



COUNTY OF ORANGE, CALIFORNIA
AIRPORT REVENUE REFUNDING BONDS,
SERIES 2019A & 2019B

CONTINUING DISCLOSURE
ANNUAL REPORT
FOR
FISCAL YEAR ENDED JUNE 30, 2020

Dated: January 21, 2021

Prepared By:
John Wayne Airport

**COUNTY OF ORANGE, CALIFORNIA
AIRPORT REVENUE REFUNDING BONDS, SERIES 2019A & 2019B
ANNUAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2020**

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INTRODUCTION
SEC RULE 15C2-12 ANNUAL REPORT

The County of Orange (the “County”) hereby provides its annual report for the fiscal year ended June 30, 2020 in connection with the following Bonds:

Bond Issue:

County of Orange, California, Airport Revenue Refunding Bonds, Series 2019A and 2019B, issued on May 14, 2019 (the “Bonds”).

Annual Report:

The County’s “Annual Report” (as defined in the Continuing Disclosure Certificate (the “Disclosure Certificate”) dated May 14, 2019 with respect to the Bonds) for the fiscal year ended June 30, 2020 consists of the audited financial statements of John Wayne Airport (the “Airport”) for said fiscal year and updates to the following tables contained in the Official Statement relating to the Bonds: Tables 7, 8, 9, and 11 under “AIRPORT OPERATIONS”, Tables 14 and 15 under “FINANCIAL INFORMATION.”

Other Matters:

This annual report is provided solely for purposes of the Disclosure Certificate. The filing of this report does not constitute or imply any representation (i) that the information provided herein, or any portion thereof, is material to investors, (ii) regarding any other financial, operating or other information about the County or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this report relates (other than as contained in this report), or since the date of the Official Statement, or that no other information exists, which may have a bearing on the Airport’s or County’s financial condition, the security for the Bonds, or an investor’s decision to buy, sell, or hold the Bonds. The information contained in this report has been obtained from sources, which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this annual report should be construed as a prediction or representation about future financial performance of the County.

Dated: January 21, 2021

COUNTY OF ORANGE

SECTION A

*Update to the charts and tables
contained in the Official Statement
relating to the Series 2019A and 2019B Bonds*

Table 7
John Wayne Airport
Historical Passenger Activity
Million Annual Passenger (MAP) CAP

Fiscal Years	Total Passengers¹	MAP Limit²
2010	8,812,269	10,300,000
2011	8,611,054	10,550,000 ³
2012	8,650,860	10,800,000
2013	9,124,172	10,800,000
2014	9,304,295	10,800,000
2015	9,608,873	10,800,000
2016	10,361,436	10,800,000
2017	10,373,714	10,800,000
2018	10,670,156	10,800,000
2019	10,717,482	10,800,000
2020 ⁴	7,562,039	10,800,000

¹ Enplanements and deplanements.

² The 2014 Amendment extended the term of the Settlement Agreement through December 31, 2030. The 2014 Amendment allows the MAP Limit to remain at 10.8 MAP through December 31, 2020. Furthermore, beginning on January 1, 2021, the 2014 Amendment provides for an increase of the MAP Limit to 11.8 MAP through December 31, 2025, and beginning on January 1, 2026 to 12.2 MAP or 12.5 MAP through December 31, 2030, depending on the actual service level between January 1, 2021 and December 31, 2025.

³ The MAP Limit increased to 10.8 MAP on January 1, 2011.

⁴ On March 4, 2020, the Governor of California declared a State of Emergency in response to the threat of COVID-19 ordering residents to shelter-in-place and imposing restrictions on travel and public gatherings. The unprecedented pandemic crisis caused a significant reduction in air traffic across all airports in Fiscal Year 2020.

Source: Airport Management

Table 8
John Wayne Airport
Airline Enplanements Market Share

Air Carrier	Fiscal Year 2018		Fiscal Year 2019		Fiscal Year 2020 ⁷	
	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share	Enplaned Passengers	Market Share
Southwest	2,027,811	38.1%	1,830,327	34.3%	1,217,571	32.2%
American ¹	855,832	16.0	854,137	16.0	644,661	17.1
United	819,149	15.4	846,524	15.8	594,768	15.8
Alaska ²	543,921	10.2	589,507	11.0	413,625	11.0
Delta	512,269	9.6	550,127	10.3	390,784	10.4
SkyWest-Commercial	221,352	4.2	226,881	4.2	178,015	4.7
Horizon ³	77,584	1.5	125,896	2.4	88,894	2.4
Frontier	111,489	2.1	119,441	2.2	80,790	2.1
Compass ⁴	94,189	1.8	101,507	1.9	69,324	1.8
Commuters ^{5,6}	18,599	0.3	56,270	1.1	65,035	1.7
WestJet	41,065	0.8	41,607	0.8	28,942	0.8
Totals	5,323,260	100.0%	5,342,224	100.0%	3,772,409	100.0%

¹ Effective November 1, 2015, American Airlines completed its acquisition of US Airways and commenced operating as a single carrier at the Airport. American Airlines and US Airways passenger data has been combined for the purposes of this table.

² Alaska terminated international flights to Mexico from the Airport on August 6, 2019.

³ Horizon Air commenced operations at the Airport on March 16, 2016.

⁴ Compass Airlines commenced operations at the Airport on May 1, 2016.

⁵ Delux (dba JetSuiteX Air) commenced operations at the Airport on June 5, 2018.

⁶ Includes SkyWest Commuter (dba Delta Connection and/or dba United Express) and Delux (dba JetSuiteX Air).

⁷ On March 4, 2020, the Governor of California declared a State of Emergency in response to the threat of COVID-19 ordering residents to shelter-in-place and imposing restrictions on travel and public gatherings. The unprecedented pandemic crisis caused a significant reduction in air traffic across all airports in Fiscal Year 2020.

Source: Airport Management

Table 9
John Wayne Airport
Air Carrier Landed Weight Market Share
Fiscal Years 2018-2020

Air Carrier	Fiscal Year 2018		Fiscal Year 2019		Fiscal Year 2020⁸	
	Pounds¹	Market Share	Pounds¹	Market Share	Pounds¹	Market Share
Southwest	2,166,693	36.9%	2,053,374	34.3%	1,497,696	32.6%
United	852,013	14.5	905,454	15.1	683,347	14.9%
American ²	912,221	15.5	853,172	14.3	702,086	15.3
Alaska ³	596,901	10.2	648,742	10.9	457,083	9.9
Delta	579,584	9.9	612,626	10.3	471,819	10.3
SkyWest-Commercial	275,944	4.7	275,872	4.6	227,195	4.9
Horizon ⁴	45,906	0.8	147,594	2.5	115,359	2.5
Compass ⁵	102,794	1.7	115,291	1.9	84,893	1.8
Frontier	113,852	1.9	105,712	1.8	78,286	1.7
Commuters ^{6,7}	20,377	0.3	90,694	1.5	123,519	2.7
FedEx	91,455	1.6	78,054	1.3	78,883	1.7
UPS	78,310	1.3	44,845	0.8	44,525	1.0
WestJet	43,583	0.7	43,583	0.7	32,477	0.7
Totals⁹	5,879,632	100.0%	5,975,013	100.0%	4,597,168	100.0%

¹ Measured in thousands.

² Effective November 1, 2015, American Airlines completed its acquisition of US Airways and commenced operating as a single carrier at the Airport. American Airlines and US Airways passenger data has been combined for the purposes of this table.

³ Alaska terminated international flights to Mexico from the Airport on August 6, 2019.

⁴ Horizon Air commenced operations at the Airport on March 16, 2016.

⁵ Compass Airlines commenced operations at the Airport on May 1, 2016.

⁶ Delux (dba JetSuiteX Air) commenced operations at the Airport on June 5, 2018.

⁷ Includes SkyWest Commuter (dba Delta Connection and/or dba United Express) and Delux (dba JetSuiteX Air).

⁸ On March 4, 2020, the Governor of California declared a State of Emergency in response to the threat of COVID-19 ordering residents to shelter-in-place and imposing restrictions on travel and public gatherings. The unprecedented pandemic crisis caused a significant reduction in air traffic across all airports in Fiscal Year 2020.

⁹ Totals may not foot due to rounding.

Source: Airport Management

Table 11
John Wayne Airport
Scheduled Departures

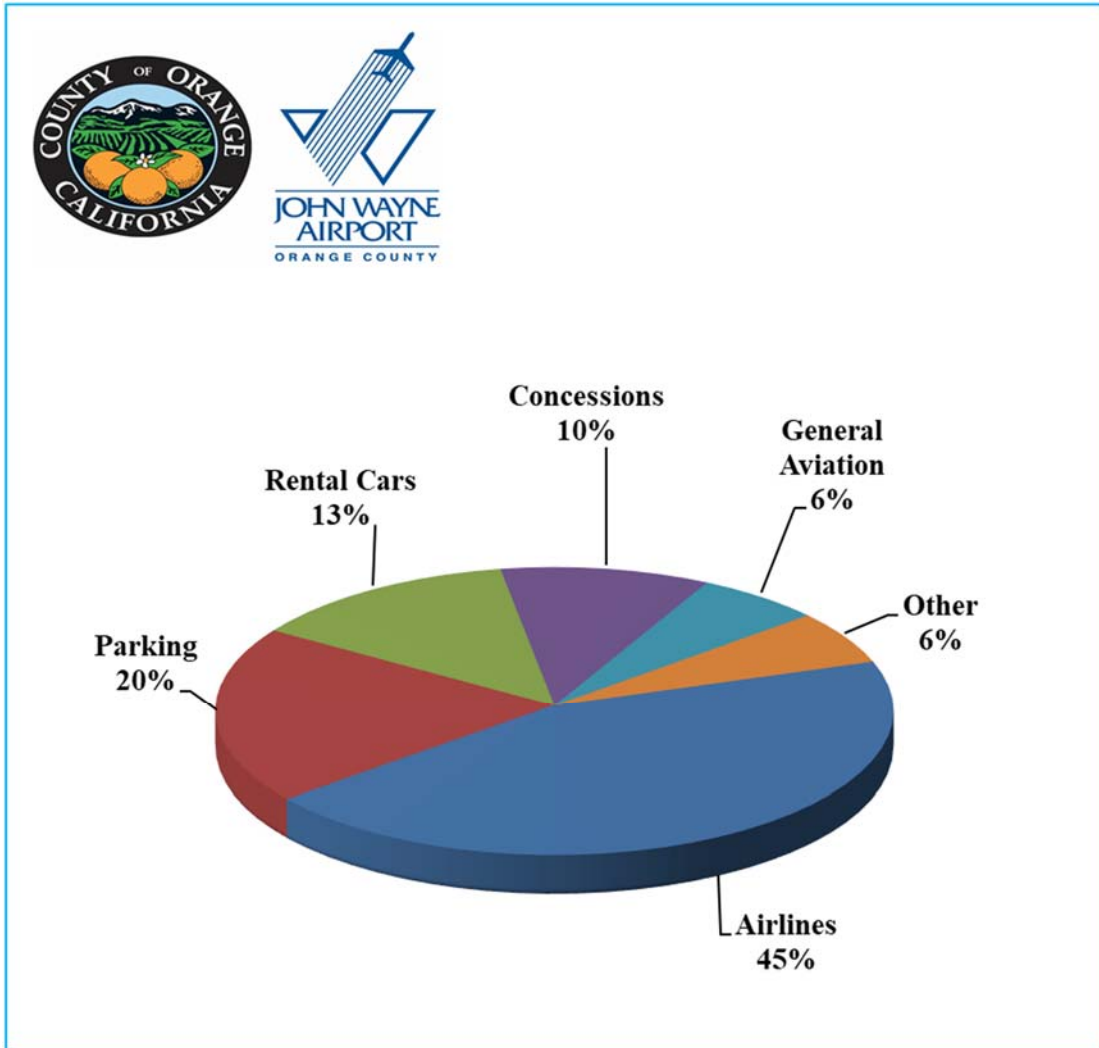
Type of Aircraft	Fiscal Years				
	2016	2017	2018	2019	2020
Class A ¹	29,413	30,386	30,908	30,103	24,228
Class E ²	15,372	15,052	15,184	17,865	13,106
Total	<u>44,785</u>	<u>45,438</u>	<u>46,092</u>	<u>47,968</u>	<u>37,334</u>

¹ The 2014 Amendment combines all regulated Class A and Class AA flights into a single class operating at maximum permitted Class A noise levels.

² Class E includes both Class E and PE.

Source: Airport Management

Table 14
John Wayne Airport
Operating Revenue Sources
Fiscal Year 2020



Source: Airport Management

Table 15
County of Orange
John Wayne Airport Enterprise Fund
Statements of Revenues and Expenses
(Prepared on an accrual basis)
(in thousands)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
REVENUES:					
Airline Terminal Rent ¹	\$ 28,319	\$ 30,537	\$ 30,315	\$ 31,891	\$ 31,230
Airline Landing Fees	15,058	14,429	14,760	15,554	12,556
Airline Apron Fees	2,728	2,666	2,675	2,732	2,495
Utility & Janitorial Reimbursement	5,562	5,671	5,550	5,768	6,339
Parking	40,665	37,669	36,163	34,736	24,188
Rental Cars	15,913	15,933	16,847	17,262	16,175
Food & Beverage	6,442	6,771	6,723	6,981	6,479
Other Concessions ²	8,802	10,027	10,414	13,372	12,835
Aircraft Tiedown Fees	1,636	1,827	2,246	2,288	2,332
FBO Fees	2,819	3,387	4,683	4,961	5,014
Ramp Equipment Storage	969	963	933	955	1,013
Interest Revenue	1,842	1,291	2,752	7,852	5,731
Miscellaneous Revenue ³	1,708	1,345	1,688	738	821
Total Operating Revenues	<u>132,463</u>	<u>132,516</u>	<u>135,749</u>	<u>145,090</u>	<u>127,208</u>
OPERATING EXPENSES: ⁴					
Professional and Specialized Services	38,225	40,913	42,157	44,179	40,839
Salaries and Employee Benefits	19,711	19,497	20,320	22,983	22,426
Other Services and Supplies	24,896	28,479	28,261	28,547	29,864
Taxes and other fees ⁵	--	166	151	154	160
Total Operating Expenses	<u>82,832</u>	<u>89,055</u>	<u>90,889</u>	<u>95,863</u>	<u>93,289</u>
NET REVENUES ⁶	49,631	43,461	44,860	49,227	33,919
LONG-TERM DEBT SERVICE ⁷					
Series 2009 Bonds ⁸	(6,512)	(6,506)	(6,243)	(5,465)	--
Series 2019 Bonds ^{8,9}	--	--	--	(1,019)	(6,241)
NET REVENUE AFTER DEBT SERVICE PAYMENTS	<u>\$ 43,119</u>	<u>\$ 36,955</u>	<u>\$ 38,617</u>	<u>\$ 42,743</u>	<u>\$ 27,678</u>
Coverage Calculation ¹⁰	7.62x	6.68x	7.19x	7.59x	5.43x

¹ "Airline Terminal Rent" includes airlines' share of post September 11, 2001 security costs.

² "Other Concessions" includes specialty retail concessions, advertising, taxi, ground transportation, TNCs, and other airline related services. Smart Carte, valet car wash, and other airline related services.

³ "Miscellaneous Revenue" includes penalties and forfeitures, gate card fees, badge fees, safety classes, and commercial filming.

- ⁴ On May 21, 2020, the Airport received an allocation of \$44,910 of Coronavirus Aid, Relief, and Economic Security (CARES) Act grant to be claimed for allowable operating costs incurred by the Airport, including debt service payments, for a period of four years. In Fiscal Year 2020, the Airport claimed \$4,262 Professional and Specialized Services expense and \$520 in debt service payment on General Airport Revenue Bond (GARB) in CARES grant.
- ⁵ In Fiscal Year 2017, "Taxes and other fees" were reclassified to operating expenses in the financial statements.
- ⁶ Conforms to the indenture definition, excluding depreciation expense.
- ⁷ Consists of debt service paid only from Net Revenues. The County also paid a portion of the debt service with Available PFC Revenues, and CARES Act grant which is not included in the Long-Term Debt Service.
- ⁸ On May 14, 2019, the County issued the Airport Revenue Refunding Bonds, Series 2019 to refund the remaining balance of the Series 2009 Bonds.
- ⁹ Long-Term debt service amount transferred to Trustee based on the debt schedule net PFC.
- ¹⁰ Representing Net Revenues divided by Long-Term Debt Service. Long-Term Debt Service does not include debt service paid with Available PFC Revenues. The Indenture requires that the Net Revenues for each Fiscal Year must be at least 125% of the Long-Term Debt Service Required for the Fiscal Year.

Source: John Wayne Airport audited financial statements and Airport Management.

SECTION B

*John Wayne Airport Audited Financial Statements For
Fiscal Year Ended June 30, 2020*