregate principal amount of its Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2025 Series E (Governmental Purpose/Non-AMT) (the "Series 2025E Subordinate Bonds"), and (c) $74,800,000 aggregate principal amount of its Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2025 Series F (Private Activity/AMT) (the "Series 2025F Subordinate Bonds," and collectively with the Series 2025D Subordinate Bonds and the Series 2025E Subordinate Bonds, the "Series 2025D/E/F Subordinate Bonds"). The Series 2025D/E/F Subordinate Bonds are being issued 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 Trust Company, National Association, successor in interest to U.S. Bank National Association, as trustee (the "Subordinate Trustee"), and the Twenty-Seventh Supplemental Subordinate Trust Indenture, dated as of April 1, 2025 (the "Twenty-Seventh Supplemental Subordinate Indenture," and together with the Master Subordinate Indenture, the "Subordinate Indenture"), by and between the Department and the Subordinate Trustee. Issuance of the Series 2025D/E/F Subordinate Bonds has been authorized by Resolution No. 27612 adopted by the Board on October 20, 2022 and approved by the City Council of the City of Los Angeles on December 2, 2022 and by the Mayor of the City of Los Angeles on December 8, 2022, and Resolution No. 28128 adopted by the Board on March 13, 2025 (collectively, the "Resolutions"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Subordinate Indenture.

In connection with the issuance of the Series 2025D/E/F Subordinate Bonds, we have examined: (a) the Charter; (b) certified copies of the Resolutions; (c) executed copies of the Master Subordinate Indenture and the Twenty-Seventh Supplemental Subordinate Indenture; (d) an executed copy 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, N.A., as trustee (the "Senior Trustee"); (e) an executed copy of the Tax Compliance Certificate, dated the date hereof, relating to the Series 2025D/E/F Subordinate Bonds and other matters (the "Tax Certificate"); (f) an executed copy of the Escrow Agreement, dated April 22, 2025, by and between the Department, acting through the Board, and the Senior Trustee, as trustee and escrow agent, with respect to the Refunded Senior Series 2015A Bonds and the Refunded Senior Series 2015D Bonds; (g) a copy of the Verification Report, dated April 22, 2025, by Samuel Klein and Company, Certified Public Accountants; (h) certifications of the Department, the Subordinate Trustee, the Senior Trustee, Samuel A. Ramirez & Co., Inc., as representative of the underwriters of the Series 2025D/E/F Subordinate Bonds (the "Underwriters"), Omnicap Group LLC, as co-municipal advisor to the Department, the City Clerk of the City of Los Angeles, and others; (i) opinions of the City Attorney, counsel to the Subordinate Trustee, counsel to the Senior Trustee and counsel to the Underwriters; and (j) such other documents as we deemed relevant and necessary in rendering the opinions set forth herein. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and the validity against, any parties, other than the Department, thereto. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in this paragraph.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or whether any other matters come to our attention after the date hereof. We call attention to the fact that the obligations of the Department, the security provided therefor, as contained in the Series 2025D/E/F Subordinate Bonds and the 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, fraudulent conveyance, 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 charter 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 Series 2025D/E/F Subordinate Bonds or the Subordinate Indenture. We have not undertaken any responsibility for the accuracy, completeness or fairness of the Official Statement dated April 15, 2025, or any other offering material relating to the Series 2025D/E/F Subordinate Bonds and express no opinion relating thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series 2025D/E/F Subordinate Bonds have been duly authorized and all legal conditions precedent to the issuance and delivery of the Series 2025D/E/F Subordinate Bonds have been fulfilled.

2. The Series 2025D/E/F Subordinate Bonds constitute the valid and binding limited obligations of the Department secured by a pledge of and lien upon and are a charge upon and are payable from the Subordinate Pledged Revenues and certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture.

3. The Master Subordinate Indenture and the Twenty-Seventh Supplemental Subordinate Indenture have been duly authorized, executed and delivered by the Department and, assuming the due authorization, execution and delivery by the Subordinate Trustee, constitute the valid and binding obligations of the Department, enforceable against the Department in accordance with their terms. The Subordinate Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Series 2025D/E/F Subordinate Bonds, of the Subordinate Pledged Revenues and certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture, subject to the provisions of the Subordinate Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

4. The Series 2025D/E/F Subordinate Bonds are not general obligations of the Department. Neither the faith and the credit nor the taxing power of the City of Los Angeles, 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 and interest on the Series 2025D/E/F Subordinate Bonds. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Series 2025D/E/F Subordinate Bonds. The Department has no power of taxation.

5. Under existing laws, regulations, rulings and judicial decisions, interest on the Series 2025D Subordinate Bonds and the Series 2025E Subordinate Bonds is excluded from gross income for federal income tax purposes. Interest on the Series 2025D Subordinate Bonds and the Series 2025E Subordinate Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series 2025D Subordinate Bonds and the Series 2025E Subordinate Bonds may affect the federal alternative minimum tax imposed on certain corporations.

6. Under existing laws, regulations, rulings and judicial decisions, interest on the Series 2025F Subordinate Bonds is excluded from gross income for federal income tax purposes, except that such exclusion does not apply with respect to interest on any Series 2025F Subordinate Bond for any period during which such Series 2025F Subordinate Bond is held by a person who is a "substantial user" of the facilities refinanced by the Series 2025F Subordinate Bonds or a "related person" to such substantial user within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Interest on the Series 2025F Subordinate Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series 2025F Subordinate Bonds may affect the federal alternative minimum tax imposed on certain corporations

7. Under existing laws, interest on the Series 2025D/E/F Subordinate Bonds is exempt from present State of California personal income taxes.

The opinions set forth in numbered paragraphs 5 and 6 above regarding the exclusion of interest from gross income of the recipient is subject to continuing compliance by the Department with covenants regarding federal tax law contained in the Subordinate Indenture and the Tax Certificate. Failure to comply with such covenants could cause interest on the Series 2025D/E/F Subordinate Bonds to be included in gross income retroactive to the date of issue of the Series 2025D/E/F Subordinate Bonds. Although we are of the opinion that interest on the Series 2025D/E/F Subordinate Bonds is excluded from gross income for federal tax purposes, the accrual or receipt of interest on the Series 2025D/E/F Subordinate Bonds 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.

Our engagement with respect to the Series 2025D/E/F Subordinate Bonds has concluded with their issuance, and we disclaim any obligation to update, revise or supplement this opinion letter.

Very truly yours,

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the subcaption "—General" below has been provided by DTC. Neither the City nor the Department makes any representations as to the accuracy or the completeness of such information. The beneficial owners of the Series 2025DEF Subordinate Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NONE OF THE CITY, THE DEPARTMENT, OR THE SUBORDINATE 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 THE SERIES 2025DEF SUBORDINATE BONDS UNDER THE SUBORDINATE INDENTURE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2025DEF SUBORDINATE BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL, PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE OWNER OF THE SERIES 2025DEF SUBORDINATE BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SERIES 2025DEF SUBORDINATE BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2025DEF Subordinate Bonds. The Series 2025DEF Subordinate Bonds will be issued as fully–registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully–registered bond certificate will be issued for each maturity of each series of the Series 2025DEF Subordinate Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Subordinate Trustee.

DTC, the world's largest securities depository, is a limited–purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non–U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post–trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book–entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of Series 2025DEF Subordinate Bond 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC may be found www.dtcc.com. The Department undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on DTC's website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website.

Purchases of the Series 2025DEF Subordinate Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025DEF Subordinate Bonds, as applicable, on DTC's records. The ownership interest of each actual purchaser of each Series 2025DEF Subordinate Bond ("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 Series 2025DEF Subordinate Bonds, 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 Series 2025DEF Subordinate Bonds, except in the event that use of the book–entry system for the Series 2025DEF Subordinate Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025DEF Subordinate Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2025DEF Subordinate Bonds 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 Series 2025DEF Subordinate Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025DEF Subordinate Bonds 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.

While the Series 2025DEF Subordinate Bonds are in the book-entry-only system, redemption notices shall be sent to DTC. If less than all of the Series 2025DEF Subordinate Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025DEF Subordinate Bonds 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 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 Series 2025DEF Subordinate Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2025DEF Subordinate Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Department or the Subordinate Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Series 2025DEF Subordinate Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC, the Department and the Subordinate Trustee subject to any statutory, or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest on the Series 2025DEF Subordinate Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Department and the Subordinate 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 Series 2025DEF Subordinate Bonds at any time by giving reasonable notice to the Department and the Subordinate Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered. To the extent permitted by law, the Department may decide to discontinue use of the system of book–entry transfers through DTC (or to the extent permitted by law, a successor Security Bonds depository). In that event, bond certificates will be printed and delivered to DTC.

No Assurance Regarding DTC Practices

The foregoing 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.

AS LONG AS CEDE & CO. OR ITS SUCCESSOR IS THE REGISTERED HOLDER OF THE SERIES 2025DEF SUBORDINATE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE REGISTERED HOLDERS OF THE SERIES 2025DEF SUBORDINATE BONDS SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2025DEF SUBORDINATE BONDS.

In the event that the Department determines not to continue the book-entry system or DTC determines to discontinue its services with respect to the Series 2025DEF Subordinate Bonds and the Department does not select another qualified depository, the Department shall deliver one or more Series 2025DEF Subordinate Bonds in such principal amount or amounts, in authorized denominations, and registered in whatever name or names, as DTC shall designate. In such event, transfers and exchanges of Series 2025DEF Subordinate Bonds, as applicable, will be governed by the provisions of the Subordinate Indenture.

Risks of Book-Entry System

The Department makes no assurance, and the Department shall incur no liability, regarding the fulfillment by DTC of its obligations under the book-entry system with respect to the Series 2025DEF Subordinate Bonds.

In addition, Beneficial Owners of the Series 2025DEF Subordinate Bonds may experience some delay in their receipt of distributions of principal of, premium, if any, and interest on, the Series 2025DEF Subordinate Bonds, as applicable, since such distributions will be forwarded by the Department to DTC and DTC will credit such distributions to the accounts of the Direct Participants which will thereafter credit them to the accounts of the Beneficial Owners either directly or through Indirect Participants.

Since transactions in the Series 2025DEF Subordinate Bonds can be effected only through DTC, Direct Participants, Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge Series 2025DEF Subordinate Bonds, to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Series 2025DEF Subordinate Bonds, as applicable, may be limited due to lack of a physical certificate. Beneficial Owners will not be recognized by the Department as registered owners of the Series 2025DEF Subordinate Bonds, and Beneficial Owners will only be permitted to exercise the rights of registered owners indirectly through DTC and its Participants.

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APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the Series 2025DEF Subordinate Bonds, the Department proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Department of Airports of the City of Los Angeles, California (the "Department") in connection with the issuance by the Department of its Los Angeles International Airport Subordinate Revenue and Refunding Revenue Bonds, 2025 Series D (Governmental Purpose/Non-AMT) (Green Bonds) (the "Series 2025D Subordinate Bonds"), Los Angeles International Airport Subordinate Revenue and Refunding Revenue Bonds, 2025 Series E (Governmental Purpose/Non-AMT) (the "Series 2025E Subordinate Bonds") and the Los Angeles International Airport Subordinate Refunding Revenue Bonds, 2025 Series F (Private Activity/AMT) (the "Series 2025F Subordinate Bonds" and, collectively with the Series 2025D Subordinate Bonds and the Series 2025E Subordinate Bonds, the "Series 2025DEF Subordinate Bonds"). The Series 2025DEF Subordinate Bonds are being issued pursuant to 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 Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the "Subordinate Trustee"), and the Twenty-Seventh Supplemental Subordinate Trust Indenture dated as of April 1, 2025 (the "Twenty-Seventh Supplemental Subordinate Indenture," and together with the Master Subordinate Indenture, the "Subordinate Indenture"), by and between the Department and the Subordinate Trustee. The Department hereby covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Subordinate Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Department pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person that: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025DEF Subordinate Bonds (including persons holding Series 2025DEF Subordinate Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Series 2025DEF Subordinate Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Department, acting in its capacity as Dissemination Agent hereunder, or any other successor Dissemination Agent designated in writing by the Department, and which has filed with the Department a written acceptance of such designation.

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"Financial Obligation" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" shall mean the one-year period ending on June 30 of each year or such other period of 12 months designated by the Department as its Fiscal Year.

"GASB" shall mean the Governmental Accounting Standards Board.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any successor thereto.

"Official Statement" shall mean the final official statement of the Department dated April 15, 2025 relating to the Series 2025DEF Subordinate Bonds.

"Owner" shall mean a registered owner of the Series 2025DEF Subordinate Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Series 2025DEF Subordinate Bonds required to comply with the Rule in connection with offering of the Series 2025DEF Subordinate Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the Securities and Exchange Commission.

"State" shall mean the State of California.

Section 2. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Department for the benefit of the Owners and Beneficial Owners of the Series 2025DEF Subordinate Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 3. Provision of Annual Reports.

(a) The Department shall, or shall cause the Dissemination Agent, if the Dissemination Agent is other than the Department, to, not later than 180 days following the end of each Fiscal Year of the Department (which Fiscal Year currently ends on June 30), commencing with the report for Fiscal Year ending June 30, 2025, provide to the MSRB through the EMMA System, in an electronic format and accompanied by identifying information all as prescribed by the MSRB and/or the Rule, an Annual Report relating to the immediately preceding Fiscal Year that is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that any audited financial statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year for the Department changes, the Department shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) If in any year, if the Department does not provide the Annual Report to the MSRB by the time specified above, the Department shall file a notice with the MSRB through the EMMA System in substantially the form attached as Exhibit A hereto.

(c) If the Dissemination Agent is not the Department, the Dissemination Agent shall: (i) file a report with the Department certifying that the Annual Report has been filed pursuant to this Disclosure Certificate and listing the date(s) of the filing(s); and (ii) take any other actions mutually agreed to between the Dissemination Agent and the Department.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The Department's audited financial statements for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated from time to time by GASB and all statements and interpretations issued by the Financial Accounting Standards Board which are not in conflict with the statements issued by GASB, provided however that the Department may from time to time, in order to comply with federal or State legal requirements, modify the basis upon which such financial statements are provided notice. Notice of any such modification shall be provided to the MSRB and shall include a reference to the applicable law or requirement describing such accounting basis. If the Department's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain comparable information derived from unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Information in form and substance similar to the following tables set forth in the Official Statement for the most recently completed Fiscal Year:

1. Table 1 – "Existing Senior Bonds";

2. Table 2 – "Existing Subordinate Bonds, Subordinate Commercial Paper Notes and Subordinate Revolving Obligations";

3. Table 3 – "Senior Bonds and Subordinate Bonds Debt Service Requirements" (only if such information changes);

4. Table 5 – "Air Carriers Serving LAX" (as of the first day of the current Fiscal Year);

5. Table 7 – "Air Traffic Data";

6. Table 8 – "Historical Total Enplanements by Airline";

7. Table 9 – "Total Revenue Landed Weight";

8. Table 10 – "Enplaned and Deplaned Cargo";

9. Table 11 – "Historical Operating Statements";

10. Table 12 – "Top Ten Revenue Providers";

11. Table 13 – "Top Ten Revenue Sources";

12. Table 15 – "Historical Debt Service Coverage"; and

13. The columns entitled "Department Market Value" and "LAX Market Value" in Table 16 – "City of Los Angeles Pooled Investment Fund"; and

14. Unless otherwise provided in "Historical Operating Statements," the total amount of PFC revenues received by the Department with respect to Los Angeles International Airport.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Department or related public entities that have been submitted to the MSRB through the EMMA System. In the event that information necessary to prepare the tables listed above becomes unavailable due to changes in accounting practices, legislative changes or organizational changes, the

Department shall state in its Annual Report that such table will no longer be included in the Annual Report and the reason therefore and the Department will provide comparable information if available.

Section 5. Reporting of Significant Events.

(a) The Department shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2025DEF Subordinate Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the Department; or
10. Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Department, if any such event reflects financial difficulties.

Note: for the purposes of the event identified in Section 5(a)(9) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Department in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Department, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Department.

(b) The Department shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2025DEF Subordinate Bonds, if material, not later than ten business days after the occurrence of the event:

1. Non-payment related defaults;
2. Unless described in paragraph 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2025DEF Subordinate

Bonds or other events affecting the tax status of the Series 2025DEF Subordinate Bonds;

3. Modifications to rights of the Owners of the Series 2025DEF Subordinate Bonds;

4. Series 2025DEF Subordinate Bond calls;

5. Release, substitution or sale of property securing repayment of the Series 2025DEF Subordinate Bonds;

6. The consummation of a merger, consolidation, or acquisition involving the Department or the sale of all or substantially all of the assets of the Department, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

8. Incurrence of a Financial Obligation of the Department or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Department, any of which affect security holders.

(c) The Department shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a), as provided in Section 3.

(d) If the Department learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Department shall within ten business days of such occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (a)(7) or (b)(4) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Series 2025DEF Subordinate Bonds pursuant to the Subordinate Indenture.

(e) As used in this Disclosure Certificate, the term “Financial Obligation” will be interpreted so as to comply with applicable federal securities laws guidance as of the date of this Disclosure Certificate, including that provided by the Securities and Exchange Commission in its Release No. 34-83885, dated August 20, 2018.

Section 6. Termination of Obligation. The Department’s obligations under this Disclosure Certificate with respect to the Series 2025DEF Subordinate Bonds shall terminate upon the maturity, legal defeasance, prior redemption or payment in full of all of the Series 2025DEF Subordinate Bonds. In addition, in the event that the Rule shall be amended, modified or repealed such that compliance by the Department with its obligations under this Disclosure Certificate no longer shall be required in any or all respects, then the Department’s obligations hereunder shall terminate to a like extent.

Section 7. Dissemination Agent. The Department may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not any other designated dissemination agent, the Department shall be the dissemination agent. The initial dissemination agent shall he the Department.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, without the consent of the Owners of the Series 2025DEF Subordinate Bonds, the Department may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is not prohibited by the Rule. The Department shall give notice of any amendment in the same manner as for a Listed Event under Section 5(e).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Department from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Department chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Department shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Department to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Series 2025DEF Subordinate Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Department to comply with its obligations under this Disclosure Certificate; provided that any such Owner or Beneficial Owner may not take any enforcement action without the consent of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Series 2025DEF Subordinate Bonds that at the time are Outstanding. A default under this Disclosure Certificate shall not be deemed a default under the Subordinate Indenture and the sole remedy under this Disclosure Certificate in the event of any failure of the Department to comply with this Disclosure Certificate shall be an action to compel performance. Under no circumstances shall any person or entity be entitled to recover monetary damages hereunder in the event of any failure of the Department to comply with this Disclosure Certificate. No Owner or Beneficial Owner of the Series 2025DEF Subordinate Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Department satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Department shall have refused to comply therewith within a reasonable time.

Section 11. **Duties, Immunities and Liabilities of Dissemination Agent**. Any Dissemination Agent appointed hereunder shall have only such duties as are specifically set forth in this Disclosure Certificate, and shall have such rights, immunities and liabilities as shall be set forth in the written agreement between the Department and such Dissemination Agent pursuant to which such Dissemination Agent agrees to perform the duties and obligations of Dissemination Agent under this Disclosure Certificate.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Department, the Dissemination Agent, if any, and the Owners and Beneficial Owners from time to time of the Series 2025DEF Subordinate Bonds, and shall create no rights in any other person or entity. This Disclosure Certificate is not intended to create any monetary rights on behalf of any person based upon the Rule.

Section 13. **Notices**. Any notices or communications to the Department may be given as follows:

Los Angeles World Airports
One World Way
Los Angeles, California 90045
Attention: Tatiana Starostina, Chief Financial Officer
Fax: (310) 646-9223
Telephone: (424) 646-5251

Section 14. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Department shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof, and the Beneficial Owners of the Series 2025DEF Subordinate Bonds shall retain all the benefits afforded to them hereunder. The Department hereby declares that it would have executed and delivered this Disclosure Certificate and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 15. Governing Law. This Disclosure Certificate was made in the City of Los Angeles and shall be governed by, interpreted and enforced in accordance with the laws of the State of California and the City of Los Angeles, without regard to conflict of law principles. Any litigation, action or proceeding to enforce or interpret any provision of this Disclosure Certificate or otherwise arising out of, or relating to this Disclosure Certificate, shall be brought, commenced or prosecuted in a State or Federal court in the County of Los Angeles in the State of California. By its acceptance of the benefits hereof, any person or entity bringing any such litigation, action or proceeding submits to the exclusive jurisdiction of the State of California and waives any defense of forum non conveniens.

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Certificate this 22nd day of April, 2025.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES

By: ____
Chief Executive Officer

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Department of Airports of the City of Los Angeles, California
Name of Bond Issue:	Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2025 Series D (Governmental Purpose/Non-AMT) (Green Bonds)
	Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2025 Series E (Governmental Purpose/Non-AMT)
	Department of Airports of the City of Los Angeles, California, Los Angeles International Airport Subordinate Refunding Revenue Bonds, 2025 Series F (Private Activity/AMT)
Date of Issuance:	April 22, 2025
CUSIP:	544445________

NOTICE IS HEREBY GIVEN that the Department of Airports of the City of Los Angeles, California (the "Department") has not provided an Annual Report with respect to the above referenced Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated April 22, 2025, executed by the Department for the benefit of the Owners and Beneficial Owners of the above referenced Bonds. The Department anticipates that the Annual Report will be filed by __________, 20__.

Dated: ___________________

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES

By: ____
Authorized Representative

APPENDIX H

CERTAIN INFORMATION REGARDING THE RETIREMENT PLAN AND PENSION SYSTEMS OF THE CITY OF LOS ANGELES

The information in this Appendix H has been provided by the City. The Department is relying upon, and has not independently confirmed or verified the accuracy or the completeness of, the information in Appendix H or the LACERS Reports, LAFPP Reports or other information incorporated by reference therein.

INTRODUCTION

GENERALLY, THE INFORMATION IN THIS SECTION HAS BEEN TRUNCATED FROM MATERIALS PROVIDED BY THE CITY TO ONLY INCLUDE THOSE PORTIONS OF THIS SECTION THAT REFERENCE THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ("LACERS") OR THE CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN ("LAFPP").

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Retirement and Pension Systems

General. The City has three single-employer defined-benefit pension plans created by the Charter: the Los Angeles City Employees' Retirement System ("**LACERS**"), the City of Los Angeles Fire and Police Pension Plan ("**LAFPP**") and, for employees of the Department of Water and Power of the City of Los Angeles, the Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plan (the "**Water and Power Plan**"). Both LACERS and LAFPP (collectively, the "**Pension Systems**") are funded primarily from the City's General Fund, while the Water and Power Plan is funded by that department's proprietary revenues.

The Pension Systems provide retirement, disability, death benefits, post-employment healthcare and annual cost-of-living adjustments to plan members and beneficiaries. Both Pension Systems are funded pursuant to the Entry Age Cost Method, which is designed to produce stable employer contributions in amounts that increase at the same rate as the employer's payroll (i.e., level percent of payroll). Retired members and surviving spouses and domestic partners of LACERS and LAFPP members are eligible for certain subsidies toward their costs of medical and other benefits. These benefits are paid by the respective retirement system. These retiree health benefits are accounted for as "Other Post-Employment Benefits" ("**OPEB**"). The City began making payments to its Pension Systems to pre-fund OPEB obligations in the late 1980s. The calculations of OPEB funding requirements are made by the same actuaries that perform the analysis of the Pension Systems' retirement benefits, and generally rely on the same actuarial assumptions, other than those assumptions such as medical cost inflation specific to OPEB.

The actuarial valuations for both Pension Systems are prepared on an annual basis and the applicable actuary recommends contribution rates for the fiscal year beginning after the completion of that actuarial valuation. The Pension Systems' annual valuations determine the contribution rate, as a percentage of covered payroll, needed to fund the normal retirement costs accrued for current employment and to amortize any unfunded actuarial accrued liability ("**UAAL**"). The UAAL represents the difference between the present value of estimated future benefits accrued as of the valuation date and the actuarial value of assets currently available to pay these liabilities. The valuation for each plan is an estimate based on relevant economic and demographic assumptions, with the goal of determining the contributions necessary to sufficiently fund over time the benefits for currently active, vested former members and retired employees and their beneficiaries.

Various actuarial assumptions are used in the valuation process, including the assumed rate of earnings on the assets of the plan in the future, the assumed rates of general inflation, salary increases, inflation in health care costs, assumed rates of disability, the assumed retirement ages of active employees, the assumed marital status at retirement, and the post-employment life expectancies of retirees and beneficiaries. As plan experience differs from adopted assumptions, the actual liabilities will be more or less than the liabilities calculated based on these assumptions. The contribution rates in the following year's valuations are adjusted to take into account actual plan experience in the current and prior years.

Each plan also generally performs an experience study every three years, comparing the plan's actual experience to the demographic assumptions previously adopted by its board. Based on the plan's experience, the board may adopt the actuary's recommendations to adjust various assumptions such as retirement rates, termination rates, and disability incidence rates in calculating its liabilities. Additionally, the experience study will review each plan's economic assumptions and the actuary may recommend adjustments based on future expectations for items such as general inflation, participant salary increases, and the plan's future expected rate of investment return. These economic assumptions are also adopted by each plan's board.

The valuations incorporate a variety of actuarial methods, some of which are designed to reduce the volatility of contributions from year to year. When measuring the value of assets for determining the UAAL, many pension plans, including the Pension Systems, "smooth" market value gains and losses over a period of years to reduce contribution volatility. These smoothing methodologies result in an actuarial value of assets that are lower or higher than the market value of assets at a given point in time.

The Actuarial Standards Board, the organization that sets standards for appropriate actuarial practice in the United States through the development and promulgation of Actuarial Standards of Practice, approved the new Actuarial Standard of Practice No. 51 ("**ASOP 51**"), effective as of the June 30, 2019 actuarial valuations. ASOP 51 requires actuaries to identify and assess risks that "may reasonably be anticipated to significantly affect the plan's future financial condition," (referred to as a "**Risk Report**.")

Examples of key risks that are particularly relevant to the Pension Systems are investment risk and longevity and other demographic risks. Among other things, the reports consider the cost to the City of alternative earning scenarios from variances in investment experience in past valuations, the Pension Systems' actuary has examined the risk associated with earning either higher or lower than the assumed investment rate in future valuations.

ASOP 51 also requires an actuary to consider if there is any ongoing contribution risk to the plan by evaluating the potential for and impact of actual contributions deviating from expected contributions in the future. The Risk Reports for both Pension Systems noted that the City has a well-established practice of making the Actuarially Determined Contribution. As a result, in practice both Pension Systems have been found to have essentially no contribution risk.

In the Risk Reports, the actuary noted that each Pension System had strengthened their respective actuarial assumptions over time in part by lowering the expected investment rate of return, utilizing generational mortality assumptions and adopting a funding policy that controls future negative amortization. These changes may result in higher contributions in the short term, but in the medium to longer term avoid both deferring contributions and allowing unmanaged growth in the UAAL.

The Risk Reports also note that both of the Pension Systems have become more mature, as evidenced by an increase in the ratio of members in pay status (retirees and beneficiaries) to active members employed by the City and by an increase in the ratios of plan assets and liabilities to active member payroll. The actuary expects these trends to continue going forward. Any increase in UAAL due to unfavorable investment and non-investment experience for the relatively larger group of non-active members would have to be amortized and funded over the payroll of the relatively smaller group of only active members; as a plan grows more mature, its contribution rate becomes more sensitive to investment volatility and liability changes.

In addition, in December 2021 the Actuarial Standards Board finalized and adopted changes to Actuarial Standard of Practice No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions* ("ASOP 4"). ASOP 4 adds significant disclosure requirements for all actuarial valuations issued on or after February 15, 2023, including a requirement to calculate and disclose a new market-based liability measurement called the Low-Default-Risk Obligation Measure ("LDROM"). Under the revised ASOP, the LDROM may be determined in a manner similar to the Actuarial Accrued Liability ("AAL") that is commonly used in public sector plan funding, but with a key difference: instead of basing the discount rate on the plan's expected rate of return (as is done in determining the AAL), the LDROM must use discount rates derived from "low-default-risk fixed income securities." Examples of these rates include U.S. Treasury yields and yields on high-rated corporate or tax-exempt general obligation municipal bonds. Public pension plans, including LACERS and LAFPP, typically invest in a diversified portfolio including stocks, bonds, real estate, and private equity, and funding calculations are based on the expected return of that portfolio. The new disclosure requirement, which is incorporated with LACERS' and LAFPP's June 30, 2023 valuations, does not change this approach for funding the plans but provides additional information on what the liability measurement would be if the plans were to adopt an all-bond investment strategy.

Each of the Pension Systems has adopted its own asset allocation plan to guide their respective investments in stocks, bonds, real estate, alternatives, and cash equivalents. Each Pension System reviews its asset allocation plan periodically and any adjustments are approved by the respective boards.

The City has never issued pension obligation bonds to fund either of its Pension Systems but may consider it in the future. The City typically pays all of its annual contributions to its Pension Systems in July at a discount, out of the proceeds of its annual issuance of tax and revenue anticipation notes.

The information under this caption is primarily derived from information produced by LACERS and LAFPP and their independent actuaries. The City has not independently verified the information provided by LACERS and LAFPP. The comprehensive annual financial reports of the individual Pension Systems, actuarial valuations for retirement and health benefits, and other information concerning LACERS and LAFPP are available on their websites, at www.lacers.org/financial-reports-and-statistics and lafpp.lacity.gov/financial-reports, respectively. Information set forth on such websites is not incorporated by reference herein. For additional information regarding the Pension Systems, see also Note 5 in the "Notes to the City's Basic Financial Statements" in the City's Annual Financial Report for the Fiscal Year Ended June 30, 2024.

Investors are cautioned that, in considering information on the Pension Systems, including the amount of the UAAL for retirement and other benefits, the funded ratio, the calculations of normal cost, and the resulting amounts of required contributions by the City, this is "forward-looking" information. Such "forward-looking" information reflects the judgment of the boards of the respective Pension Systems and their respective actuaries as to the value of future benefits over the lives of the currently active employees, vested terminated employees, and existing retired employees and beneficiaries. These judgments are based upon a variety of assumptions, one or more of which may prove to be inaccurate and/or be changed in the future.

Los Angeles City Employees' Retirement System ("LACERS"). LACERS, established in 1937 under the Charter, is a contributory plan covering civilian employees other than employees of DWP and those Public Safety Officers not participating in LAFPP. As of June 30, 2024, the date of its most recent actuarial valuation, LACERS had 26,782 active members, 22,763 retired members and beneficiaries, and 11,839 inactive members (members with a vested right to a deferred or immediate benefit or entitled to a return of their member contributions).

Over the past several years, LACERS has adopted various changes to its actuarial assumptions, including reducing the assumed investment return from 7.75% to 7.50 % in 2014, to 7.25% in 2017 and to 7.0% in 2020.

In June 2023, the LACERS Board considered a new experience study and adopted a number of changes to actuarial assumptions, including reducing the assumed inflation from 2.75 percent to 2.50 percent while maintaining the assumed rate of return at 7.00 percent. The City's actuarial consultant calculated the City pension contribution rate to increase by 0.26 percent of payroll as a result of these changes. The new assumptions were used in the June 30, 2023 actuarial valuations, which determine the City's contribution rate for Fiscal Year 2024-25.

LACERS amortizes components that contribute to its UAAL over various periods of time, depending on how the unfunded liability arose, layering separate fixed amortization periods. Under current funding policy, market losses and gains are recognized over a seven-year asset smoothing period, where only 1/7th of annual market gains or losses are recognized in the actuarial value of assets each year. The remaining gains or losses are spread equally over the next six years. Other factors that affect the calculation of unfunded liability, including early retirement incentives, plan amendments, changes in assumptions and other actuarial gains and losses will be amortized over terms that range from 5 to 30 years.

LACERS Board uses a market value "corridor" of 40%. A corridor is used in conjunction with asset smoothing, in order to keep the actuarial value of assets within a certain percentage of the market value of assets. For example, if a system has a 40% corridor, the actuarial value of assets must be between 60% and 140% of the market value of assets. If the actuarial value falls below 60% or rises above 140% of market value, the system must recognize the excess returns or losses, respectively, in that year without smoothing.

In 2012, the City Council adopted a new civilian retirement tier ("**Tier 2**"), which applied to all employees hired on or after July 1, 2013. Subsequently, as part of an agreement with the Coalition of LA City Unions, both the City and the Coalition agreed to transfer all Tier 2 employees into Tier 1 effective February 21, 2016. Any new employee hired into a position eligible for LACERS membership on or after February 21, 2016, unless eligible for Tier 1 membership under specific exemptions, is enrolled in a new "Tier 3." Based on the actuarial valuation as of June 30, 2024, approximately 57% of the system's active membership was Tier 1 members and 43% was comprised of Tier 3 members.

The following table includes a summary of the major plan design changes from Tier 1 to Tier 3.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
COMPARISON OF TIER 1 AND TIER 3 PLAN DESIGNS

Plan Feature	***Tier 1***[1]	***Tier 3***
Normal Retirement (Age / Years of Service)	55 / 30 60 / 10 70 / Any	60 / 30 60 / 10
Early Retirement (Reduced)	55 / 10 Under 55 / 30	Under 60 / 30
Benefit Factors	Normal Retirement 2.16% per year of service	Normal Retirement 1.5% @ 60 / 10 2.0% @ 60 / 30
	Early Retirement Reduced by 3% per year before age 55; and 1.5% per year from ages 55-59	Early Retirement Reduced by 10.5% at age 54, plus an additional 3% reduction for every year below the age of 54; unreduced from ages 55 to 59
Compensation Used to Determine Retirement Allowance	Highest consecutive 12 months, including pensionable bonuses	Highest consecutive 36 months, including pensionable bonuses
Maximum Benefit	100%	80%
Employee Contribution Base	6%	7%
Early Retirement Incentive Program (ERIP) Employee Contribution	1% until 2026 or when ERIP debt is paid, whichever is sooner	N/A
Other Post-Employment Benefits (OPEB), e.g., retiree healthcare Employee Contribution	4%	4%
Maximum Annual COLA	3%	2%
COLA Bank	Yes	No
Government Service Buyback	Member pays employee contributions	Member pays employee and employer contributions, except for limited military or maternity leave time. Service purchase may not cause member's service retirement allowance to exceed eighty percent of final compensation.

(1) Does not reflect Tier 1 Enhanced Benefits for approximately 500 Public Safety Officers. Note: Measure FF passed in November 2024 and grants these Public Safety Officers the opportunity to transfer to LAFPP by January 2026. The estimated number of those eligible to transfer is 420.

Source: LACERS and City of Los Angeles, Office of the City Administrative Officer.

The table below shows the actuarial value of the City's liability for retirement benefits (excluding retiree health care and OPEB), the actuarial value of assets available for retirement benefits and two indicators of funding progress for LACERS: (i) the funded ratio; and (ii) the ratio of UAAL to annual payroll.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
($ in thousands)[1]

Actuarial Valuation As of June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*UAAL[2]*	*Funded Ratio[3]*	*Covered Payroll[4]*	*UAAL as a Percentage Of Covered Payroll[5]*
2015	$11,727,161	$16,909,996	$5,182,835	69.4%	$1,907,665	271.7%
2016	12,439,250	17,424,996	4,985,746	71.4	1,968,703	253.3
2017	13,178,334	18,458,188	5,279,854	71.4	2,062,316	256.0
2018	13,982,435	19,944,579	5,962,144	70.1	2,177,687	273.8
2019	14,818,564	20,793,421	5,974,857	71.3	2,225,413	268.5
2020	15,630,103	22,527,195	6,897,093	69.4	2,445,017	282.1
2021	16,660,585	23,281,893	6,621,308	71.6	2,254,165	293.7
2022	17,649,268	24,078,751	6,429,483	73.3	2,258,725	284.7
2023	18,493,821	25,299,537	6,805,716	73.1	2,512,179	270.9
2024	19,445,577	26,492,518	7,046,942	73.4	2,730,282	258.1

(1) Table includes funding for retirement benefits only. Other Post-Employment Benefits ("OPEB") are not included.
(2) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent a funded ratio less than 100%.
(3) Actuarial value of assets divided by Actuarial Accrued Liability.
(4) Projected annual pensionable payroll for members of LACERS.
(5) UAAL divided by covered payroll.
Source: Los Angeles City Employees' Retirement System Actuarial Valuation reports.

For the Retirement Plan, the rate generally increased between the June 30, 2014 and the June 30, 2024 valuations, from 21.3% to 29.01%, primarily due to the amortization of UAAL increases from unfavorable investment experience and changes in actuarial assumptions. The introduction of Tier 3 has helped to mitigate costs as new members have been enrolled in the lower cost benefit tier since February 21, 2016. Furthermore, an additional employee contribution (4 percent for all affected employees effective January 1, 2013) was implemented by the City for certain bargaining groups and for all non-represented employees. For the Health Plan, the non-investment experience (primarily lower than projected medical premiums and subsidies) has had the most impact on declining contribution rates, from 5.8% in 2014 to 3.4% in 2024.

The actuarial value of assets is different from the market value of assets, as the actuarial value smooths asset gains and losses over a number of years. The following table shows the funding progress of LACERS based on the market value of the portion of system assets allocated to retirement benefits.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
($ in thousands)[1]

Actuarial Valuation As of June 30	*Market Value Of Assets*	*Actuarial Accrued Liability (AAL)*	*Unfunded Liability[2]*	*Funded Ratio (Market Value)[3]*	*Covered Payroll[4]*	*Unfunded Liability As a Percentage of Covered Payroll (Market Value)[5]*
2014	$11,791,079	$16,248,853	$4,457,774	72.6%	$1,898,064	234.9%
2015	11,920,570	16,909,996	4,989,426	70.5	1,907,665	261.5
2016	11,809,329	17,424,996	5,615,667	67.8	1,968,703	285.2
2017	13,180,516	18,458,188	5,277,672	71.4	2,062,316	255.9
2018	14,235,231	19,944,579	5,709,348	71.4	2,177,687	262.2
2019	14,815,593	20,793,421	5,977,828	71.3	2,225,413	268.6
2020	14,932,404	22,527,195	7,594,791	66.3	2,445,017	310.6
2021	18,918,136	23,281,893	4,363,757	81.3	2,254,165	193.6
2022	17,013,091	24,078,751	7,065,660	70.7	2,258,725	312.8
2023	17,953,293	25,299,537	7,346,244	71.0	2,512,179	292.4
2024	19,144,037	26,492,518	7,348,481	72.3	2,730,282	269.1

(1) Table includes funding for retirement benefits only. Other Post-Employment Benefits (OPEB) are not included.
(2) Actuarial Accrued Liability minus Market Value of Assets. Positive numbers represent a funded ratio less than 100 percent.
(3) Market Value of Assets divided by Actuarial Accrued Liability.
(4) Projected annual pensionable payroll for members of LACERS.
(5) Unfunded liability divided by covered payroll.
Source: Calculated based on data from Los Angeles City Employees' Retirement System Actuarial Valuation reports.

The table below shows the actuarial funding progress of LACERS' liability for healthcare post-employment benefits:

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS
($ in thousands)

Actuarial Valuation As of June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*UAAL*[(1)]	*Funded Ratio*[(2)]	*Covered Payroll*[(3)]	*UAAL As a Percentage of Covered Payroll*[(4)]
2015	$2,108,925	$2,646,989	$538,065	79.7%	$1,907,665	28.2%
2016	2,248,753	2,793,689	544,935	80.5	1,968,703	27.7
2017	2,438,458	3,005,806	567,348	81.1	2,062,316	27.5
2018	2,628,844	3,256,828	627,984	80.7	2,177,687	28.8
2019	2,812,662	3,334,299	521,637	84.4	2,225,413	23.4
2020	2,984,424	3,486,531	502,107	85.6	2,445,017	20.5
2021	3,330,377	3,520,078	189,701	94.6	2,254,165	8.4
2022	3,472,956	3,580,696	107,741	97.0	2,258,725	4.8
2023	3,646,978	3,405,089	(241,890)	107.1	2,512,179	-9.7
2024	3,855,959	3,570,148	(285,811)	108.0	2,730,282	-10.5

(1) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.
(2) Actuarial value of assets divided by Actuarial Accrued Liability.
(3) Annual pensionable payroll against which UAAL amortized.
(4) UAAL divided by Covered Payroll.

Source: The City of Los Angeles City Employees' Retirement System Actuarial Valuations.

The table below summarizes the City's payments to LACERS over the past four years and payments included in the Fiscal Year 2024-25 Adopted Budget. This table includes costs for contributions for both pensions and retiree health care.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
SOURCES AND USES OF CONTRIBUTIONS
($ in thousands)[1]

	2020-21	***2021-22***	***2022-23***	***2023-24***	***Adopted Budget 2024-25***
Sources of Contributions					
Contributions for Council-controlled Departments[2]	$ 532,833	$ 601,450	$ 636,523	$ 675,824	$ 706,034
Airport, Harbor Departments, LACERS, LAFPP	114,828	124,074	131,166	138,617	148,263
Total	**$ 647,661**	**$ 725,524**	**$ 767,689**	**$ 814,441**	**$ 854,297**
Percent of payroll – Tier 1	29.43%	32.81%	33.93%	34.07%	34.34%
Percent of payroll – Tier 3	27.45%	30.16%	31.35%	31.45%	31.06%
Uses of Contributions					
Current Service Liability (Normal cost)	$ 229,795	$ 265,096	$ 285,162	$ 298,345	$ 322,980
UAAL	462,604	492,955	556,287	596,007	612,849
Adjustments[3]	(44,738)	(32,527)	(73,760)	(79,911)	(81,532)
Total	**$ 647,661**	**$ 725,524**	**$ 767,689**	**$ 814,441**	**$ 854,297**

(1) Includes funding for OPEB.
(2) Includes employees funded by certain special funds in addition to the General Fund.
(3) Adjustments include a "true-up" reconciling projected payroll against actual payroll, the family death benefit plan, the limited term retirement plan, excess benefits, and the enhanced benefit for the Public Safety Officers who remain in LACERS.

Source: City of Los Angeles, Office of the City Administrative Officer.

The table below illustrates the City's projected contributions to LACERS for the next four fiscal years from Council-controlled City departments (excluding the proprietary departments) based on projected rates from the City's consulting actuary applied against projected payroll by the Office of the City Administrative Officer (the "**CAO**"). These projected contributions illustrate the projected cost of both pension and OPEB. The CAO's projected payroll assumes that there will be no negotiated employee compensation increases after the expiration in December 2027 or December 2028 of current labor agreements.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PROJECTED CONTRIBUTIONS
($ in thousands)

	Adopted Budget 2024-25	*Projection 2025-26*	*Projection 2026-27*	*Projection 2027-28*	*Projection 2028-29*
Contributions for Council-controlled Departments(1)(2)	$ 706,034	$ 778,946	$ 846,443	$ 902,265	$ 916,278
Percentage of Payroll(3)	33.29%	31.66%	32.37%	32.50%	32.21%
Incremental Change	$ 30,230	$ 72,911	$ 67,498	$ 55,822	$ 14,013
% Change	4.47%	10.33%	8.67%	6.59%	1.55%

(1) Includes the General Fund and various special funds.
(2) Assumes 7 percent return on investment.
(3) Reflects combined rates for July 15 payment.
Source: City of Los Angeles, Office of the City Administrative Officer (CAO), based on information commissioned by the CAO.

In addition, the LACERS Board has recently requested that the City Council review and consider a discretionary cost-of-living adjustment of 2.85 percent for Tier 1 participants. The recommendation is pending consideration by the City Council and Mayor.

Los Angeles Fire and Police Pension Plan ("LAFPP"). The LAFPP, established in 1899 and incorporated into the Charter in 1923, represents contributory plans covering uniformed fire, police, and some Department of Harbor and some Department of Airports police. As of June 30, 2024, the date of its most recent actuarial valuation, the LAFPP had 12,369 active members (including 127 in Harbor and 102 in Airports), 14,423 retired members and beneficiaries, and 828 vested former members.

Six tiers of benefits are provided, depending on the date of the member's hiring. No active members are in Tier 1, while Tier 2 had only 3 active members as of June 30, 2024, although both tiers have beneficiaries. 53% of active members are in Tier 5, and 43% are in Tier 6.

Amortization of UAAL may be calculated differently for different tiers. A Charter amendment adopted by City voters on March 8, 2011 provided the LAFPP Board with the authority to establish amortization and plan funding policies. Under the LAFPP Board's current actuarial funding policy, actuarial gains or losses are amortized over 20 years; changes in actuarial assumptions and cost methods are amortized over 20 years; plan amendments are amortized over 15 years; and actuarial funding surpluses are amortized over 30 years.

Similar to LACERS, LAFPP has adopted various asset smoothing methods. Generally, market gains or losses are recognized over seven years, so that approximately 1/7th of market losses or gains are recognized each year in the actuarial valuation. LAFPP uses a 40% market corridor, so that the actuarial value of assets must be between 60% and 140% of the market value of assets. If the actuarial value falls below 60% or rises above 140% of market value, the system must recognize the excess returns or losses, respectively, in that year without smoothing.

Based on the advice of its actuary, the LAFPP Board reduced its assumed rate of investment return from 7.50% to 7.25% in 2017, lowering it again to 7.00% in May 2020 (lowering its inflation assumption from 3.00% to 2.75% as well). In May 2023, the LAFPP Board adopted the actuary's recommendations to maintain the 7.00% assumed rate of investment return, but reduced the inflation assumption from 2.75% to 2.50%. In addition to the economic assumptions, the LAFPP Board adjusted various other demographic assumptions such as mortality, retirement, termination, and disability incidence rates. Adoption of the economic and demographic assumption changes in May 2023 was estimated to decrease City contributions by 0.45% of payroll. The new assumptions were used in the June 30, 2023 actuarial valuation, which determine the City's contribution rate for Fiscal Year 2024-25.

The table below shows the actuarial value of the City's liability for retirement benefits (excluding retiree health care and OPEB), the actuarial value of assets available for retirement benefits, and two indicators of funding progress for LAFPP, the funded ratio and the ratio of UAAL to annual payroll.

LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
ACTUARIAL VALUE BASIS
($ in thousands)[1]

Actuarial Valuation As of June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*UAAL[2]*	*Funded Ratio[3]*	*Covered Payroll[4]*	*UAAL As a percentage of Covered Payroll[5]*
2015	$16,770,060	$18,337,507	$1,567,447	91.5%	$1,405,171	111.5%
2016	17,645,338	18,798,510	1,153,172	93.9	1,400,808	82.3
2017	18,679,221	20,411,024	1,731,803	91.5	1,475,539	117.4
2018	19,840,070	21,364,804	1,524,734	92.9	1,546,043	98.6
2019	21,037,711	22,474,125	1,436,414	93.6	1,583,808	90.7
2020	22,106,722	23,727,315	1,620,593	93.2	1,670,245	97.0
2021	23,689,349	24,461,267	771,918	96.8	1,684,785	45.8
2022	25,146,787	25,670,766	523,979	98.0	1,664,318	31.5
2023	26,430,735	26,556,702	125,967	99.5	1,698,778	7.4
2024	27,527,602	27,595,631	68,029	99.8	1,771,168	3.8

(1) Table includes funding for retirement benefits only. OPEB are not included.
(2) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.
(3) Actuarial Value of Assets divided by Actuarial Accrued Liability.
(4) Projected annual payroll against which UAAL amortized.
(5) UAAL divided by covered payroll.
Source: LAFPP Actuarial Valuations and Review of Retirement and Other Post-Employment Benefits as of June 30, 2024.

The actuarial value of assets is different from the market value of assets, as the actuarial value smooths asset gains and losses over a number of years. The following table shows the funding progress of LAFPP based on the market value of the portion of system assets allocated to retirement benefits.

LOS ANGELES FIRE AND POLICE PENSION PLAN
SCHEDULE OF FUNDING PROGRESS FOR RETIREMENT BENEFITS
MARKET VALUE BASIS
($ in thousands)[1]

Actuarial Valuation As of June 30	*Market Value of Assets*	*Actuarial Accrued Liability (AAL)*	*Unfunded (Overfunded) Liability*[2]	*Funded Ratio (Market Value)*[3]	*Covered Payroll*[4]	*Unfunded Liability As a Percentage of Covered Payroll (Market Value)*[5]
2015	17,346,554	18,337,507	990,953	94.6	1,405,171	70.5%
2016	17,104,276	18,798,510	1,694,234	91.0	1,400,808	120.9
2017	18,996,721	20,411,024	1,414,303	93.1	1,475,593	95.8
2018	20,482,133	21,364,804	882,671	95.9	1,546,043	57.1
2019	21,262,200	22,474,125	1,211,925	94.6	1,583,808	76.5
2020	21,396,933	23,727,315	2,330,382	90.2	1,670,245	139.5
2021	27,862,307	24,461,267	(3,401,040)	113.9	1,684,785	(201.9)
2022	25,258,536	25,670,766	412,230	98.4	1,664,318	24.8
2023	26,437,300	26,556,702	119,402	99.6	1,698,778	7.0
2024	28,148,046	27,595,631	(552,415)	102.0	1,771,168	(31.2)

(1) Table includes funding for retirement benefits only. OPEB not included.
(2) Actuarial Accrued Liability minus Market Value of Assets. Positive numbers represent a deficit.
(3) Market Value of Assets divided by Actuarial Accrued Liability.
(4) Projected annual payroll against which liability is amortized.
(5) UAAL divided by covered payroll.
Source: Calculated by CAO based on data from LAFPP Actuarial Valuations.

The table below provides a ten-year history of the funding progress for healthcare benefit liabilities of the LAFPP.

OTHER POST-EMPLOYMENT BENEFITS
FIRE AND POLICE PENSION PLAN
($ in thousands)

Actuarial Valuation As of June 30	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL)*	*Unfunded AAL*[1]	*Funded Ratio*[2]	*Covered Payroll*[3]	*Unfunded AAL As a Percentage of Covered Payroll*[4]
2015	$1,344,333	$2,962,703	$1,618,370	45.4%	$1,405,171	115.2%
2016	1,480,810	3,079,670	1,598,860	48.1	1,400,808	114.1
2017	1,637,846	3,322,746	1,684,900	49.3	1,475,539	114.2
2018	1,819,359	3,547,777	1,728,417	51.3	1,546,043	111.8
2019	2,016,202	3,590,023	1,573,821	56.2	1,583,808	99.4
2020	2,214,552	3,709,858	1,495,307	59.7	1,670,245	89.5
2021	2,455,726	3,793,174	1,337,448	64.7	1,684,785	79.4
2022	2,710,079	3,649,332	939,253	74.3	1,664,318	56.4
2023	2,966,078	3,815,027	848,948	77.75	1,698,778	50.0
2024	3,180,164	4,066,716	886,552	78.20	1,771,168	50.0

(1) Actuarial Accrued Liability minus Actuarial Value of Assets, commonly referred to as UAAL. Positive numbers represent an actuarial deficit.
(2) Actuarial Value of Assets divided by Actuarial Accrued Liability.
(3) Projected annual payroll against which UAAL amortized.
(4) UAAL divided by covered payroll.
Source: The Fire and Police Pension Plan Actuarial Valuations.

The table below summarizes the General Fund's payments to LAFPP over the past four years and payments included in the 2024-25 Adopted Budget. This table includes costs for both pensions and retiree health care, as well as the plan's administrative expenses.

LOS ANGELES FIRE AND POLICE PENSION PLAN
SOURCES AND USES OF CONTRIBUTIONS
($ in thousands)

	2020-21	***2021-22***	***2022-23***	***2023-24***	***Adopted Budget 2024-25***
General Fund[(1)]	$ 738,908	$ 721,998	$ 660,945	$ 637,297	$ 660,048
Percent of Payroll	46.79%	45.89%	41.84%	40.63%	38.72%
Current Service Liability	$ 382,639	$ 393,940	$ 394,525	$ 390,133	$ 410,951
UAAL/(Surplus)	337,154	306,679	244,958	225,835	225,057
Administrative Costs	19,115	21,379	21,462	21,329	24,040
Total	$ 738,908	$ 721,998	$ 660,945	$ 637,297	$ 660,048

(1) The City funds an Excess Benefit Plan outside LAFPP to provide for any benefit payments to retirees that exceed IRS limits. Amounts deposited in that account are credited against the City's annual contribution to LAFPP.
Source: CAO.

Historically, plan members did not contribute to offset the City's costs of retiree healthcare subsidy benefits, as all such costs were funded from the employer's contribution and investment returns thereon. In 2011, the City negotiated with the sworn bargaining units the option of a 2% active employee contribution to offset the cost of retiree healthcare for its sworn workforce hired before July 1, 2011. Sworn employees hired on and after July 1, 2011 are members of Tier 6, which requires an additional 2% contribution to offset the cost of retiree healthcare. Employees who contribute to retiree healthcare benefits are vested in future subsidy increases authorized by the LAFPP board. For those sworn employees that opted not to make an additional contribution to offset the cost of retiree healthcare, their retiree health subsidy has been frozen and cannot surpass the maximum subsidy level in effect as of July 1, 2011.

A consolidated lawsuit challenged the LAFPP Board's exercise of its discretion to annually increase the subsidy for sworn employees. On May 2, 2022, the court ruled that LAFPP was not required to automatically grant the unions the maximum possible increase in the retiree medical subsidy each year to employees who contribute the additional 2%. Rather, LAFPP retained the discretion on the amount of any increase. The union filed a notice of appeal. See "LITIGATION."

The table below illustrates the City's projected contributions to LAFPP for the next four fiscal years based on projected rates from the LAFPP's consulting actuary applied against projected payroll by the CAO. The CAO's projected payroll does not include compensation increases after the expiration of current labor agreements, with the exception of placeholder amounts related to a pending successor contract with the United Firefighters of Los Angeles City.

LOS ANGELES FIRE AND POLICE PENSION PLAN
PROJECTED CONTRIBUTIONS[1]
($ in thousands)

	Adopted Budget 2024-25	***Projection 2025-26***	***Projection 2026-27***	***Projection 2027-28***	***Projection 2028-29***
General Fund	$ 660,048	$ 593,566	$ 624,901	$ 639,460	$ 646,017
Percentage of Payroll	38.72%	31.51%	31.03%	30.97%	30.89%
Incremental Change	$ 22,751	($ 66,482)	$ 31,335	$ 14,559	$ 6,557
% Change	3.57%	(10.07%)	5.28%	2.33%	1.03%

(1) Assumes 7.00 percent return on investment.
Source: CAO, based on information commissioned by the CAO.

The City's required contributions to its retirement systems are expected to stabilize in, then decline by the end of the projection period, due in part to the high investment returns experienced in Fiscal Year 2020-21. The above table assumes a 7% return for Fiscal Year 2023-24 and a 7% assumed rate of return through the projection period. Actual contributions will depend on a variety of factors, including actual investment returns. The actual rate of return for Fiscal Year 2023-24 was 9.73% for LAFPP.

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LITIGATION

The City is routinely a party to a variety of pending and threatened lawsuits and administrative proceedings that may affect the General Fund of the City. The following list of certain newly completed, pending or threatened litigation matters involving the City was prepared by the Office of the City Attorney, and includes matters with a potential exposure of $10 million or more. For all pending or threatened litigation matters and administrative proceedings not listed below, the City believes, based on current facts and circumstances, that a final determination of such matters, either individually or in the aggregate, should not materially affect the General Fund's financial position. Certain litigation or administrative proceedings discussed below, if determined in a final and conclusive manner adverse to the City, may, individually or in the aggregate, materially affect the General Fund's financial position.

THE FOLLOWING LIST HAS BEEN TRUNCATED FROM MATERIALS PROVIDED BY THE CITY TO ONLY INCLUDE LITIGATION ADDRESSED IN AND RELATING TO LACERS or LAFPP.

***

1. Los Angeles Police Protective League and United Firefighters of Los Angeles City v. Board of Fire and Police Pension Commissioners v. City of Los Angeles.

In this case plaintiffs seek a judgment declaring that their letter of agreement with the City requires the Board of Fire and Police Pension Commissioners (the "**Board**") to increase the retirees' medical subsidy by the maximum amount allowable per year under the Administrative Code. The City prevailed on a demurrer, but the Court of Appeal reversed and issued a remittitur, sending the case back to the trial court to resolve disputed factual issues. A bench trial occurred from September 26 to September 28, 2016. Following the bench trial, the court issued a tentative decision in favor of the plaintiffs. In November 2016, the trial court ruled in favor of the plaintiffs' claim with respect to the medical subsidy. The City appealed the trial court ruling. On October 30, 2018, the appellate court reversed the trial court and ordered that the case be remanded for a new trial.

On August 10, 2017, the Los Angeles Police Protective League (the "**LAPPL**") filed an additional lawsuit against the LAFPP Board and the City in Los Angeles County Superior Court. The complaint, as supplemented, alleges that the Board should have raised the retiree subsidy to the maximum amount of 7% for the fiscal year beginning July 1, 2017 rather than the 6% then awarded and for the fiscal years thereafter. This case has been consolidated with the case discussed above. In October 2021, the court conducted a three-day trial. On May 2, 2022, the court ruled that the letter of agreement did not require the City (through the LAFPP Board) to grant the unions the maximum possible increase in the retiree medical subsidy. Rather, the LAFPP Board retained the discretion on the amount of any increase. LAPPL filed a notice of appeal. The appeal is expected to be heard in 2025. Notwithstanding the appeal, the case is proceeding on the issue of whether the LAFPP Board abused its discretion in the years in which it did not grant the maximum possible increase. The timeframe in which the discretion issue will be adjudged will be dependent upon the outcome of the appeal. If LAPPL is successful in its appeal, a new trial may result and render the discretion issue moot.

APPENDIX I

SECOND PARTY OPINION REGARDING GREEN BONDS

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kestrel

Second Party Opinion

Issuer:	**Department of Airports of the City of Los Angeles, California**
Issue Description:	Los Angeles International Airport Subordinate Revenue and Refunding Revenue Bonds 2025 Series D (Governmental Purpose/Non-AMT) (Green Bonds)
Project:	Automated People Mover
Green Standard:	ICMA Green Bond Principles
Green Categories:	Green Buildings Clean Transportation
Keywords:	Sustainable infrastructure, Envision Gold, green buildings, LEED Platinum, CALGreen, sustainable airport operations, access to public transit, emission reduction, net zero aligned, resilience, Los Angeles, California ✓ Resilient Infrastructure
Par:	$971,325,000
Evaluation Date:	March 10, 2025

GREEN BONDS DESIGNATION

Kestrel, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of the Los Angeles International Airport Subordinate Revenue and Refunding Revenue Bonds 2025 Series D (Governmental Purpose/Non-AMT) (Green Bonds) (the "Series 2025D Subordinate Bonds") to evaluate conformance with the Green Bond Principles (June 2021 with June 2022 Appendix 1) established by the International Capital Market Association. Our team for this engagement included analysts with experience in sustainability and environmental science.

This Second Party Opinion reflects our review of the uses and allocation of proceeds, oversight, and conformance of the Series 2025D Subordinate Bonds with the Green Bond Principles. In our opinion, the Series 2025D Subordinate Bonds are impactful, net zero aligned, conform with the four core components of the Green Bond Principles, and qualify for Green Bonds designation.

ABOUT THE ISSUER

The Department of Airports of the City of Los Angeles ("Department") is a self-supporting department of the City of Los Angeles (the "City"), managing two airports: Los Angeles International Airport ("LAX" or the "Airport") and Van Nuys Airport. LAX ranked as the 4th busiest airport in the United States in 2023. In FY 2024, LAX served more than 76 million passengers. Both airports contribute significantly to the regional economy, collectively providing approximately 4,000 jobs.[1]

[1] "LAWA Employment," Los Angeles World Airports, accessed March 10, 2025, https://devd.lawa.org/lawa-employment/lawa-employment.

The Department has robust sustainability and environmental commitments and targets that make them an industry leader among airports in promoting sustainable aviation. Current sustainability goals were established in the *2019 Sustainability Action Plan*[2] and align with the Los Angeles *Green New Deal*.[3] Selected goals and metrics are presented in Table 1.

Table 1. Selected sustainability goals and commitments of the Department[4]

Focus Area	Target	Progress at LAX
Energy	Carbon neutrality by 2045	39% reduction in Scope 1 and 2 emissions
	100% renewable electricity by 2045	35.6% renewable
	65% reduction in energy use per passenger by 2045	26.1% reduction
Air Emissions	100% zero emission bus fleet by 2030	50% zero emission buses
	100% electric light duty vehicle fleet by 231	27.3% electric fleet
Material Resources	25% non-construction waste diversion by 2025 and 50% diversion by 2035	30.9% diversion

In addition to these goals, the Department has other notable sustainability programs and policies:

- **Sustainable Design and Construction Requirements** – All new buildings and major building renovation projects at the airports must be built to at least LEED Silver standards or the City of Los Angeles Green Building Code and several buildings have achieved LEED Platinum or LEED Gold.
- **Sustainable Aviation Fuel (SAF)** – LAX increased usage of SAF in 2023 by 22% compared to 2022.
- **On-site Renewable Energy** – The Consolidated Rent-A-Car Facility at LAX has a rooftop solar array with a capacity of 4.7 MW and, upon completion, the Automated People Mover Maintenance and Storage facility will have a rooftop solar array with a capacity of 1 MW.
- **Gate Electrification** – All passenger gates at LAX have infrastructure which enables planes to use electric power while parked, decreasing use of jet fuel and associated emissions.
- **Food Donation Program at LAX** – All businesses that provide or sell food are required to participate in a food donation program. In 2023, nearly 19,000 pounds of food were donated.
- **Alternative Fuel Requirement Program at LAX** – All airport lessees and operators are required to follow low emission standards for medium and heavy-duty vehicles. As of 2019, 100% of airport operators are driving compliant vehicles.

[2] "Sustainability Action Plan," Los Angeles World Airports, 2019, https://cloud1lawa.app.box.com/s/63i2teszgnld5aws68xbou6yc0inl5rp.
[3] L.A.'s Green New Deal website, accessed March 12, 2025, https://plan.mayor.lacity.gov/.
[4] As of 2023. "Sustainability Report 2023," Los Angeles World Airports, July 2024, https://lawamediastorage.blob.core.windows.net/lawa-media-files/media-files/lawa-sustainability/resources/LAWA-2023-Sustainability-Report.pdf" and "LAWA by the Number," Los Angeles World Airports, July 2024, https://www.lawa.org/-/media/lawa-web/sustainability/files/2023-lawa-by-the-numbers.ashx.

- **Ecological Restoration** – The Department dedicated 307 acres of sand dunes on the western portion of LAX as a natural wildlife preserve in 1986. Since then, the Department has planted native species, eliminated invasive plants, and removed approximately 32,000 square feet of hardscape including old streets and sidewalks. The dunes act as a natural buffer against storm surge and sea level rise, increasing the resilience of the Airport to climate change impacts.
- **Endangered Species Management** – In 1976, the US Department of Fish and Wildlife placed the El Segundo Blue Butterfly on the endangered species list. A population of these butterflies was later found in the Los Angeles International Airport Sand Dunes Habitat, which has now been restored. From 2022 to 2023, the population size of the butterfly increased by 48%.

Both LAX and Van Nuys Airport have joined the Airport Council International ("ACI") Airport Carbon Accreditation Program to measure, manage, and reduce Scope 1, 2, and 3 emissions. LAX and VNY achieved Level 4 Transformation accreditation, an accomplishment which only five other airports in the United States have achieved.[5] The Department has been recognized with multiple awards for its commitments to sustainability including the 2023 Green Bond of the Year from Environmental Finance, 2023 Client of the Year from the American Council of Engineering Companies, 2023 Trailblazer Project of the Year from the Los Angeles Sustainability Coalition, and the Outstanding Achievement in Pursuit of Sustainability within the Aviation Industry Award from the American Association of Airport Executives.

ALIGNMENT TO GREEN STANDARDS[6]

Use of Proceeds

The Series 2025D Subordinate Bonds finance and refinance the Automated People Mover project (the "APM" or the "Project"), which achieved Envision Gold and LEED Platinum certification.[7] The APM will increase access to public transit, alleviate traffic congestion, and advance long-term sustainability goals. The Project is eligible as defined by the Green Bond Principles in the *Green Buildings* and *Clean Transportation* project categories.

The Green Bond Principles

Proceeds from the Series 2025D Subordinate Bonds finance and refinance a portion of a grade-separated and fully electrified train system which connects the regional public transit system, the consolidated rental car facility (ConRAC) and the Central Terminal Area. The APM is one of five major projects in the Department's *Landside Access Modernization Program* and is designed to resolve significant congestion and unpredictable travel times caused by the lack of direct connection with larger public transportation networks.

The scope of the APM includes the rail line, six stations, 44 train cars, and a Train Maintenance and Storage Facility which achieved LEED Platinum certification and has a 1 MW rooftop solar array. As of March 2025, major construction elements of the APM are complete. System testing is ongoing and passenger service is anticipated in January 2026. Proceeds of the Series 2025D Subordinate Bonds finance and refinance construction milestone payments to the developer and additional payments attributable to the costs of

[5] "Accredited Airports," Airport Carbon Accreditation, accessed March 6, 2025, https://www.airportcarbonaccreditation.org/accredited-airports/.

[6] Green Bonds are any type of debt instrument where the proceeds will be exclusively applied to finance or refinance eligible Green Projects which are aligned with the four core components of ICMA Green Bond Principles.

[7] For applicable aspects of the Project.

designing and building the Project. The 2.25-mile elevated guideway was completed in April 2022. The APM, which will eliminate roughly 3,200 daily shuttle trips and improve access to the regional public transit system, will reduce transportation-related emissions by alleviating traffic congestion and improving access to public transportation for employees and travelers. The Department estimates that the APM will serve approximately 30 million passengers per year, resulting in a reduction of 117,000 vehicle miles traveled every day. The train cars are made from recyclable materials and will use regenerative braking to produce electrical power.

The APM is Envision Gold verified. Managed by the Institute for Sustainable Infrastructure ("ISI"), Envision provides a comprehensive approach to building and maintaining sustainable, resilient, and equitable infrastructure. ISI was established by the American Public Works Association, the American Society of Civil Engineers, and the American Council of Engineering Companies. Infrastructure projects receive an Envision Rating based on how well they address components of community development, human health and well-being, mobility and emissions, wildlife conservation, life cycles of materials, and more.

Positive Impacts of the APM and Net Zero Alignment

Bonds are net zero aligned if bond-financed activities advance goals to reach net zero greenhouse gas emissions by at least 2050. The APM advances the Department's goal to achieve carbon neutrality by 2045 and meets the Department's Sustainable Design and Construction Requirements. The LEED Platinum maintenance facility supports the transition to carbon neutrality in the building sector by incorporating energy-efficient design features and renewable energy. The APM supports the transition to carbon neutrality in the transportation sector by increasing access to public transit and reducing emissions from passenger vehicles.

Direct emissions from fossil fuel combustion associated with vehicular transportation and residential and commercial buildings account for approximately 35% and 27%, respectively, of statewide greenhouse gas emissions in California.[8] The transportation and building modernizations of the APM align with statewide targets to achieve carbon neutrality by 2045 and to reduce building-related emissions by at least 40% below 1990 levels by 2030.[9]

While aviation is a significant source of global greenhouse gas emissions, Kestrel views construction of airport facilities that meet green building standards as eligible for financing with Green Bond proceeds. No airfield, ramp or apron projects may be financed with Green Bond proceeds. In Kestrel's opinion, the mechanisms for reducing the carbon footprint of airline travel may be viewed distinctly from the emissions associated with constructing and operating terminal buildings and facilities.

[8] "California Greenhouse Gas Emissions from 2000 to 2022: Trends of Emissions and Other Indicators," California Air Resources Board, September 20, 2024, https://ww2.arb.ca.gov/sites/default/files/2024-09/nc-2000_2022_ghg_inventory_trends.pdf.

[9] California Assembly Bill 3232 "Zero-emissions buildings and sources of heat energy," approved and enacted into the California State Code (Chapter 373, Statutes of 2018).

Resilience of the APM and the Airport

There is significant evidence the Department is planning for resilience to natural disasters and climate change, and has best practices that minimize interruptions to airport operations. The bond-financed APM supports resilience by adding redundancy to transportation options. Risk evaluations and resilience goals are key components of the Envision framework used for project planning. Table 2 summarizes notable features and capital projects that contribute to overall airport resilience.

Table 2. Notable factors contributing to airport resilience based on Kestrel's review

Resilience Factor	Description
Location and Site	• The Department owns **over 300 acres of coastal sand dunes** west of LAX that provide a natural buffer for sea level rise and storm surge. Restoration is ongoing. • The Department developed an area north of LAX as a stormwater basin and open space project. Stormwater management can significantly improve the ability to withstand wet weather events and **minimize flooding**. • LAX is located approximately **100 feet above sea level**, reducing potential effects of sea level rise and storm surge.
Power Utility	• A **Utility Strategic Plan in development** involves comprehensive climate risk assessments, evaluation of battery storage, renewable energy, and data management solutions; and microgrids that operate independently and provide uninterrupted power in emergencies. • The Power Distribution Station adds **redundancy** to critical operations and will resolve 80% of power reliability issues, significantly reducing interruptions. • Participation in **demand-response programs** of Los Angeles Department of Water and Power reduces peak demand, eases grid stress, and enhances regional resilience of the grid as more renewable energy is integrated.
Infrastructure and Buildings	• Terminal roofs are designed to **reduce heat island** effects, a significant risk in southern California. Heat stress is a potential health risk for employees and operations. • New terminal buildings use **seismic-enhanced** designs, and capital projects involving water pipes include seismic-resilient materials • The Department uses performance-based engineering, focusing on building performance under certain conditions, including **adaptation** to unplanned events.
Operations	• Equipment such as baggage handling systems are designed for **rapid re-start** in the event of a temporary shut-down. Alternative systems require lengthy reboot processes. • Critical operations are connected to **backup generators** to support rapid recovery from disruptions.

Process for Project Evaluation and Selection

The Project was identified in the 2004 LAX Master Plan which provides a strategic framework for expansion and development at the Airport.[10] Capital projects were also prioritized in the 2018 Investment Plan and the 2024 Investment Plan, and other Airport capital planning efforts. The Airport Board of Commissioners reviews and approves capital projects ensuring that projects selected for financing are aligned with the goals of the Department.

The Department's 2019 Sustainability Action Plan and the City of Los Angeles Green New Deal (2019) guide specific design elements related to energy performance and sustainability in all financed projects.

Management of Proceeds

Proceeds from the Series 2025D Subordinate Bonds will be used to repay outstanding obligations, reimburse the Department for milestone payments for the APM, and pay costs of issuance. Proceeds not used immediately will be managed by the Trustee in accordance with the City of Los Angeles' Investment Policy. Proceeds of the Series 2025D Subordinate Bonds are expected to be spent by May 2026.

Reporting

The Department provides comprehensive reporting on progress toward sustainability goals in annual Sustainability Reports available at lawa.org/lawa-sustainability. Reported metrics include greenhouse gas emissions ($MTCO_2e$), tons of materials recycled, square footage of construction built to green building standards, fuel usage and energy usage. In addition, specifically for the Series 2025D Subordinate Bonds, the Department expects to provide updates on the allocation of proceeds, confirmation of LEED certifications and project-level metrics such as energy savings, number of electrified gates, and amount of construction waste diverted.

In addition, Kestrel will provide one update report on the Series 2025D Subordinate Bonds within 12-24 months of issuance to confirm continued alignment with the Green Bond Principles, status of projects and allocation of proceeds.

The Department will submit continuing financial disclosures to the Municipal Securities Rulemaking Board ("MSRB") as long as the Series 2025D Subordinate Bonds are outstanding, as well as reports in the event of material developments. This reporting will be done annually on the Electronic Municipal Market Access ("EMMA") system operated by the MSRB.

[10] The Master Plan provided the basis for state environmental assessments. "2004 LAX Master Plan Program," Los Angeles World Airports, accessed March 12, 2025, https://www.lawa.org/lawa-our-lax/environmental-documents/documents-certified/2004-lax-master-plan-program.

ALIGNMENT WITH UN SDGs

The Series 2025D Subordinate Bonds support and advance the vision of the United Nations Sustainable Development Goals ("UN SDGs"), including:

Affordable and Clean Energy (Targets 7.2, 7.3)
Addition of renewable energy generation capacity and construction of energy-efficient buildings and infrastructure

Industry, Innovation and Infrastructure (Target 9.4)
Construction of infrastructure meeting Envision Gold standards

Sustainable Cities and Communities (Targets 11.2, 11.6)
Improved accessibility to public transport and reduced congestion

Full text of the Targets for these Goals is on the United Nations website: un.org/sustainabledevelopment

CONCLUSION

Based on our independent external review, the Los Angeles International Airport Subordinate Revenue and Refunding Revenue Bonds, 2025 Series D (Governmental Purpose/Non-AMT) (Green Bonds) are impactful, net zero aligned, conform, in all material respects, with the Green Bond Principles (2021) and are in complete alignment with two eligible project categories: *Green Buildings* and *Clean Transportation*. The APM advances climate action goals shared by the Department and the City of Los Angeles.

KESTREL SUSTAINABILITY SCORES™

Project Information	
Subsector Method	Airports – Terminals and Buildings
Project Status	Not Complete

Kestrel Composite Score (out of 5)	
Composite Score	4.63
Composite Score Percentile*	99th

***Compared to all bonds scored in the Airport subsectors. To learn more about benchmarking with Kestrel Sustainability Analysis and Scores, including additional data fields not shown here, visit kestrelesg.com.**

Kestrel E, S, G Scores (out of 5)		Weight in Composite Score Calculation
Environmental	5.00	55%
Social	3.50	25%
Transparency (Governance)	5.00	20%

Score Rationale		
Environmental	Low Carbon Buildings	20%
	GHG Emission Reduction	10%
	Renewable Energy	10%
	Climate Change / Transition Planning	10%
	Sustainable Design	10%
Social	Equitable Access to Essential Services	20%
Transparency (Governance)	Disclose Activities, Impacts & Risks	20%

Climate Risk Strategies: Physical and/or Transition Risks	
Resilience Features	Location, strategic planning and infrastructure designs improve resilience
Green Building Standards	Envision Gold, LEED Platinum, CALGreen
Renewable Energy	Yes

This bond was evaluated on 3/6/2025 and reference data for benchmarking was accessed on 3/7/2025. Kestrel Sustainability Scores of bonds for which Kestrel has provided a Second Party Opinion are fixed for a minimum period of one year from the date of our Second Party Opinion. During this period, scores will not be updated or changed. Afterward, scores may be updated, including when Kestrel prepares a Post-Issuance Report.

About

Kestrel Sustainability Intelligence™ for municipal markets helps set the market standard for sustainable finance. We do this through verification and our comprehensive Sustainability Analysis and Scores.

Kestrel is a leading provider of external reviews for green, social and sustainability bond transactions. We evaluate corporate and municipal bonds in all sectors worldwide for conformance with international green and social bond standards.

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Disclaimer

This Opinion aims to explain how and why the discussed financing meets the ICMA Green Bond Principles based on the information that was provided by the Department or made publicly available by the Department and relied upon by Kestrel only during the time of this engagement (February – March 2025), and only for purposes of providing this Opinion.

We have relied on information obtained from sources believed to be reliable, and assumed the information to be accurate and complete. However, Kestrel can make no warranty, express or implied, nor can we guarantee the accuracy, comprehensive nature, merchantability, or fitness for a particular purpose of the information we were provided or obtained.

By providing this Opinion, Kestrel is neither addressing nor certifying the credit risk, liquidity risk, market value risk or price volatility of the projects financed by the Green Bonds. It was beyond Kestrel's scope of work to review for regulatory compliance, and no surveys or site visits were conducted by us. Furthermore, we are not responsible for surveillance, monitoring, or implementation of the project, or use of proceeds.

The Opinion delivered by Kestrel is for informational purposes only, is current as of the Evaluation Date, and does not address financial performance of the Green Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of the Department, nor its ability to pay principal and interest when due. This Opinion does not address the suitability of a Bond as an investment, and contains no offer, solicitation, endorsement of the Bonds nor any recommendation to buy, sell or hold the Bonds. Kestrel accepts no liability for direct, indirect, special, punitive, consequential or any other damages (including lost profits), for any consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions.

This Opinion may not be altered without the written consent of Kestrel. Kestrel reserves the right to revoke or withdraw this Opinion at any time. Kestrel certifies that there is no affiliation, involvement, financial or non-financial interest in the Department or the projects discussed. We are 100% independent. Language in the offering disclosure supersedes any language included in this Second Party Opinion.

Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services, or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.

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DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES, CALIFORNIA • LOS ANGELES INTERNATIONAL AIRPORT SUBORDINATE REVENUE AND REFUNDING REVENUE BONDS, 2025 SERIES D, 2025 SERIES E AND SUBORDINATE REFUNDING REVENUE BONDS, 2025 SERIES F

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