WJ ADVISORS
AVIATION MANAGEMENT CONSULTANTS

Report to Increase the Alternative Customer Facility Charge at Los Angeles International Airport

May 14, 2019

Prepared for

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

Prepared by

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CUSTOMER FACILITY CHARGE RATE MODIFICATION REPORT

Consolidated Rent-A-Car Facility and Common Transportation System

Los Angeles International Airport

1. INTRODUCTION

WJ Advisors LLC prepared this Customer Facility Charge Rate Modification Report (2019 CFC Report) to fulfill the requirements of California Civil Code 1939, as amended by Assembly Bill (AB) 2051 and AB 2280 (collectively, the CFC Legislation), to require the rental car companies currently operating at Los Angeles International Airport (the Airport) to collect an alternative customer facility charge (the CFC) to support the development of two significant projects at the Airport: a new consolidated rent-a-car facility (the ConRAC) and new Automated People Mover (the APM), a portion of which is referred to and serves as the common-use transportation system (the APM/CTS[1]). The APM/CTS would serve the Central Terminal Area (the CTA) and new ConRAC at the Airport.

The Airport is owned and operated by the Department of Airports of the City of Los Angeles (the Department).

On August 21, 2017, WJ Advisors LLC finalized the report titled "Report to Collect an Alternative Customer Facility Charge at Los Angeles International Airport" (the 2017 CFC Report) to change the CFC rate from $10 per rental car contract transaction (the Transaction) to an alternative CFC rate of $7.50 per rental car contract transaction day for not more than five days (the Transaction Days) to fund CFC-eligible costs associated with the ConRAC and the APM/CTS. The 2017 CFC Report also included the planned increase in the alternative CFC rate from $7.50 to $9.00 per Transaction Day on or around the date when the ConRAC is ready and available for its intended use, which is expected to occur by March 31, 2023, and is referred to in this report as the ConRAC date of beneficial occupancy (the DBO). The APM/CTS is estimated to be ready and available for its intended use by March 31, 2023, which for purposes of this 2019 CFC Report, is referred to as the APM/CTS date of beneficial occupancy (the APM/CTS DBO).

With respect to the ConRAC and APM/CTS projects, the following has occurred since the date of the 2017 CFC Report:

- The Department selected LAX Integrated Express Solutions through a competitive bid process to design, build, finance operate and maintain (DBFOM) the APM (APM Developer). The Department and APM Developer executed a contract for the DBFOM of the APM.
- The Department selected LA Gateway Partners through a competitive bid process to design, build, finance operate and maintain the ConRAC (ConRAC Developer). The Department and ConRAC Developer executed a contract for the DBFOM of the ConRAC.

[1] In this 2019 CFC Report, the following terms are used: APM is for the entire system; APM/CTS is that portion of the system that is estimated to be used by rental car customers, and CTS includes both the APM/CTS and common shuttle buses (if needed).

- The Department determined that it is economically beneficial to the ConRAC and the APM/CTS projects to increase the alternative CFC rate from $7.50 to $9.00 per Transaction Day earlier than ConRAC DBO, which was stated in the 2017 CFC Report. The alternative CFC rate of $9.00 per Transaction Day would start to be collected by the Department on September 1, 2019.
- The number of Transaction Days has declined by (4.3%) from calendar year (CY) 2016 to CY 2017 and declined by (1.6%) from CY 2017 to CY 2018. The 2017 CFC Report assumed that Transaction Days would increase 3.0% per year during the same period of time.
- The Department executed a new concession lease and agreement (CLA) with seven on-Airport rental car companies (Concessionaires) to occupy and use the ConRAC when ConRAC DBO is achieved. The CLA allows the seven Concessionaires to operate a total of 14 rental car brands in the ConRAC, the same number of on-Airport rental car brands that operate at the Airport as of the date of this 2019 CFC Report.

The business arrangements for the development of the ConRAC and APM/CTS, including the collection and use of alternative CFC revenues at the Airport to pay the costs of both projects, is contained in the CLA. Other business arrangements in the CLA include, but are not limited to, the use and occupancy of the ConRAC and the use of the APM/CTS, all of which are more fully described in Section 1.3 of this 2019 CFC Report.

Unless otherwise stated herein, defined terms in this 2019 CFC Report are pursuant to the CLA or Airport's Master Senior Indenture, the latter of which provides, among other things, for the issuance of Airport Revenue Bonds.

Revenues from the alternative $7.50 and $9.00 CFC rate, along with CFC interest income, and Concessionaire CTS Contributions pursuant to the CLA will be used to pay for, among other things, the following: (a) the cost of designing, constructing, and financing the ConRAC (the ConRAC Capital Costs) and (b) up to 41.0% of the cost of designing, constructing, and financing the APM/CTS (APM/CTS Capital Costs) and 41.0% of the cost of operating the APM/CTS (APM/CTS Operating Costs). The sum of APM/CTS Capital Costs and APM/CTS Operating Costs are allocable to the ConRAC and are referred to in this 2019 CFC Report as "Allocable APM/CTS Costs".

In this 2019 CFC Report, two different 12-month periods are selectively used, as follows: Agreement Year, which is defined in the CLA as the 12-month period following ConRAC DBO and calendar year (CY).

The ConRAC will:

- Address the future facility needs of rental car companies operating at the Airport.
- Improve operating efficiencies and modernize vehicle processing for Concessionaires.
- Enhance the Airport passenger experience.
- Reduce vehicle miles traveled and emissions by both rental automobiles and shuttle buses traveling between the CTA and individual rental car company locations.
- Mitigate vehicle congestion and traffic in the CTA and areas surrounding the Airport.

From 2014 through 2018, the Department met with the rental car companies that serve the Airport to discuss, among other things:

- The planning, facility requirements, and preliminary design of the ConRAC.
- The operation of the APM/CTS.
- The use of a DBFOM entity for the delivery of the ConRAC project and a separate DBFOM entity to deliver the APM project.
- The plan to fund ConRAC Capital Costs and Allocable APM/CTS Costs.
- Due to insufficiency of revenues, the need to change the existing $10 CFC per rental car transaction to an alternative CFC rate per Transaction Day, including the increase to $7.50 per Transaction Day and to $9.00 per Transaction Day.
- The use of CFC revenues to pay the forecasted ConRAC Capital Costs and Allocable APM/CTS Costs.
- The contribution by rental car companies in defined annual amounts to pay a portion of the Allocable APM/CTS Costs.
- Business arrangements between the Department and rental car companies to occupy, use, and to pay certain costs associated with the ConRAC.
- Drafts of and comments from the participating on-Airport rental car companies on the CLA.

The financial forecasts presented in this 2019 CFC 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 and, in management's judgment, present fairly the expected use of CFC revenues. This 2019 CFC Report should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

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.

1.2 Consolidated Rent-A-Car Facility and APM/CTS Background

The Department is implementing certain landside improvements to continue to transform the Airport into a world class facility by relieving traffic congestion in the CTA and on the surrounding streets, and to improve access options and the travel experience for Airport passengers. The ConRAC project and APM project are important elements of these landside improvements.

1.2.1 Consolidated Rent-A-Car Facility. The ConRAC will provide a centralized location adjacent to Interstate 405 with connections to the APM and the nearby freeways for rental car companies serving the Airport. The project will improve the rental car customer experience and the day-to-day operations of the rental car companies, as well as improve traffic flow in the CTA by replacing all rental car company specific shuttle buses using the CTA with a new common transportation system, which will substantially reduce traffic congestion and emissions in the CTA and surrounding roads. Rental car company specific facilities can be found in over 20 locations northeast of the Airport.

The ConRAC will benefit Airport passengers and the car rental experience through:

- **Improved Passenger Experience.** The ConRAC will provide enhanced customer experience and safety with an easy-to-find consolidated location conveniently linked to the CTA by the APM/CTS.
- **Improved Traffic Flow**. The ConRAC is expected to eliminate more than 3,200 daily rental car shuttle trips on city streets and CTA roadways. In addition, because the ConRAC will consolidate the main operations of each company onto one site, the number of vehicle miles required to process return vehicles to be fueled and washed or sent to storage will be greatly reduced.
- **Freed-up CTA Curb Space**. The ConRAC and APM/CTS will reduce CTA roadway and curb side congestion.
- **Increased Operational Efficiencies**. Rental car companies within the same brand family will be able to reduce costs by sharing space, resources, and transportation, and accommodate all operations and forecast growth within the same secure area. Operational efficiency will improve as all areas will now be in one location.
- **Better Land Use**. The acreage of the ConRAC is almost 50% less compared to the estimated site inventory of 145 acres currently utilized by the rental car companies in the areas surrounding the Airport.

The ConRAC will include ready/return parking spaces for rental cars, a quick turnaround area (QTA) building that would include areas for vehicle queuing, fueling, wash bays, and light maintenance, and a customer service building (CSB) that will include customer service counters, office space, restrooms, and retail areas. Additionally, the ConRAC would include overflow rental car vehicle space to meet peak demands, rental car employee parking spaces, and QTA areas.

1.2.2 Automated People Mover. The APM will provide fast, convenient, and reliable access to the CTA for passengers, employees, rental car customers, and other users of the Airport, 24 hours a day. The APM will be above grade and will connect to the passenger terminal buildings in the CTA. The APM will transport passengers between the CTA and other Airport facilities, including the ConRAC, new public parking facilities, and multiple locations for passenger pick up and drop off.

There would be three stations within the CTA that will be served by the APM: (a) a West Station located between Terminals 3 and 4, east of the Tom Bradley International Terminal, (b) a North Center Station located between Terminals 2 and 6, north of the existing Airport Traffic Control Tower and Center Way, and (c) an East Station located between Terminals 1 and 7.

Three additional stations outside of the CTA will also be served by the APM: (a) a West Intermodal Transportation Facility Station, (b) the East Intermodal Transportation Facility station (located at 96th Street/Aviation Boulevard) that would connect riders to the Los Angeles County Metropolitan Transportation Authority's light rail line (Crenshaw/LAX Transit Project), and (c) a ConRAC station.

1.3 Business Arrangements in CLA

As stated earlier, the Department executed a CLA with seven Concessionaires that will allow up to 14 rental car brands to operate at the Airport. The CLA was signed by the following Concessionaires: Advantage Opco, LLC (brands: Advantage and EZ), Enterprise Rent-A-Car Company of Los Angeles, LLC (brands: Alamo, Enterprise, and National), Avis Budget Car Rental, LLC (brands: Avis, Budget, Zip Car), The Hertz Corporation (brands: Dollar, Hertz, Thrifty), Fox Rent A Car, DR Car Rental, Inc. (doing business as Payless), and Sixt Rent a Car, LLC. Figure 1 shows the most recent gross revenue market share of the Concessionaires from July 2018 through December 2018.

The CLA includes provisions for the delivery of a ConRAC by the Department based on certain defined requirements and parameters contained in the CLA, and an initial term that expires on the 20-year anniversary of the ConRAC DBO, with one option to extend the CLA for five years by the Department through written notice, or automatically if certain Transaction Day targets are achieved pursuant to the CLA.

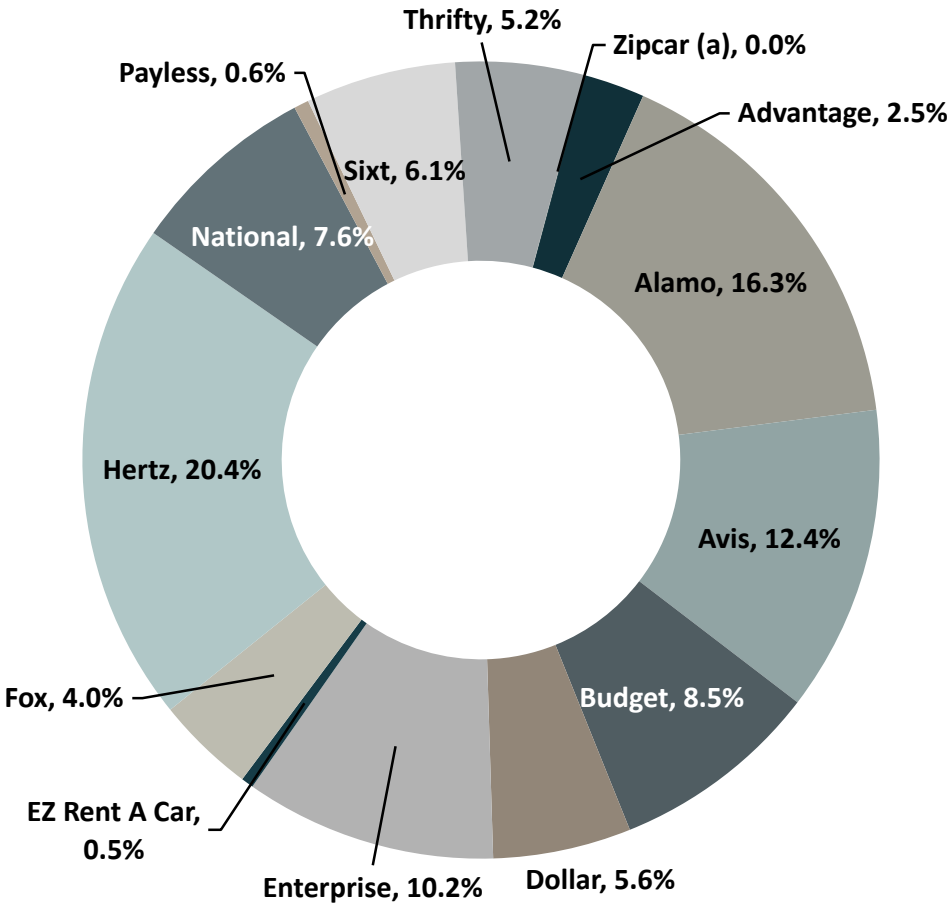
Starting at ConRAC DBO, the CLA also includes the following provisions, among others:

- The reallocation of certain ConRAC facilities to the Concessionaires at defined intervals to reflect changes in Concessionaire gross revenue market share.
- The payment by the Concessionaires to the Department of the greater of a minimum annual guarantee or a 10% concession fee of Concessionaire gross revenues.
- The payment of ground rent by Concessionaires to the Department.
- An annual Concessionaire CTS Contribution equal to the Maximum CTS Contribution less CTS Contribution Scheduled Abatements and CTS Contribution Additional Abatements (Net Concessionaire CTS Contributions) by the Concessionaires to the Department to pay a portion of annual Allocable APM/CTS Costs. Annual Allocable APM/CTS Costs not

paid by Net Concessionaire CTS Contributions would be paid from alternative CFC revenues.

- As stated earlier, the designation of 41.0% of annual APM/CTS Capital Costs and Operating Costs as allocable to the ConRAC and to be paid from CFC revenues and/or Net Concessionaire CTS Contributions.

Figure 1
CONCESSIONAIRE MARKET SHARE OF GROSS REVENUE
JULY 2018 THROUGH DECEMBER 2018
Los Angeles International Airport



Notes: The sector shares may not total 100% because of rounding.
(a) The gross revenue market share for Zipcar is too small to be shown.
Source: Department records.

For companies that did not sign the CLA, the Department will (a) require the customers of those off-Airport companies to pick up and drop off their customers at the ConRAC to use the APM/CTS and (b) pay a transportation fee to the Department, which would be established to cover their customers' prorated use of Allocable APM/CTS Costs. Transportation fee revenue from off-Airport companies would be used to pay annual Allocable APM/CTS Costs.

The forecasted revenues presented in this 2019 CFC Report do not include forecasted transportation fee revenues from off-Airport rental car companies because the level of the CFC that would be charged to these companies and the amount of rental car customers of these companies using the APM/CTS is not known as of the date of this 2019 CFC Report.

1.4 Proposed Change to a $9.00 Alternative CFC Rate

The Department proposes to change the existing $7.50 CFC rate per Transaction Day, which the Department has been collecting since January 1, 2018, to $9.00 per Transaction Day effective September 1, 2019.

As stated earlier in the 2017 Report, the Department may elect to impose the $9.00 CFC rate earlier than ConRAC DBO if the Department determines that it is economically beneficial to the ConRAC project by lowering total financing costs. The Department has made that determination.

1.5 California Civil Code Section 1939, Assembly Bill 2051, and Assembly Bill 2280 Overview

California Civil Code 1939, as amended by Assembly Bill (AB) 2051 and AB 2280 (CFC Legislation), permits an airport sponsor to require rental car companies to collect from a renter a CFC to:

- Finance, design and construct a consolidated airport rental car facility.
- Finance, design, construct, and operate common-use transportation systems that move passengers between airport terminals and those consolidated car rental facilities, and to acquire vehicles for use in that system.
- Finance, design, and construct terminal modifications solely to accommodate and provide customer access to common-use transportation systems.

An airport sponsor may require rental car companies to collect an alternative CFC under the following conditions:

1. A public hearing is held to review the costs of financing the design and construction of a consolidated rental car facility, and to design, construct, and operate a common use transportation system, and acquire vehicles to use that system.

The following additional items are also required to be demonstrated at the same public hearing:

2. The amount of revenue has been established to finance the costs described in #1 above.
3. The amount of revenue generated from the existing $10 CFC per rental car transaction is not sufficient to pay the costs described in #1 above.

4. Additional revenue is required, which would be generated from the proposed daily CFC rate.
5. The steps the airport operator has taken to limit costs.
6. Other potential alternatives for meeting the airport operator's revenue needs other than the collection of the fee.
7. The extent to which rental car companies or other businesses or individuals using the facility or CTS will pay for the costs associated with these facilities and systems apart from the fee collected from customers.

AB 2280, which specifically applies to the Airport, states that the authorization under AB 2280 will become inoperative when bonds, capital contributions, availability payment contracts, lease agreements, or other forms of financing are paid or reimbursed. In addition, the maximum term for financing costs under AB 2280 shall not exceed 35 years.

The Department is using an availability payment contract to finance, design and construct the ConRAC and a different availability payment contract to finance, design, construct, and operate the APM, including the acquisition of vehicles for use on the APM. The availability payment contracts are between the Department and the ConRAC Developer and a separate contract between the Department and the APM Developer for the APM project.

1.6 Department's Compliance with CFC Legislation to Collect an Alternative CFC

The Department's compliance with each of the items listed directly above pursuant to the CFC Legislation is as follows:

1.6.1 Public Hearing. The Department expects to hold a public hearing at the Department's administrative office building (1 World Way, Los Angeles) in the second quarter of 2019 to review the costs of financing the design and construction of the new ConRAC and the costs of financing the design, construction, and operation of the APM, including the acquisition of vehicles for the APM.

1.6.2 Revenue Amounts have been Established. The Department has established the estimated amount of total revenue to pay CFC-eligible costs related to the new ConRAC, including the cost of rental car planning work, and the new APM/CTS. As shown on Exhibit 1 of this 2019 CFC Report, total CFC-eligible ConRAC Capital Costs, and Allocable APM/CTS Costs are equal to approximately $5.3 billion[2], which include:

- The payment of ConRAC project costs, which reduces the total amount of ConRAC project costs to be funded from other unrestricted Airport revenues.
- The payment of rental car facility planning expenses.
- The funding of certain debt service reserves.
- The payment of all estimated ConRAC Capital Costs.
- The payment of all annual Allocable APM/CTS Costs.

[2] In this 2019 CFC Report, cumulative dollars are shown, not discounted cash flows. Future dollars shown.

The sources of revenue to pay the costs described immediately above include (a) CFC revenues, (b) CFC interest income, (c) the CTS Contribution Scheduled Abatement account balance, (d) Net Concessionaire CTS Contributions, and (e) certain debt service reserve and debt service coverage amounts used to make final debt service payments.

The required amount of additional CFC revenue and CFC interest income to pay CFC-eligible costs for the ConRAC and the APM/CTS were determined by calculating total CFC-eligible costs and subtracting that amount from the sources of revenue and funds listed below, including actual CFC revenues collected by the Department through June 30, 2018.
See Exhibit 1 for additional information.

		Amounts (in millions)
Total CFC-eligible ConRAC Capital Costs and Allocable APM/CTS Costs *(a)*	**[A]**	**$5,285.1**
Less:		
1. Actual CFC revenues through June 30, 2018 *(b)*	**[B]**	(343.8)
2. CTS Contribution Scheduled Abatement *(c)*	**[C]**	(115.0)
3. Net Concessionaire CTS Contributions *(d)*	**[D]**	(545.9)
4. Initial CTS Payment Account balance *(e)*	**[E]**	(50.0)
5. Debt service reserve fund from CFC revenues *(f)*	**[F]**	(25.3)
6. Coverage account from Department ConRAC Bonds (*f)*		(6.3)
7. Debt service reserve fund from Airport Revenue Bonds allocable to APM/CTS *(g)*	**[G]**	(38.4)
Equals: Net remaining CFC-eligible costs to be paid from forecasted CFC revenues and CFC interest income	**[A-B-C-D-E-F-G]**	**$4,160.4**

(a) See Exhibit 1.
(b) Includes CFC interest income.
(c) Reflects the use of amounts in the CTS Contribution Scheduled Abatement account.
(d) Source: 2017 CFC Report.
(e) Includes approximately $25.0 million to be funded from CFC revenues.
(f) Money that would be used in the last year of Department ConRAC Bonds maturity to pay debt service on such bonds.
(g) Money that would be used in the last year of Airport Revenue Bonds maturity to pay debt service on such bonds issued to pay Allocable APM/CTS Costs.

In the 2017 CFC Report, certain assumptions were made about the total amount of Concessionaire CTS Contributions less the total amount of CTS Contribution Scheduled Abatement and CTS Contribution Additional Abatement. While the CTS Contribution Scheduled Abatement is a fixed amount pursuant to the CLA, the CTS Contribution Additional Abatement is not and is based on year-to-year changes in the amount of remaining CFC revenues, if any, after paying annual ConRAC Capital Costs and Allocable APM/CTS Costs. To reduce the variability of forecasted CFC revenue and CFC interest income prepared for purposes of this 2019 CFC Report, the amount presented above for Net Concessionaire CTS Contributions is equal to the amount forecasted in the 2017 CFC Report. If the forecasted amount of CTS Contribution Additional Abatement is not realized when actual results are known, the

Department will increase or decrease the Net Concessionaire CTS Contributions pursuant to the CLA.

As shown above, the total amount of forecasted CFC revenue and CFC interest income required to pay net remaining CFC-eligible costs associated with the ConRAC and the APM/CTS is approximately $4.2 billion.

To determine the number of years (the Forecast Period) required to reach the $4.2 billion in forecasted CFC revenue and CFC interest income, a range of annual rates of growth for Transactions and Transaction Days were prepared as a result of (a) the long-term nature of the Forecast Period and the number of economic, competitive and other factors that could change during the Forecast Period, (b) recent fluctuations in the number of Transactions and Transaction Days at the Airport due to, among other things, increasing vehicular traffic in the CTA (the primary pick-up and drop off location for rental car shuttle buses) prior to APM/CTS DBO and increasing competition from alternative ground transportation providers at the Airport, including transportation network companies (the TNC) (e.g., Uber, Lyft), and (c) changes in the number of arriving passengers that rent cars or use other forms of ground transportation at the Airport.

Since July 1, 2007, on-Airport rental car companies have been reporting *Transactions* to the Department, but it has only been since March 1, 2015 that the on-Airport rental car companies have been reporting *Transaction Days* to the Department. As such, the discussion immediately below focuses on historical trends in Transactions to understand why a range of growth rates in Transactions, Transaction Days, and CFC revenues was used in this 2019 CFC Report.

For the most recent 10-year period CY 2008 through CY 2018, Transactions increased at an average annual rate of growth of 2.4% per year, while arriving passengers at the Airport increased approximately 3.8% per year during the same period of time. For the most recent 5-year period (CY 2013 through CY 2018), Transactions increased at an average annual rate of growth of 2.3% per year, while arriving passengers at the Airport increased approximately 5.5% per year during the same period of time.

From CY 2016 to CY 2017, Transactions declined (0.7%) as compared to an increase in arriving passengers at the Airport of 4.3%. From CY 2017 to CY 2018, Transactions declined (1.6%) as compared with an increase in arriving passengers at the Airport of 3.4%.

To determine the average annual rates of growth for a low-, mid-, and high-range, certain assumptions were made regarding the percentage of the actual 10-year average annual rate of growth in Transactions that would be realized during the Forecast Period, as follows:

	Assumed percentage	Actual average annual rate of growth in Transactions for 10-years (2008-2018)	Calculated average annual rate of growth
Low-range	25%	2.4%	0.6%
Mid-range	50%	2.4%	1.2%
High-range	75%	2.4%	1.8%

In this 2019 CFC Report, the results from the mid-range forecast rate of growth (the Mid-Range Forecast) is referenced in the remaining sections of this 2019 CFC Report, including the total CFC revenue and CFC interest income to pay CFC-eligible costs for the ConRAC and APM/CTS and the last year of the Forecast Period.

The total amount of CFC revenue and CFC interest income to pay the net remaining total CFC-eligible costs of $4.2 billion assumes that the alternative CFC rate of $9.00 per Transaction Day would become effective on September 1, 2019. The estimated last month and year to collect CFC revenue and earn CFC interest income to pay remaining CFC-eligible costs for each range is shown below.

	Calculated average annual rate of growth	Last month and year to collect/use CFC revenues and CFC interest income
Low range	0.6%	November 2056
Mid-range	**1.2%**	**May 2052**
High-range	1.8%	August 2049

The financial exhibits included at the end of this 2019 CFC Report show CFC-eligible costs through 2049 and the Forecast Period used to collect CFC revenues and earn CFC interest income through May 2052, as described immediately above. The difference between these two periods of time (2049 versus May 2052) is the length of time it will take the Department to collect CFC revenues and earn CFC interest income to pay CFC-eligible costs incurred through 2049. Because the period of time to collect CFC revenues and earn CFC interest income is longer than the period of time to pay CFC-eligible costs, it is likely that the Department would have to pay CFC-eligible costs from non-CFC sources of revenue (e.g., revenues it earns from other Airport tenants) and reimburse those sources of revenues with CFC revenues and/or interest income at later date.

1.6.3 Existing CFC Revenue is Insufficient. The determination that there is an insufficiency in CFC revenues is required when increasing the CFC from $10 per Transaction to an alternative CFC rate per Transaction Day (e.g., $7.50, $9.00). The 2017 CFC Report demonstrated the insufficiency of revenues at a CFC rate of $10 per Transaction to pay forecasted ConRAC Capital Costs and Allocable CTS/APM Costs, which supported the increase in the CFC rate to $7.50 per Transaction Day effective January 1, 2018. Because the Department has already implemented and is collecting revenues at the $7.50 per Transaction Day CFC rate, but always planned to increase the CFC rate to $9.00 per Transaction Day (as described in the 2017 CFC Report), the determination in this Report that existing CFC revenue is insufficient was determined by comparing actual CFC revenue collected through June 30, 2018 plus CFC revenues continuing to be collected at $7.50 per Transaction Day[3], which supports the need to increase the CFC to $9.00 per Transaction Day.

Through June 30, 2018, the Department collected approximately $343.8 million of revenue (including CFC interest income) from the prior CFC of $10 per Transaction plus the existing CFC of $7.50 per Transaction Day and has used approximately $3.0 million of that revenue for rental car related costs[4]. As of July 1, 2018, approximately $340.8 million in CFC revenue was available to pay ConRAC Capital Costs and Allocable APM/CTS Costs.

The forecast of revenues from the existing $7.50 CFC per Transaction Day is equal to the existing $7.50 CFC per Transaction Day multiplied by forecasted Transactions under the Mid-Range Forecast from July 1, 2018 through May 2052. May 2052 is the date when all CFC-eligible costs would be paid from forecasted CFC revenues at the $7.50 and $9.00 CFCs per Transaction Day and CFC interest income, as shown above.

CFC revenues from the existing $7.50 CFC per Transaction Day are forecasted to be approximately $3.5 billion (including interest income) from July 1, 2018 through May 2052. The $340.8 million of CFC revenues available as of July 1, 2018 (as discussed above) plus the approximately $3.5 billion of forecast CFC revenues and interest income results in total CFC revenues of approximately $3.8 billion. As shown on Figure 2, the shortfall in revenue from the existing $7.50 CFC per Transaction Day is approximately $1.5 billion, which amount is equal to (a) total ConRAC Capital Costs and Allocable APM/CTS Costs less (b) actual CFC revenues through June 30, 2018 and forecasted CFC revenues from the existing $7.50 CFC revenue per Transaction Day.

[3] If the insufficiency in CFC revenues was determined in this 2019 CFC Report at $10 per Transaction, the amount of insufficient CFC revenues would be higher than the amount described below and shown on Figure 2.
[4] Source: Annual Financial Report, Los Angeles International Airport, for Fiscal Years Ended June 30, 2018 and 2017.

1.6.4 Additional Revenue Required. The forecast of *additional* revenues to pay the $1.5 billion shortfall in eligible ConRAC Capital Costs and Allocable APM/CTS Costs would come from the sources listed below, including an increase in the CFC rate to $9.00 per Transaction Day.

	Revenue (millions)
Shortfall in revenue to pay CFC-eligible costs (see Figure 2)	**$1,500.0**
Sources of Additional Revenue	
1. CFC revenues *(a)*	**$713.7**
2. Interest income in addition to the forecasted amounts at $7.50 CFC	5.4
3. CTS Contribution Scheduled Abatement *(b)*	115.0
4. Net Concessionaire CTS Contributions *(c)*	545.9
5. Initial CTS Payment Account balance *(d)*	50.0
6. Debt service reserve fund from CFC revenues *(e)*	25.3
7. Coverage account from Department ConRAC Bonds *(e)*	6.3
8. Debt service reserve fund from Airport Revenue Bonds allocable to APM/CTS *(f)*	38.4
Sources of additional revenue to pay shortfall in CFC-eligible costs	**$1,500**
Demonstration: total additional revenues equals total shortfall in revenue	**$0**

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Note: Totals may not add to the amounts shown due to rounding.

(a) Equal to $9.00 less $7.50 per Transaction Day multiplied by the Mid-Range Forecast of Transaction Days through May 2052.

(b) Reflects the use of amounts in the CTS Contribution Scheduled Abatement account.

(c) Source: 2017 CFC Report.

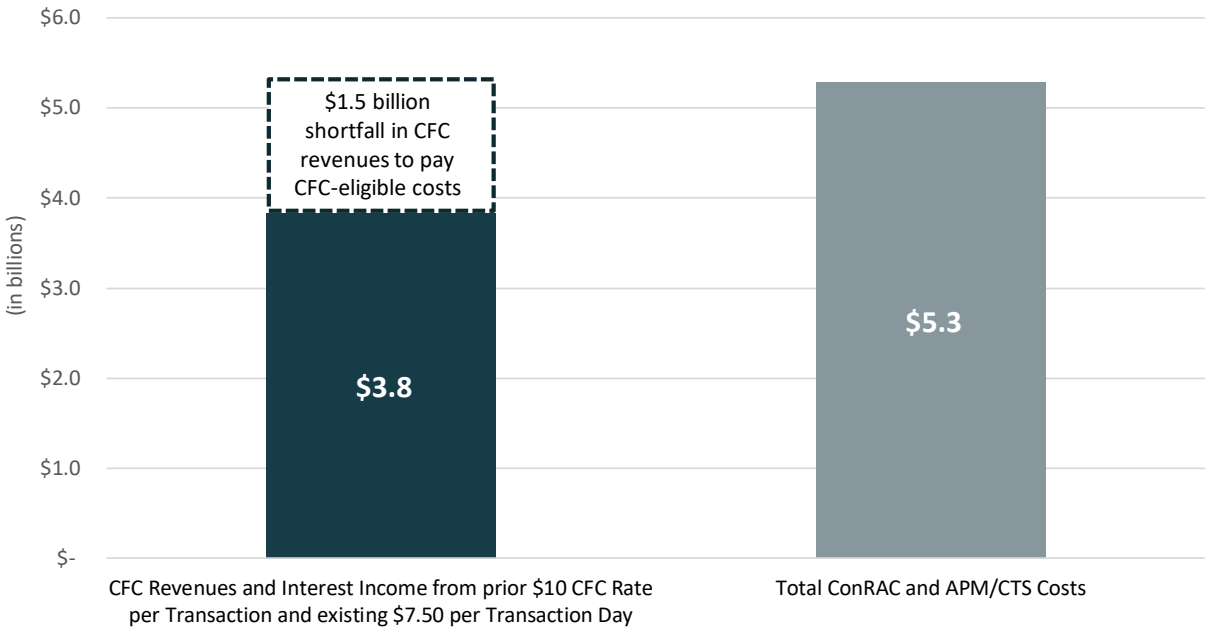
(d) Includes approximately $25.0 million to be funded from CFC revenues.

(e) Money that would be used in the last year of Department ConRAC Bonds maturity to pay debt service on such bonds.

(f) Money that would be used in the last year of Airport Revenue Bonds maturity to pay debt service on such bonds issued to pay Allocable APM/CTS Costs.

See Section 4.4 for additional information regarding the certain key assumptions used to develop the forecasted results.

Figure 2
FORECAST OF EXISTING $7.50 CFC REVENUE, SHORTFALL IN REVENUE REQUIRED AND TOTAL CONRAC CAPITAL COSTS AND ALLOCABLE APM/CTS COSTS
(in billions)
Los Angeles International Airport



1.6.5 Steps taken to Limit Costs. The Department undertook an extensive process to identify and select the ConRAC design, which, early in the planning of the ConRAC included the development and analysis of numerous concept alternatives, and more recently included a competitive process to select the ConRAC Developer. The scoring criteria used to select the ConRAC Developer and the APM Developer included cost and financial components to ensure that the ConRAC would be cost effective. The active input of the rental car companies prior to the selection of the ConRAC Developer, and consideration of their needs throughout the design process, will reduce any future change orders, and as such, any cost increases from such change orders.

The Department has created project cost certainty for the ConRAC project and the APM project by using competitively selected and separate DBFOM availability payment contracts with competitively selected DBFOM entities for each project. According to the Department, use of a DBFOM approach will have the following benefits for the ConRAC and APM projects:

- **Eliminating changes in project costs with a fixed price contract.** A fixed price contract will result in lower financing costs compared to a traditional delivery method by eliminating change orders. This approach also means fixed annual DBFOM capital repayment costs (referred to as "DBFOM availability payments") and a greater certainty in the annual amount of CFC revenues that are needed to pay ConRAC Capital Costs and the Allocable APM/CTS Costs.

- **Scheduling certainty with a certain delivery date for when the ConRAC and then the APM/CTS would be completed.** This approach has multiple benefits, as follows:
    - Scheduling certainty by using a DBFOM approach will result in a higher degree of financial cost certainty, as compared to a traditional delivery approach where schedule delays could occur.
    - Rental car companies occupying and using the ConRAC will be able to transition from their existing rental car facilities to the ConRAC with date certainty, which will substantially minimize any operational disruptions and result in cost savings to those companies. This is particularly important given that many of the rental car companies that operate at the Airport have ground leases or own land for their existing operations, so these companies will be able to plan a greater level of certainty when—for example—ground leases have to be terminated.

1.6.6 Other Alternatives for Meeting Airport Operator's Revenue Needs. The Department has made effective use of all potential funding sources for the ConRAC project and the APM project.

- **Consolidated Rent-A-Car Facility**. As described in Section 1.6.7 for the ConRAC project, the rental car companies that occupy and use the ConRAC will pay the Department (a) annual ground rent for use of the ConRAC, (b) an amount to cover all ConRAC operating expenses pursuant to the CLA, and (c) the greater of a minimum annual guarantee or a privilege fee for the right to operate a rental car concession on-Airport. The Department does not believe that it is currently reasonable to require the rental car companies to pay higher rent to pay for the ConRAC. The Department has been very diligent in lowering the cost of the ConRAC while meeting the facility requirements and operational needs of the rental car companies.
- ***Automated People Mover***. The Department expects to use the sources of funds listed below to pay for the total cost of the APM project[5] (including the 41.0% of APM/CTS Capital Costs and APM/CTS Operating Costs allocable to the ConRAC):
    - **New Passenger Facility Charge (PFC)**. A new PFC authorization from the Federal Aviation Administration (FAA) to pay PFC-eligible APM costs, which is expected to be submitted by the Department to the FAA prior to ConRAC DBO.
    - **New airline rates and charges**. Another source of revenue to pay for the APM project will come from increases in airline rates and charges.
    - **Other sources of Airport revenue**. The Department expects that revenues from non-airline sources, including public parking and concession revenues would also help pay for APM costs.

[5] The APM Developer may also construct other Airport improvements. These other improvements, if any, and the cost of building and financing those other improvements are not contemplated in this 2019 CFC Report. Forecast project costs for the APM project and the APM/CTS are for those elements only, and not these other improvements.

- **Net Concessionaire CTS Contributions**. The rental car companies that occupy and use the ConRAC will make annual Concessionaire CTS Contributions towards the payment of Allocable APM/CTS Costs. The forecasted amount of Net Concessionaire CTS Contributions is shown on Exhibit 1.

1.6.7 Fees other than the fee collected from rental car customers that are paid by rental car companies and other businesses to use the ConRAC and APM/CTS. The fees other than the fee collected from rental car customers that are paid by rental car companies and other businesses to use the ConRAC and the APM/CTS include the following pursuant to the CLA. Of the fees described below, only the projected amount of the annual Net Concessionaire CTS Contribution was included in the projections presented in this 2019 CFC Report, as those fees are related to the use of the APM/CTS by the Concessionaires.

- The payment of the greater of a minimum annual guarantee or a 10% privilege fee by the Concessionaires to the Department.
- The payment of ground rent by Concessionaires to the Department.
- An annual Net Concessionaire CTS Contribution to pay annual Allocable APM/CTS Costs.
- The payment of a transportation fee to the Department for companies that did not sign the CLA. These off-Airport rental car companies would be required to pick up and drop off their customers at the ConRAC to use the APM/CTS and pay a transportation fee that would be established to cover their customers prorated use of the APM/CTS. Transportation fee revenue from off-Airport companies would be used to pay Allocable APM/CTS Costs.

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2. Independent Accountant's Report

The Members of the Board of Airport Commissioners
Los Angeles International Airport
Los Angeles, California

We have examined the accompanying Schedule of Forecasted Revenues and Costs of the Los Angeles International Airport (Airport) Consolidated Rent-A-Car Facility (CONRAC) and Common Transportation System (CTS) for the period from July 1, 2018 through June 30, 2049 (Forecasted Schedule), based on the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants. The Airport's management is responsible for preparing and presenting the Forecasted Schedule in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants. The Forecasted Schedule was prepared for compliance with California Civil Code Section 1939, as amended by Assembly Bill No. 2051, and further amended by Assembly Bill No. 2280 specifically for the Airport, related to Customer Facility Charges and the CONRAC and CTS. Our responsibility is to express an opinion on the Forecasted Schedule based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants, in all material respects. An examination involves performing procedures to obtain evidence about the forecast. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the forecast, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the accompanying Forecasted Schedule is presented, in all material respects, in accordance with the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions are suitably supported and provide a reasonable basis for management's forecast.

There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Our examination was conducted for the purpose of forming an opinion on the Forecasted Schedule. Section 1, *Introduction*, Attachments, and Exhibits are presented for purposes of additional analysis and are not a required part of the Forecasted Schedule.

The Attachments and Exhibits are the responsibility of management and were derived from and relate directly to the records used to prepare the Forecasted Schedule. Such information has been subjected to the procedures applied in the examination of the Forecasted Schedule to obtain evidence about the forecast. In our opinion, the Attachments and Exhibits are presented fairly, in all material respects, in relation to the Forecasted Schedule.

Section 1, *Introduction*, has not been subjected to the procedures applied in the examination of the Forecasted Schedule, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying Forecasted Schedule and our report are intended solely for the information and use of the Members of the Board of Airport Commissioners, the Airport's management, California's Assembly and Senate Committees on Judiciary, the Assembly Committee on Transportation, and the Senate Committee on Transportation and Housing, and are not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Los Angeles, California
May 14, 2019

3. SCHEDULE OF FORECASTED REVENUES AND COSTS OF THE LOS ANGELES INTERNATIONAL AIRPORT CONSOLIDATED RENT-A-CAR FACILITY AND COMMON TRANSPORTATION SYSTEM

		Amount (in millions)
TOTAL CONRAC AND APM/CTS COSTS (July 1, 2018 to March 31, 2049)		
ConRAC		
Milestone payments to ConRAC Developer		($599.7)
Planning expenses *(a)*		(3.0)
Department ConRAC Bonds debt service reserve fund		(25.3)
Interest during construction for Department ConRAC Bonds and commercial paper		(26.5)
Department ConRAC Bonds debt service *(b)*		(632.6)
Department availability payments to ConRAC Developer *(c)*		(1,019.1)
Total ConRAC costs	**[A]**	**($2,306.3)**
APM/CTS		
Allocable APM/CTS Costs *(d)*		($2,838.8)
CTS Contribution Scheduled Abatement *(e)*		(115.0)
Fund $25 million deposit to CTS Payment Account *(f)*		(25.0)
Total APM/CTS costs	**[B]**	**($2,978.8)**
Total ConRAC and APM/CTS costs	**[C=A+B]**	**($5,285.1)**
TOTAL REVENUES (July 1, 2018 to May 31, 2052)		
Actual CFC revenues (including interest income) through June 30, 2018	**[D]**	$343.8
Forecast CFC revenues: $7.50 CFC per Transaction Day through August 31, 2019		$93.0
Forecast CFC revenues: $9.00 CFC per Transaction Day effective September 1, 2019		4,027.3
Forecast CFC interest income		40.0
Subtotal of CFC revenues and CFC interest income		**$4,160.3**
CTS Contribution Scheduled Abatements *(e)*		115.0
Net Concessionaire CTS Contributions *(g)*		545.9
Initial CTS Payment Account balance *(h)*		50.0
Department ConRAC Bonds debt service and rolling coverage reserves *(b)*		31.6
Airport Revenue Bond debt service reserve allocable to APM/CTS *(d)*		38.4
Forecast revenues	**[E]**	**$4,941.4**
Total revenues to pay ConRAC and APM/CTS costs	**[F=D+E]**	**$5,285.1**
Demonstration: total CFC revenues equal total ConRAC and AMP/CTS	**[F+C]**	**$0**

Note: The totals shown above and in other sections of this 2019 Report, including Attachment A and the exhibits, may not add to the amounts shown due to rounding.

(a) Source: Los Angeles World Airports Comprehensive Annual Financial Report for fiscal years ending June 30, 2018 and 2017.

(b) See Exhibit 3.

(c) See Exhibit 4.

(d) See Exhibit 5.

(e) Source: CLA.

(f) Pursuant to CLA Section 6.6.1 CTS Payment Account, subsection (a) Initial Balance.

(g) See Attachment A, Section 4.b. to understand how this amount was calculated.

(h) Reflects the use of the initial $50 million CTS Payment Account balance for ConRAC and APM/CTS costs in the last five years.

See accompanying Notes to the Schedule of Forecasted Revenues and Costs of the Los Angeles International Airport Consolidated Rent-A-Car Facility and Common Transportation System.

4. NOTES TO SCHEDULE OF FORECASTED REVENUES AND COSTS OF THE LOS ANGELES INTERNATIONAL AIRPORT CONSOLIDATED RENTAL CAR FACILITY AND COMMON TRANSPORTATION SYSTEM

4.1 General

California Civil Code 1939, as amended by Assembly Bill (AB) 2051 and AB 2280 (collectively, the CFC Legislation), permits an airport sponsor to require rental car companies to collect from a renter a Customer Facility Charge (CFC) to finance, design and construct a consolidated airport rental car facility; finance, design, construct, and operate common-use transportation systems that move passengers between airport terminals and those consolidated car rental facilities, and to acquire vehicles for use in that system; and to finance, design, and construct terminal modifications solely to accommodate and provide customer access to common-use transportation systems.

The Los Angeles International Airport (Airport) is owned and operated by the Department of Airports of the City of Los Angeles (the Department). The Department prepared the Customer Facility Charge Rate Modification Report to fulfill the requirements of the CFC Legislation, to require the rental car companies currently operating at the Airport to collect an alternative customer facility charge (CFC) to support the development of two significant projects at the Airport: a new consolidated rent-a-car facility (ConRAC) and new Automated People Mover (APM), a portion of which is referred to and serves as the common-use transportation system (APM/CTS), that would serve the Central Terminal Area (CTA) and the new ConRAC at the Airport.

The Department proposes to change the existing $7.50 CFC rate per Transaction Day, which the Department has been collecting since January 1, 2018 and is expected to collect until August 31, 2019, to a higher alternative CFC rate of $9.00 per Transaction Day from September 1, 2019 through May 2052, the last year under the Mid-Range Forecast assumed in this 2019 CFC Report.

The business arrangements for the development of the ConRAC and APM/CTS, including the collection and use of alternative CFC revenues at the Airport to pay for the costs of both projects, were agreed upon in the Concession Lease and Agreement (CLA), which was executed by the Department and seven on-Airport rental car companies that currently operate a total of 14 rental brands that serve the Airport. The CLA was signed by each of the existing on-Airport rental car companies and fully executed by the Department in mid-2018.

4.2 Basis of Accounting

The accompanying Schedule is presented using the cash basis of accounting, whereby revenues and expenditures are recognized during the period in which they are received or disbursed.

4.3 Summary of Forecasted Revenues and Costs

Provided on Exhibit 1 are the total ConRAC Capital Costs and Allocable APM/CTS Costs, and total revenues, including actual CFC revenues through June 30, 2018, forecast CFC revenue under the existing $7.50 CFC per Transaction Day through August 31, 2019, forecast CFC revenue under the alternative $9.00 CFC per Transaction Day starting September 1, 2019, forecasted CFC interest income, forecasted Net Concessionaire CTS Contributions, and debt service reserve and debt service coverage amounts.

4.3.1 Summary of Forecasted ConRAC Costs. The forecast of total ConRAC costs presented on Exhibit 1 is equal to the sum of the following:

- Milestone payments by the Department to the ConRAC Developer.
- Actual rental car planning expenses as presented in the Los Angeles World Airports Comprehensive Annual Financial Report for Years Ended June 30, 2018 and 2017.
- A forecasted deposit to a debt service reserve fund for the Department ConRAC Bonds.
- Estimated payment of Department ConRAC Bond and commercial paper interest during ConRAC construction.
- Starting at ConRAC DBO, forecasted Capital Costs equal to the following:
    - Forecasted annual debt service on the Department ConRAC Bonds. These bonds are estimated to be fully paid by 2048 (see Exhibit 3).
    - Actual annual ConRAC Developer availability payments that would repay ConRAC Developer Capital Costs. The availability payment is estimated to be fully paid by 2047 (see Exhibit 4).

4.3.2 Summary of Forecasted Allocable APM/CTS Costs. The forecast of Allocable APM/CTS Costs presented on Exhibit 1 is equal to the sum of the following:

- CTS Contribution Scheduled Abatement (funded from CFC revenues).
- A $25 million deposit to the CTS Payment Account pursuant to the CLA (funded from CFC revenues).
- Starting at APM/CTS DBO, forecasted Allocable APM/CTS Costs would be equal to 41.0% of the following annual costs:
    - Actual and estimated Airport Revenue Bond debt service. The Airport Revenue Bonds are estimated to be fully paid by 2048 (see Exhibits 5 and 6).
    - Actual availability payments made by the Department to the APM Developer. The availability payments to the APM Developer are estimated to be fully paid by 2049 (see Exhibit 5).
    - Estimated amortization charges of cash advanced by the Department. Amortization charges are estimated to be fully paid by 2048 (see Exhibit 5). As discussed in Section 4.8.2 of this 2019 CFC Report, amortization charges would be paid by Net Concessionaire CTS Contributions, not CFC revenues.

Total ConRAC Capital Costs plus Allocable APM/CTS Costs are equal to $5.3 billion.

4.3.3 Summary of Forecasted Revenues. The forecast of $5.3 billion of revenues reflected on Exhibit 1 is equal to the sum of the following:

- $343.8 million of actual CFC revenues and interest income through June 30, 2018.
- $93.0 million of forecasted CFC revenues from the existing $7.50 CFC per Transaction Day multiplied by the forecasted Transaction Days through August 31, 2019.
- $4.0 billion of forecasted CFC revenues from the alternative CFC rate of $9.00 per Transaction Day from September 1, 2019 through May 2052, the last year under the Mid-Range Forecast assumed in this 2019 CFC Report, multiplied by the forecasted Transaction Days during the same period.
- $40.0 million of forecasted CFC revenue interest income through May 2052, the last year under the Mid-Range Forecast assumed in this 2019 CFC Report.
- $115.0 million from the CTS Contribution Scheduled Abatement account.
- $545.9 million of Net Concessionaire CTS Contributions starting at ConRAC DBO and continuing through 2048 (the same year the CLA is assumed to expire, assuming the one option period is exercised by the Department).
- $50.0 million of CTS Payment Account initial fund balance.
- $31.6 million of debt service and rolling coverage reserves associated with the Department ConRAC Bonds.
- $38.4 million of the debt service reserve fund for the Airport Revenue Bonds issued to fund the APM project. The $38.4 million is equal to 41.0% of the total funded debt service reserve from all Airport Revenue Bonds issued to fund the APM project, which 41.0% is equal to the share of the APM that is considered to be the APM/CTS pursuant to the CLA and included in Allocable APM/CTS Costs.

Section 4.4 and Attachment A provides additional information regarding the assumptions used to prepare the forecasts described above.

4.4 Summary of Significant Assumptions

The assumptions used to prepare the forecasts described in this 2019 CFC Report are summarized in Attachment A and are also included on the exhibits attached to this 2019 CFC Report.

This financial forecast presents, to the best of Airport management's knowledge and belief, the Airport's expected revenues and the expected total ConRAC Capital Costs and Allocable APM/CTS Costs for the forecast period. Accordingly, the forecast reflects Airport management's judgement as of the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that Airport management believes are significant to the forecast. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The following is important to understand regarding the assumptions and information contained in this 2019 CFC Report, and used to prepare the forecasts:

1. The use of a DBFOM approach by the Department for both the ConRAC project and the APM/CTS project means that a large portion of the CFC-eligible costs used to prepare the financial projections in this 2019 CFC Report for both projects are known and fixed. In addition, the DBFOM approach for the APM/CTS project also resulted in known and fixed operating expenses over the term of the contract between the Department and the APM Developer.
2. The estimated sources of funds to pay that portion of ConRAC project costs and APM/CTS project costs not paid by the respective developer of each project were provided by the Department and are subject to change to reflect actual funding sources, including the amount and timing associated with milestone payments to the ConRAC Developer and the APM Developer.
3. The forecast of annual CFC revenues, which include revenues at the existing $7.50 CFC rate and the proposed higher alternative CFC rate of $9.00, is based on certain assumptions regarding dates when the alternative CFC rates will start to be collected by the Department, growth in future Transactions and Transaction Days as well as the average number of Transaction Days. The actual amount of annual CFC revenue that is collected by the Department and the uses of that revenue will be affected by, among other things, the actual dates when the alternative CFC rates become effective and the actual number of Transactions and Transaction Days. If annual alternative CFC revenues are not sufficient to pay annual APM/CTS Capital Costs and operating costs, the Department would use unrestricted Airport revenues to meet that obligation.

4.5 ConRAC Project Costs

Exhibit 2 shows the cost of the ConRAC project of approximately $1.3 billion, which includes design and construction costs and Department soft costs.

4.6 APM/CTS Project Costs

This section presents the APM project costs pursuant to the APM Developer design for the APM and the amount of APM project costs that are allocated to and constitute APM/CTS project costs.

4.6.1 APM Project Costs. APM project costs are shown on Exhibit 2. APM system project costs are $2.5 billion. The portion of APM project costs that are allocated to the APM/CTS are also shown on Exhibit 2.

4.6.2 Allocation of APM Project Costs to APM/CTS System. Pursuant to the CLA, approximately 41.0% of annual APM/CTS Capital Costs and APM/CTS Operating Costs are allocable to the ConRAC, the sum of which is equal to Allocable APM/CTS Costs. Although 100% of common shuttle bus costs are also allocable to the ConRAC, the Department does not currently expect that common shuttle buses will be required for the ConRAC, and this 2019 CFC Report does not include any common shuttle bus costs.

The cost of the APM project that is allocable to the APM/CTS is approximately $1.0 billion, as shown on Exhibit 2.

4.7 ConRAC and APM/CTS Project Funding Sources

Exhibit 2 presents the estimated sources of funding for ConRAC and APM project costs.

Funding plans for that portion of the ConRAC project and the APM project that are expected to be funded by the Department were developed by the Department based on the Airport's contractual relationships with the ConRAC Developer and the APM Developer. Remaining costs for each project would be funded by the respective developer.

4.7.1. ConRAC Project Funding Sources. The estimated funding plan assumes the following:

- The ConRAC Developer will fund all ConRAC project costs.
- Prior to or around ConRAC DBO, a portion of ConRAC Developer capital would be replaced with the following sources through "milestone payments" made by the Department to the ConRAC Developer (a) actual and forecast pay-as-you-go CFC revenues and (b) Department ConRAC Bond proceeds.

As reflected on Exhibit 2, it was assumed that on or about ConRAC DBO, eligible ConRAC project costs would be funded by the following approximate amounts:

- $599.7 million in existing and forecasted CFC revenues.
- $289.0 million in net proceeds from the issuance of Department ConRAC Bonds.
- $407.1 million in ConRAC Developer capital.

4.7.2. APM/CTS Project Funding Sources. The estimated funding plan assumes the following for the APM:

- The APM Developer will fund total APM project costs.
- Prior to or around APM/CTS DBO, a portion of APM Developer capital would be replaced with the following sources through "milestone payments" made by the Department to the APM Developer (a) the net proceeds of Airport Revenue Bonds and (b) Department cash.

As reflected on Exhibit 2, it was assumed that on or about APM/CTS DBO, total APM project costs would be funded by the following approximate amounts:

- $1.0 billion in net proceeds of Airport Revenue Bonds, portions of which have already been issued by the Department with additional amounts remaining to be issued.
- $580.3 million of Department cash.
- $939.4 million in APM Developer capital.
- Approximately 41.0% of the amounts shown above and presented on Exhibit 2 constitute that portion of APM project costs that are allocable to the APM/CTS, which is equal to approximately $1.0 billion.

4.8 Annual ConRAC Capital Costs and Allocable APM/CTS Costs

4.8.1. ConRAC. For the ConRAC project, estimated annual Capital Costs include the following:

- Annual debt service on the approximate $289.0 million in net proceeds of Department ConRAC Bonds as reflected on Exhibit 3. The assumptions used to estimate financing costs (e.g., a rolling coverage account and other costs of issuance) and annual ConRAC Bond debt service are presented on Exhibit 3.
- Annual availability payments made by the Department to the ConRAC Developer, as shown on Exhibit 4**.**

Total annual ConRAC Capital Costs to be paid by alternative CFC revenues are estimated to start on ConRAC DBO through 2048.

As shown on Exhibit 3 and near the last forecasted maturity date of the Department ConRAC Bonds, the forecasted funds in the debt service reserve fund and coverage account would be used to reduce the annual capital costs that would otherwise be paid from alternative CFC revenues.

Pursuant to the CLA, the Concessionaires are responsible for paying their share of ConRAC operating expenses. ConRAC facility operating expenses cannot be paid from annual CFC revenues under the CFC Legislation.

4.8.2. Allocable APM/CTS Costs. When the APM/CTS DBO is reached, the estimated annual Allocable APM/CTS Costs would include the following:

- Annual availability payments made by the Department to the APM Developer, as shown on Exhibit 5. The amounts include costs to build, finance, renew, and operate the APM during the term of the agreement between the Department and the APM Developer.
- Annual debt service on approximately $1.0 billion in net proceeds of Airport Revenue Bonds that have been and are expected to be issued to fund APM Capital Costs. The assumptions used to estimate financing costs (e.g., debt service reserve fund, capitalized interest and other costs of issuance) and annual debt service for Airport Revenue Bonds to be issued for the APM are shown on Exhibit 6**.**
- Amortization of cash advanced by the Department to be used to fund APM project costs, as shown on Exhibit 5.

Net Concessionaire CTS Contributions would be used to pay that portion of Allocable APM/CTS Costs associated with the amortization of Department cash, since CFC revenues and CFC interest income can't be used to pay these costs pursuant to the CFC Legislation.

As shown on Exhibit 5, the forecasted funds in the debt service reserve fund for Airport Revenue Bonds would be used to reduce the annual debt service costs that would otherwise be paid from alternative CFC revenues.

ATTACHMENT A

KEY ASSUMPTIONS

1. Financing Assumptions-ConRAC

(Dollars in thousands)

	Department ConRAC Bonds
1a. Bond Issuance Dates	July 2021 and May 2022
1b. First and Final Principal Payments Due	
First principal due	2023
Final principal due	2048
1c. Debt service structure	Level debt service
1d. Bond/Financing Interest Rates	6.00%
1e. Bond Capitalized Interest during Construction	None
1f. Debt Service Reserve Fund funded from bond or financing proceeds (assumed equal to annual debt service)	None (debt service reserve funded from paygo CFCs)
1g. Deposit to Coverage Fund equal to 25% times annual debt service	$ 6,326
1h. Deposit to CTS Payment Account (initial balance)	$ 25,000
1i. Costs of issuance (as % of bond principal/loan amount)	1.50%

2. Financing Assumptions--APM/CTS

(Dollars in thousands)

	Department Airport revenue bonds
2a. Bond Issuance Dates (issuance for each milestone payment)	October 2018 December 2019 November 2020 June 2021 March 2022 March 2023
2b. First and Final Principal Payments Due	
First principal due	2024
Final principal due	2048
2c. Debt service structure	Level debt service
2d. Bond/Financing Interest Rates	5.50%
2e. Bond Capitalized Interest during Construction	$ 96,321
2f. Debt Service Reserve Fund funded from bond or financing proceeds (assumed equal to annual debt service)	$ 93,753
2g. Deposit to Coverage Fund	None
2h. Deposit to CTS Payment Account (initial balance)	None
2i. Costs of issuance (as % of bond principal/loan amount)	1.50%

3. Rental Car Activity Assumptions

3a. The economic base of the Airport's air service area will remain stable and diversified during the projection period.

3b. The Airport rental car companies will continue to operate at the Airport for the duration of the period covered by this report. It was assumed that if one or more of the rental car companies leave the market, the remaining rental car companies (and any new entrant rental car companies) will act to serve demand and capture market share of any departing company.

3c. Transactions. The Department has been collecting the number of rental car transactions from rental car companies serving the Airport since July 1, 2007. The 6-month period from July 1, 2007 through December 31, 2007 has been ignored for purposes of determining annualized data. The table below shows the historical trend in rental car transactions from January 1, 2008 through December 31, 2018. As shown on the table below, rental car transactions for the rental car companies that operate at the Airport increased at an average rate of approximately 2.4% per year from CY 2008 through CY 2018, 3.9% per year from CY 2010 through CY 2018, and 2.6% per year from CY 2012 through CY 2018.

ACTUAL RENTAL CAR TRANSACTIONS
Los Angeles International Airport

Calendar Year	Rental car transactions (a)
2008	2,468,186
2009	2,112,714
2010	2,311,918
2011	2,517,528
2012	2,679,435
2013	2,786,519
2014	2,914,167
2015	3,049,463
2016	3,198,948
2017	3,178,074
2018	3,126,126
Average Annual Rate of Growth	
2008-2018	2.4%
2010-2018 (b)	3.8%
2013-2018	2.3%

Source for transaction data: Department.
(a) Rental car transactions exclude Midway who did not sign the CLA.
(b) The period of time from 2010 to 2018 assumes the recovery from the national recession/credit crisis had occured.

3. Rental Car Activity Assumptions (continued)

3d. Transaction Days. CFC transaction days per transaction are assumed at 3.42 days. The 3.42 amount takes into account the transaction days excluded as a result of the 5-day cap. The rental car companies serving the Airport have been reporting transaction days of not more than 5 days since March 2015. Based on data provided by the Department, as reported by rental car companies from March 2015 through December 2018 to the Department, transaction days of not more than 5-days averaged approximately 3.43 per rental car company transaction. However, for purposes of the forecasts included in the Report, we are using an average of 3.42 transaction days to project the number of transaction days that are not more than 5-days, which is the same assumption included the 2017 CFC Report.

4. CFC Revenue Assumptions

4a. The forecast of CFC revenues is based on the following assumed CFC levels multiplied by the appropriate rental car activity (i.e., multipled by rental car transaction days of not more than 5-days starting January 1, 2018)

Through December 31, 2017:	$10.00 per transaction
January 1, 2018 to August 31, 2019	$7.50 per transaction day (subject to 5-day cap)
September 1, 2019 - May 2052 (assuming 1.2% growth):	$9.00 per transaction day (subject to 5-day cap)

4b. Net Concessionaire CTS Contributions start in Agreement Year 2024 and are equal to the Maximum CTS Contribution less the CTS Contribution Scheduled Abatement and CTS Contribution Additional Abatements, all pursuant to the CLA. The Maximum CTS Contribution increases at 2.5% per year pursuant to the CLA. The CTS Contribution Scheduled Abatement is equal to $115.0 million, pursuant to the CLA. Pursuant to the CLA, the CTS Contribution Additional Abatement is equal to any remaining CFC revenues and CFC interest income after paying all prior obligations defined in the CLA. In this 2019 CFC Report, the Net Concessionaire CTS Contributions are equal the amounts projected in the 2017 CFC Report to minimize any year-to-year fluctutations in the amount of required CFC revenue and CFC interest income. The actual amount of Net Concessionaire CTS Contributions received by the Department will be used in the future to increase or decrease the total amount of CFC revenue required to be collected to pay CFC-eligible costs.

4c. Net Concessionaire CTS Contributions continue through March 2048 (when the CLA will expire).
CFC revenues are forecast to continue through May 2052 (assuming 1.2% rental car transaction growth for FY 2019-on).

4d. Interest earnings on CFC revenues based on average balances and earnings rate of 1.0%.

5. Other

5a. To the extent that there are any *actual* remaining annual CFC revenues, interest income, and Concessionaire CTS Contributions after paying all the costs described in the Report in any year, the Department intends to use the remaining revenues to pay CFC-eligible costs for the ConRAC and APM/CTS projects, including, but not limited to, paying down outstanding ConRAC and/or APM/CTS outstanding bonds, debt, and/or other sources of capital used to fund project costs. For simplicity, the forecasts presented in the Report assume that any remaining revenues would be used to pay annual CFC-eligible costs, but used towards the end of the period of time to collect the $9.00 CFC per transaction day.

5b. No significant changes in the form of alternative transportation or expansion of existing modes of alternative transportation are expected at the Airport that would have a significant influence on rental car demand during the period covered by this Report.

EXHIBITS

Exhibit 1

SCHEDULE OF FORECASTED COSTS AND REVENUES OF THE LOS ANGELES INTERNATIONAL AIRPORT
CONSOLIDATED RENTAL CAR FACILITY AND COMMON TRANSPORTATION SYSTEM
ConRAC and APM/CTS
Los Angeles International Airport
Numbers in thousands

TOTAL CONRAC AND APM/CTS COSTS

ConRAC			
CFC revenues used to make milestone payments to ConRAC Developer and LAWA soft costs		$	599,736
Planning expenses (a)			3,026
Fund the Department ConRAC Bonds debt service reserve fund			25,306
Fund interest during construction for Department ConRAC Bonds and CP			26,454
ConRAC capital costs			
Department ConRAC Bonds debt service (b)			632,641
Availability payments to ConRAC Developer (c)			1,019,137
Total ConRAC costs	**[A]**	**$**	**2,306,298**
APM/CTS			
Allocable CTS Costs (d)		$	2,838,837
% of total Annual APM Costs			***41.0%***
CTS Contribution Scheduled Abatement (e)			115,000
Fund $25 million deposit to the CTS Payment Account (f)			25,000
Total APM/CTS Costs	**[B]**	**$**	**2,978,837**
Total ConRAC and APM/CTS costs	**[C]=[A+B]**	**$**	**5,285,135**

TOTAL REVENUES

Actual CFC Revenues through June 30, 2018			
Actual CFC revenues through June 30, 2018		$	322,428
Actual interest income through June 30, 2018			21,349
Actual CFC Revenues through June 30, 2018	**[D]**	$	343,777
Forecast revenues (July 2018-on)			
Forecast: $7.50 CFC per Transaction Day (through August 31, 2019)		$	93,040
Forecast: $9.00 CFC per Transaction Day (September 1, 2019-on)			4,027,347
Forecast CFC interest income			40,000
Subtotal		$	4,160,387
Net Concessionaire CTS Contributions (g)			545,900
CTS Contribution Scheduled Abatements (e)			115,000
Use of initial CTS Payment Account balance (h)			50,000
Use of Department ConRAC Bonds debt service reserve (b)			25,306
Use of Department ConRAC Bonds rolling coverage reserve (b)			6,326
Use of allocable airport revenue bond debt service reserve (d)			38,439
Forecast revenues	**[E]**	$	4,941,358
Total revenues to pay ConRAC and APM/CTS costs	**[F=D+E]**	**$**	**5,285,135**
Demonstration: total ConRAC and APM/CTS costs equal total revenues	**=[C]-[F]**	**$**	**0**

NOTE: Totals may not add to the amounts shown due to rounding.
(a) Source: Los Angeles World Airports Comprehensive Annual Financial Report for fiscal years ending June 30, 2018 and June 30, 2017.
(b) See Exhibit 3.
(c) See Exhibit 4.
(d) See Exhibit 5.
(e) Source: CLA.
(f) Pursuant to CLA Section 6.61 CTS Payment Account, subsection (a) Initial Balance.
(g) See Attachment A, Section 4.b. to understand how this amount was calculated.
(h) Reflects the use of the initial $50 million CTS Payment Account balance for ConRAC and CTS costs in the last 5 years of project life.

Exhibit 1.1

ESTIMATED RANGE FOR CFC EXPIRATION DATE

ConRAC and APM/CTS

Los Angeles International Airport

Numbers in thousands

Forecast CFC Revenues (July 2018-on)		
Forecast: $7.50 CFC per Transaction Day (through August 31, 2019) (a)	$	93,040
Forecast: $9.00 CFC per Transaction Day (September 1, 2019-on) (a)		4,027,347
Forecast CFC interest income (a)		40,000
Subtotal	$	4,160,388
Estimated CFC expiration date		
Assuming annual rental car transaction growth of 0.6% for July 2018-on		***November 2056***
Assuming annual rental car transaction growth of 1.2% for July 2018-on		***May 2052***
Assuming annual rental car transaction growth of 1.8% for July 2018-on		***August 2049***

NOTE: Totals may not add to the amounts shown due to rounding.

(a) See Exhibit 1.

Exhibit 2

PROJECT COSTS AND FUNDING SOURCES
ConRAC and APM/CTS
Los Angeles International Airport
Numbers in thousands

		Project Costs (escalated) and Funding Sources
ConRAC project cost (a)	$	1,295,821
Estimated funding sources		
Pay-as-you-go CFC Revenues	$	599,735
Department ConRAC Bond proceeds		289,010
ConRAC Developer		407,076
Department cash		-
Total	$	1,295,821
APM System project cost (b)	$	2,529,445
Estimated funding sources		
Department airport revenue bond proceeds	$	1,009,749
Department cash		580,251
APM Developer		939,445
Total	$	2,529,445
APM System project cost allocated to CTS		41%
Allocable CTS Costs (c)	$	1,037,072

NOTE: Totals may not add to the amounts shown due to rounding.
(a) Source: Department, February 2019. Includes eligible design and construction costs and Department soft costs. Excludes CFC-ineligible project costs to be paid for with Department cash.
(b) Source: Department.
(c) As defined in the CLA, "Allocable CTS Costs" includes (a) all Other CTS Costs and (b) forty-one percent (41.0%) of the APM Costs.

Exhibit 3

DEPARTMENT CONRAC BONDS
ConRAC
Los Angeles International Airport
Numbers in thousands except %'s and as noted

	TOTAL
SOURCES OF FUNDS	
Bond principal	**$ 325,214**
USES OF FUNDS	
Project costs funded from bond proceeds (a)	$ 289,010
Initial deposit to CTS Payment Account	25,000
Rolling coverage 25.0%	6,326
Other Costs of Issuance (b)	4,879
	$ 325,214
ASSUMPTIONS	
Bond interest rate	6.00%
Other costs of issuance (as % of bond principal)	1.50%
Term of bonds (years) (not 1,000's)	Approx. 27
ANNUAL DEBT SERVICE (c)	**$ 25,306**

ANNUAL USE OF CFC REVENUES AND RESERVE FUNDS

	Agreement Year 1 (e): (Mar 31 2023 to Mar 31 2024)	Agreement Year 2: (Apr 1 2024 to Mar 31 2025)	Agreement Years Ending March 31														
			2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
			1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*
Department ConRAC Bonds debt service (shown on Exhibit 1)			**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**
Final payments from debt service reserve fund (d)			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount paid from rolling coverage account			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total			$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)

	Extension of CLA Term										
	Agreement Years Ending March 31										
	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	
	16	*17*	*18*	*19*	*20*	*21*	*22*	*23*	*24*	*25*	**TOTAL**
Department ConRAC Bonds debt service (shown on Exhibit 1)	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (25,306)**	**$ (632,641)**
Final payments from debt service reserve fund (d)	-	-	-	-	-	-	-	-	-	25,306	25,306
Amount paid from rolling coverage account	-	-	-	-	-	-	-	-	6,326	-	6,326
Total	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (25,306)	$ (18,979)	$ -	$ (601,009)

Sum of debt service reserve fund and rolling coverage account (shown on Exhibit 1) $ 31,632

NOTE: Totals may not add to the amounts shown due to rounding.
(a) See Exhibit 2.
(b) Assumed to be equal to 1.5% of bond principal (rounded to nearest hundred dollars).
(c) The debt service reserve fund is assumed to be funded with pay-as-you-go CFC revenues.
(d) As shown on Exhibit 1, CFC revenues collected during ConRAC construction are expected to fund the debt service reserve for the Department ConRAC Bonds. The reserve is used for the final debt service payment.
(e) As defined in the CLA, Agreement Year 1 includes March 31, 2023 (DBO date), and the subsequent 12 months April 1, 2023 through March 31, 2024.

Exhibit 4

AVAILABILITY PAYMENT TO CONRAC DEVELOPER

ConRAC

Los Angeles International Airport

Numbers in thousands except %'s and as noted

	Agreement Year 1 (a): (Mar 31 2023 to Mar 31 2024)	Agreement Year 2: (Apr 1 2024 to Mar 31 2025)

	Agreement Years Ending March 31														
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*
Availability Payment to ConRAC Developer	$ (34,385)	$ (37,938)	$ (38,372)	$ (38,811)	$ (39,255)	$ (39,706)	$ (40,162)	$ (40,624)	$ (41,092)	$ (41,566)	$ (42,047)	$ (42,534)	$ (43,027)	$ (43,526)	$ (44,032)
Total (shown on Exhibit 1)	**$ (34,385)**	**$ (37,938)**	**$ (38,372)**	**$ (38,811)**	**$ (39,255)**	**$ (39,706)**	**$ (40,162)**	**$ (40,624)**	**$ (41,092)**	**$ (41,566)**	**$ (42,047)**	**$ (42,534)**	**$ (43,027)**	**$ (43,526)**	**$ (44,032)**

	Extension of CLA Term										
	Agreement Years Ending March 31										
	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	
	16	*17*	*18*	*19*	*20*	*21*	*22*	*23*	*24*	*25*	**TOTAL**
Availability Payment to ConRAC Developer	$ (44,545)	$ (45,065)	$ (45,592)	$ (46,125)	$ (46,666)	$ (47,214)	$ (47,769)	$ (48,332)	$ (40,752)	$ -	$ (1,019,137)
Total (shown on Exhibit 1)	**$ (44,545)**	**$ (45,065)**	**$ (45,592)**	**$ (46,125)**	**$ (46,666)**	**$ (47,214)**	**$ (47,769)**	**$ (48,332)**	**$ (40,752)**	**$ -**	**$ (1,019,137)**

NOTE: Totals may not add to the amounts shown due to rounding.

Source: Department.

(a) As defined in the CLA, Agreement Year 1 includes March 31, 2023 (DBO date), and the subsequent 12 months April 1, 2023 through March 31, 2024.

Exhibit 5

ALLOCABLE APM/CTS COSTS

APM/CTS
Los Angeles International Airport
Los Angeles World Airports
Numbers in thousands except for %'s

		Agreement Year 1 (a): (Mar 31 2023 to Mar 31 2024)	Agreement Year 2: (Apr 1 2024 to Mar 31 2025)	Agreement Years Ending March 31														
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
		1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*
Estimated Annual APM Costs																
LAX revenue bond debt service (b)		$ (71,292)	$ (93,754)	$ (93,754)	$ (93,754)	$ (93,755)	$ (93,756)	$ (93,753)	$ (93,752)	$ (93,756)	$ (93,755)	$ (93,754)	$ (93,756)	$ (93,755)	$ (93,754)	$ (93,753)
Availability Payment (c)		(100,170)	(102,967)	(105,842)	(108,799)	(111,839)	(114,966)	(118,180)	(121,486)	(124,885)	(128,381)	(131,975)	(135,671)	(139,472)	(143,381)	(147,400)
Amortization of Department cash (d)		(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)
Estimated Annual APM Costs	[A]	$ (216,325)	$ (241,583)	$ (244,459)	$ (247,416)	$ (250,457)	$ (253,584)	$ (256,796)	$ (260,101)	$ (263,504)	$ (266,998)	$ (270,592)	$ (274,289)	$ (278,089)	$ (281,997)	$ (286,015)
Final payments from debt service reserve (b)	[B]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Estimated Annual APM Costs	[C]=[A]+[B]	$ (216,325)	$ (241,583)	$ (244,459)	$ (247,416)	$ (250,457)	$ (253,584)	$ (256,796)	$ (260,101)	$ (263,504)	$ (266,998)	$ (270,592)	$ (274,289)	$ (278,089)	$ (281,997)	$ (286,015)
Annual APM Costs allocated to CTS	[D]	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%
41.0% x Estimated Annual APM Costs (shown on Exhibit 1)	**[E]=[D]x[A]**	**$ (88,693)**	**$ (99,049)**	**$ (100,228)**	**$ (101,440)**	**$ (102,687)**	**$ (103,970)**	**$ (105,286)**	**$ (106,642)**	**$ (108,037)**	**$ (109,469)**	**$ (110,943)**	**$ (112,459)**	**$ (114,017)**	**$ (115,619)**	**$ (117,266)**
41.0% x final payments from debt service reserve (shown on Ex.1)	**[F]=[D]x[B]**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocable CTS Costs (41%)	[G]=[E]+[F]	$ (88,693)	$ (99,049)	$ (100,228)	$ (101,440)	$ (102,687)	$ (103,970)	$ (105,286)	$ (106,642)	$ (108,037)	$ (109,469)	$ (110,943)	$ (112,459)	$ (114,017)	$ (115,619)	$ (117,266)
Estimated payment of Allocable CTS Costs	[H]	$ (82,764)	$ (81,230)	$ (83,395)	$ (85,479)	$ (87,633)	$ (89,834)	$ (92,082)	$ (94,379)	$ (96,725)	$ (99,121)	$ (110,943)	$ (112,459)	$ (114,017)	$ (115,619)	$ (117,266)
%	=[H] / [C]	38.3%	33.6%	34.1%	34.5%	35.0%	35.4%	35.9%	36.3%	36.7%	37.1%	41.0%	41.0%	41.0%	41.0%	41.0%

		Extension of CLA Term											
		Agreement Years Ending March 31											
		2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	
		16	*17*	*18*	*19*	*20*	*21*	*22*	*23*	*24*	*25*	*26*	**TOTAL**
Estimated Annual APM Costs													
LAX revenue bond debt service (b)		$ (93,755)	$ (93,753)	$ (93,755)	$ (93,753)	$ (93,753)	$ (93,755)	$ (93,755)	$ (80,365)	$ (51,513)	$ (35,977)	$ -	$ (2,207,983)
Availability Payment (c)		(151,533)	(155,784)	(160,155)	(164,650)	(169,272)	(174,026)	(178,915)	(183,943)	(189,113)	(194,431)	(37,204)	(3,594,440)
Amortization of Department cash (d)		(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	(44,863)	-	(1,121,569)
Estimated Annual APM Costs	[A]	$ (290,151)	$ (294,399)	$ (298,773)	$ (303,266)	$ (307,888)	$ (312,644)	$ (317,533)	$ (309,170)	$ (285,489)	$ (275,271)	$ (37,204)	$ (6,923,992)
Final payments from debt service reserve (b)	[B]	-	-	-	-	-	-	-	18,929	38,848	35,977	-	93,753
Net Estimated Annual APM Costs	[C]=[A]+[B]	$ (290,151)	$ (294,399)	$ (298,773)	$ (303,266)	$ (307,888)	$ (312,644)	$ (317,533)	$ (290,242)	$ (246,642)	$ (239,294)	$ (37,204)	$ (6,830,239)
Annual APM Costs allocated to CTS	[D]	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%
41.0% x Estimated Annual APM Costs (shown on Exhibit 1)	**[E]=[D]x[A]**	**$ (118,962)**	**$ (120,704)**	**$ (122,497)**	**$ (124,339)**	**$ (126,234)**	**$ (128,184)**	**$ (130,189)**	**$ (126,760)**	**$ (117,051)**	**$ (112,861)**	**$ (15,253)**	**(2,838,837)**
41.0% x final payments from debt service reserve (shown on Ex.1)	**[F]=[D]x[B]**	-	-	-	-	-	-	-	**7,761**	**15,927**	**14,751**	-	**38,439**
Allocable CTS Costs (41%)	[G]=[E]+[F]	$ (118,962)	$ (120,704)	$ (122,497)	$ (124,339)	$ (126,234)	$ (128,184)	$ (130,189)	$ (118,999)	$ (101,123)	$ (98,110)	$ (15,253)	$ (2,800,398)
Estimated payment of Allocable CTS Costs	[H]	$ (118,962)	$ (120,704)	$ (122,497)	$ (124,339)	$ (126,234)	$ (128,184)	$ (130,189)	$ (110,678)	$ (171,022)	$ (165,926)	$ (18,719)	$ (2,800,398)
%	=[H] / [C]	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	38.1%	69.3%	69.3%	50.3%	**41.0%**

NOTE: Totals may not add to the amounts shown due to rounding.
(a) As defined in the CLA, Agreement Year 1 includes March 31, 2023 (DBO date), and the subsequent 12 months April 1, 2023 through March 31, 2024.
(b) See Exhibit 6.
(c) Source: Department.
(d) Amortization of Department cash used for APM System assuming 25 year useful life and 6.00% interest rate.

Exhibit 6

DEPARTMENT AIRPORT REVENUE BONDS FOR APM SYSTEM
APM/CTS
Los Angeles International Airport
Numbers in thousands except for %'s and as noted

SOURCES OF FUNDS	
Bond principal	$ 1,228,181
Interest earnings	28,063
	$ 1,256,243
USES OF FUNDS	
Project costs funded from bond proceeds (a)	$ 1,009,749
Pay off commercial paper used for APM cap interest	38,000
Debt service reserve fund	93,753
Estimated capitalized interest	96,321
Other costs of issuance	18,420
	$ 1,256,243
ASSUMPTIONS	
Bond interest rate (not thousands) (b)	5.50%
Other costs of issuance (as % of bond principal)	1.50%
Term of bonds (years) (not 1,000's)	25
ANNUAL DEBT SERVICE	**$ 93,753**

SUMMARY OF APM DEBT SERVICE

	Agreement Year 1 (c): (Mar 31 2023 to Mar 31 2024)	Agreement Year 2: (Apr 1 2024 to Mar 31 2025)	Agreement Years Ending March 31													
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*
Estimated APM revenue bond debt service															
LAX revenue bond debt service--Series 2018E	$ (9,489)	$ (11,351)	$ (11,351)	$ (11,351)	$ (11,352)	$ (11,353)	$ (11,350)	$ (11,349)	$ (11,353)	$ (11,352)	$ (11,351)	$ (11,353)	$ (11,352)	$ (11,351)	$ (11,350)
LAX revenue bond debt service--future series	(61,802)	(82,403)	(82,403)	(82,403)	(82,403)	(82,403)	(82,403)	(82,403)	(82,403)	(82,403)	(82,403)	(82,403)	(82,403)	(82,403)	(82,403)
LAX revenue bond debt service (shown on Exhibit 5)	**$ (71,292)**	**$ (93,754)**	**$ (93,754)**	**$ (93,754)**	**$ (93,755)**	**$ (93,756)**	**$ (93,753)**	**$ (93,752)**	**$ (93,756)**	**$ (93,755)**	**$ (93,754)**	**$ (93,756)**	**$ (93,755)**	**$ (93,754)**	**$ (93,753)**
Final payments from debt service reserve fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated APM revenue bond debt service	$ (71,292)	$ (93,754)	$ (93,754)	$ (93,754)	$ (93,755)	$ (93,756)	$ (93,753)	$ (93,752)	$ (93,756)	$ (93,755)	$ (93,754)	$ (93,756)	$ (93,755)	$ (93,754)	$ (93,753)

	Extension of CLA Term										
	Agreement Years Ending March 31										
	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	
	16	*17*	*18*	*19*	*20*	*21*	*22*	*23*	*24*	*25*	**TOTAL**
Estimated APM revenue bond debt service											
LAX revenue bond debt service--Series 2018E	$ (11,352)	$ (11,350)	$ (11,352)	$ (11,350)	$ (11,350)	$ (11,352)	$ (11,352)	$ (11,351)	$ (11,350)	$ (14,189)	$ (284,753)
LAX revenue bond debt service--future series	(82,403)	(82,403)	(82,403)	(82,403)	(82,403)	(82,403)	(82,403)	(69,013)	(40,163)	(21,789)	(1,923,230)
LAX revenue bond debt service (shown on Exhibit 5)	**$ (93,755)**	**$ (93,753)**	**$ (93,755)**	**$ (93,753)**	**$ (93,753)**	**$ (93,755)**	**$ (93,755)**	**$ (80,365)**	**$ (51,513)**	**$ (35,977)**	**$ (2,207,983)**
Final payments from debt service reserve fund (shown on Exhibit 5)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18,929**	**38,848**	**35,977**	**93,753**
Estimated APM revenue bond debt service	$ (93,755)	$ (93,753)	$ (93,755)	$ (93,753)	$ (93,753)	$ (93,755)	$ (93,755)	$ (61,436)	$ (12,666)	$ -	$ (2,114,230)

NOTE: Totals may not add to the amounts shown due to rounding.
(a) See Exhibit 2.
(b) Interest rate for Series 2018E Bonds was 5.00% as reflected in Series 2018DE official statement, and interest rate for future series assumed to be 5.50%.
(c) As defined in the CLA, Agreement Year 1 includes March 31, 2023 (DBO date), and the subsequent 12 months April 1, 2023 through March 31, 2024.