

Bond Case Briefs

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Fitch Rtgs to Affirm S-T Ratings on Dept of Airports of the City of Los Angeles, CA Sub Rev CP Notes.

Fitch Ratings-New York-03 September 2020: On the effective date of Sept. 9, 2020, Fitch Ratings will affirm the following short-term ratings assigned to the Department of Airports of the City of Los Angeles, California (the Department) Los Angeles International Airports Subordinate Revenue Commercial Paper Notes (CP notes) subseries A-1, A-2, and A-3 (Governmental-Non-AMT), subseries B-1, B-2, and B-3 (Private Activity-AMT), subseries C-1, C-2, and C-3 (Federally Taxable), and subseries D-1, D-2, and D-3 (Private Activity - Non-AMT):

- Subseries A-1, B-1, C-1 and D-1 CP notes at 'F1';
- Subseries A-2, B-2, C-2 and D-2 CP notes at 'F1';
- Subseries A-3, B-3, C-3 and D-3 CP notes at 'F1+'.

A maximum of \$500 million in aggregate principal amount of authorized notes may be outstanding at any given time.

The rating actions will be in connection with the Sept. 9, 2020 (i) amendment of the reimbursement agreement between the Department and Sumitomo Mitsui Banking Corporation acting through its New York Branch (SMBC; A/F1/Negative) relating to the SMBC irrevocable direct-pay letter of credit (LOC) supporting the Subseries A-1 to D-1 notes; (ii) amendment and restatement of the reimbursement agreement between the Department and Barclays Bank PLC (Barclays; A+/F1/Rating Watch Negative) relating to the Barclays LOC and the amendment and restatement of the Barclays LOC supporting the Subseries A-2 to D-2 notes and (iii) substitution of the current LOC provided by Wells Fargo Bank, N.A. (AA-/F1+/Negative) supporting the Subseries A-3 to D-3 notes, with a LOC to be provided by Bank of America, N.A. (AA-/F1+/Stable).

KEY RATING DRIVERS

On the effective date, the 'F1' rating on the subseries A-1, B-1, C-1 and D-1 notes will be affirmed based on the support of the SMBC LOC, which will have a stated expiration date of Sept. 9, 2022, unless extended or earlier terminated; the 'F1' rating on subseries A-2, B-2, C-2 and D-2 notes will be affirmed based on the support of the Barclays LOC, which will have a stated expiration date of Sept. 8, 2023, unless extended or earlier terminated; and the 'F1+' rating on the subseries A-3, B-3, C-3 and D-3 notes will be affirmed based on the support of the BANA substitute LOC, which will have a stated expiration date of Sept. 9, 2021, unless extended or earlier terminated.

U.S. Bank acting as Trustee will continue as the authenticating and paying agent for the notes, and as Trustee, is directed to request an advance under the related LOC to pay principal and interest on maturing notes. Each LOC provides coverage for the principal amount of notes and interest coverage equal to 270 days of interest coverage at 12% based on a 360 day year. The SMBC LOC provides coverage for \$200,000,000 principal plus \$18,000,000 for interest. The Barclays LOC provides coverage for \$210,000,000 principal plus \$18,900,000 for interest and the BANA LOC provides coverage for \$90,000,000 principal plus \$8,100,000 for interest.

All subseries A, B and D notes are issued at par, with interest due at maturity. Subseries C notes may be issued at par or at a discount. Following the occurrence of an event of default under the reimbursement agreement, the related bank may direct the Trustee to immediately stop the issuance of any additional notes. The respective bank may also notify the Trustee that the stated amount of the LOC shall be permanently reduced to the principal amount of notes then outstanding and interest thereon, and shall be further permanently reduced following the maturity of any such notes. The related bank may also issue a final drawing notice directing the Trustee to draw on its LOC for all notes outstanding plus interest due thereon at maturity. The dealers for the notes are: Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Loop Capital Markets LLC, BofA Securities, Inc., Morgan Stanley & Co. LLC, Samuel A. Ramirez & Company, Inc. and Wells Fargo Bank, National Association

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

-The short-term rating assigned to the subseries A-1 to D-2 notes and subseries A-2 to D-2 notes will be adjusted upward in conjunction with the short-term rating of the bank providing the respective LOC;

-The short-term rating assigned to the subseries A-3 to D-3 notes is at the highest rating level and cannot be upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

-The short-term rating assigned to the notes will be adjusted downward in conjunction with the short-term rating of the bank providing the respective LOC.

ESG Considerations

The ESG.RS conforms to that of the Department of Airports of the City of Los Angeles and SMBC, Barclays and BANA.

The highest level of ESG credit relevance, if present, is a score of 3. This means ESG issues are credit-neutral or have only a minimal credit impact on the entities, either due to their nature or to the way in which they are being managed by the entities. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

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