Ballard Spahr LLP

Forward-Looking Statements in Municipal Disclosures

The Municipal Securities Disclosure Series

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By William C. Rhodes and Kimberly D. Magrini

While the majority of information in municipal primary offering documents is historical in nature and based on actual results of operation, projections of future operating results–and the capacity to pay future debt service–may be material, particularly for revenue bond offerings, and therefore may be included in primary offering documents and secondary market disclosure. The Securities and Exchange Commission (SEC) noted the importance of forward-looking statements or municipal issuer for obligated person trend information in its 2012 Report on the Municipal Securities Market. Due to recent events related to COVID-19, the SEC released a public statement on May 4, 2020 (SEC Public Statement) encouraging municipal issuers and obligated persons (collectively, "issuers") to consider voluntary disclosures of forward-looking information regarding the potential future impacts of COVID-19 on current financial and operating conditions and future results of operation. The SEC notes that the "typical practice of providing historic financial information in the form of an annual information filing or similar disclosure may not enable investors to make informed assessments of the municipal issuer's current and expected future financial condition," particularly in times of economic uncertainty and distress. The SEC's full public statement is attached as Exhibit A.

Investors depend on an issuer to generate sufficient revenue to cover operating expenses, debt service and depreciation, and they require timely information demonstrating the sufficiency of available revenues to maintain operations, pay debt service, make necessary repairs and replacements, and adequately fund reserves at required amounts. This information is critical to investors to properly assess their investment portfolio and make investment decisions. For many new projects, historical information is not available and in many other situations, especially during or following a material adverse event affecting an issuer's financial performance, historical financial performance may not be indicative of future financial results.

Projections and estimates in corporate disclosure were not previously considered material, and often were discouraged, on the theory that they were not material "facts" and could be misleading as overly optimistic. However, based on the SEC's conclusion in 1979 that management's knowledge and access to data in evaluating future performance and making business decisions were material, the SEC promulgated Rule 175 and Rule 3b-6 providing a safe harbor for disclosure of insider projections "unless it is shown that such statement was made . . . without a reasonable basis or was disclosed other than in good faith." Additionally, the Private Securities Litigation Reform Act (PSLRA) (https://www.congress.gov/104/plaws/publ67/PLAW-104publ67.pdf) enacted by Congress in 1995 created a safe harbor for disclosures relating to private causes of action brought under the Securities Act of 1933, as amended (Securities Act) or Securities Exchange Act of 1934, as amended when allegedly based on a misleading statement of material fact relating to a forward-looking statement. Rules 174 and 3b-6 and the PSLRA are only applicable to SEC registrants and their filings, and not to public finance municipal offerings, although the PSLRA was informed by the "bespeaks caution" doctrine, discussed below.

Liability for projections in public finance disclosures is governed by case law. Federal courts have developed the "bespeaks caution" doctrine around forward-looking statements. This doctrine establishes the principle that statements or omissions should be taken in context, and an inaccurate forward-looking statement in a disclosure document is not actionable when accompanied by sufficient and meaningful cautionary language adequately disclosing the risks involved. The "bespeaks caution" doctrine formed the basis of the PSLRA's three safe harbors:

1. The forward-looking statement is identified as a forward-looking statement, and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statement; or

2. The forward-looking statement is immaterial; or

3. The plaintiff fails to prove that the forward-looking statement (i) if made by a natural person, was made with actual knowledge by that person that the statement was false or misleading; or (ii) if made by a business entity, was (a) made by, or with, the approval of an executive officer of that entity, and (b) made or approved by such officer with actual knowledge by that officer that the statement was false or misleading.

It is important to note that boilerplate forward-looking disclosures are not considered "meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the forward-looking statement." Rather, cautionary statements should be tailored to the particular projections or forward-looking statements and include factors that could realistically cause actual results to differ materially from those projected.

The context in which forward-looking statements are made also is critical to analyzing materiality of such forward-looking statements. Cautionary statements in and of themselves cannot shield misleading statements. In including projections in disclosure, issuers should consider the scope of cautionary statements and provide context for the projections or forward-looking statements, and when possible, draft the disclosure such that the cautionary statements are inseparable from the projections or forward-looking statements to avoid the potential for misleading opinions or for readers to misconstrue their context.

The omission or insufficiency of appropriate cautionary statements can give rise to a fraud claim if it significantly alters the total mix of information available to the investor. Even if, for example, the disclosure may contain certain cautionary language in the risk factors, if assumptions surrounding projections are not fully developed or omitted entirely, the total mix of information can be misleading. Furthermore, a failure to disclose actual, rather than just future, risks can leave an issuer open to liability. In the Matter of the State of Kansas, the SEC noted that "cautionary words about future risk cannot insulate one from liability for the failure to disclose actual material facts regarding that risk," citing *Dolphin and Bradbury v. SEC*, 512 F.3d 634, 640 (DC Cir. 2008).

Context also matters in situations where the issuer is a well-established, frequent issuer with consistent and comprehensive disclosure (both primary and secondary), as opposed to situations in which the issuer is less sophisticated or does not have a seasoned management team. Materiality of projections declines when management may be less capable of making accurate forecasts or current circumstances make it difficult to produce accurate projections. In this case, more weight may fairly be placed on cautionary statements and the bespeaks caution doctrine may become more important.

"While a misleading statement will not always lose its deceptive edge simply by joinder with others that are true, the true statements may discredit the other one so obviously that the risk of real deception drops to nil. Since liability under § 14(a) must rest not only on deceptiveness but materiality as well (*i.e.*, it has to be significant enough to be important to a reasonable investor deciding how to vote, see *TSC Industries*, 426 U.S. at 426 U. S. 449), petitioners are on perfectly firm ground insofar as they argue that publishing accurate facts in a proxy statement can render a misleading proposition too unimportant to ground liability." (*Virginia Bankshares, Inc. v. Sandberg*, U.S. 1097, pg. 501.)

Issuers can bolster cautionary language and context in offering documents by including well-drafted risk factors related to the projections or forward-looking statements, which act as a form of cautionary statements within the bespeaks caution doctrine. Disclosures on risks usually take two complementary forms: (1) risk matters/ investment considerations and (2) management discussion and analysis as to the issuer's efforts to manage such risk. These are two different types of disclosures, but issuers and underwriters should consider them in tandem to convey fully to prospective investors the likelihood and potential magnitude of the risks related to projections and forward-looking statements, as well as the nature of material underlying assumptions in order to enhance the context in which forward-looking statements are presented.

Below are examples of both effective and inadequate forward-looking statement disclaimers and disclosures in primary offering disclosures, and a discussion of forward-looking statements in continuing disclosure.

PRIMARY OFFERING DISCLOSURE

Sufficient Cautionary Language

One example of sufficient cautionary language and the application of the "bespeaks caution" doctrine is the 1988 $675 million Trump Taj Mahal Funding, Inc. 14% First Mortgage Bonds, Series A (the "Taj Mahal Bonds"). Trump Taj Mahal Funding, Inc. issued the Taj Mahal Bonds, proceeds of which were loaned to Trump Taj Mahal Associates Limited Partnership to finance the construction of a new casino in Atlantic City. Security for the Taj Mahal Bonds was limited to a pledge of revenues generated by the casino financed and a mortgage on the casino facility. The offering document for the Taj Mahal Bonds contained the following forward-looking statement and subsequent cautionary language:

> *"The Partnership believes that funds generated from the operation of the Taj Mahal will be sufficient to cover all of its debt service (interest and principal)."*
>
> *"The Taj Mahal has not been completed and, accordingly, has no operating history. The Partnership, therefore, has no history of earnings and its operations will be subject to all of the risks inherent in the establishment of a new business enterprise. Accordingly, the ability of the Partnership to service its debt . . . is completely dependent upon the success of that operation and such success will depend upon financial, business, competitive, regulatory and other factors affecting the Taj Mahal and the casino industry in general as well as prevailing economic conditions . . . ."*

> *"The Taj Mahal will be the largest casino/hotel complex in Atlantic City, with approximately twice the room capacity and casino space of many of the existing casino/hotels in Atlantic City. [No] other casino/hotel operator has had experience operating a complex the size of the Taj Mahal in Atlantic City. Consequently, no assurance can be given that, once opened, the Taj Mahal will be profitable or that it will generate cash flow sufficient to provide for the payment of the debt service. . . ."*
>
> *"Competition in the Atlantic City casino/hotel market is intense. At present, there are twelve casino/hotels in Atlantic City . . . . Some Atlantic City casino/hotels recently have completed renovations or are in the process of expanding and improving their facilities . . . . The Partnership believes that, based upon historical trends, casino win per square foot of casino space will decline in 1990 as a result of a projected increase in casino floor space, including the opening of the Taj Mahal."*

Revenues were not sufficient to pay debt service, and an action was brought against the issuer and related Trump defendants, which filed for Chapter 11 bankruptcy shortly after the casino opened. The suit contained allegations that the statements in the management discussion and analysis regarding sufficiency of funds to cover debt service was materially misleading. The trial court ruled, among other things, "that the alleged misstatements and omissions in the prospectus were not material to investors' decisions to invest given abundance of warnings and cautionary language which bore directly on issues raised by investors" and that "bespeaks caution doctrine rendered immaterial alleged misrepresentations and omissions in light of abundant and meaningful cautionary language in prospectus." The Third Circuit affirmed the ruling, concluding that the cautionary language in the offering document clearly gave context to the projections as to adequacy of revenues to cover debt service, the speculative nature of the venture, and the partnership's ability to pay debt service on the Taj Mahal Bonds. "Given this context, we believe that no reasonable jury could conclude that the subject projection materially influenced a reasonable investor." (*In re Donald J. Trump Casino Securities Litigation-Taj Mahal Litigation*, 7F.3d 357 (1993) pg 373).

This example emphasizes that sufficient, extensive and specific cautionary language can dilute an expression of opinion within the total mix of information available to the investor, rendering the opinion immaterial when read in that context.

Insufficient Cautionary Language

Failure to appropriately handle projections and forward-looking statements can lead to an SEC enforcement action for fraud, despite inclusion of disclaimers, as was found in *SEC v. Greater Wenatchee Regional Events Center Public Facilities District*. The SEC brought an enforcement action against the Greater Wenatchee Regional Events Center Public Facilities District (District) and Global Entertainment Corporation (GEC), as developer and operator of the Regional Events Center in 2013, for fraud in violation of Sections 17(a)(2) and 17(a)(3) of the Securities Act. The official statement for that financing can be found here.

GEC had produced projections of revenues, although it did not have experience with financial projections or the public finance market. The Wenatchee City Council retained an independent consultant to review GEC's projections, and the consultant expressed doubts as to the accuracy of the projections, finding that there could be an operating deficit and a 16 percent to 25 percent overstatement of projected annual net operating income in the first year. GEC revised the projections in response to the 2008 recession. The consultant again took issue with the projections, and GEC reduced its projections a third time in response to lower-than-expected sales of luxury and premium seats, naming rights, and advertising for the Regional Events Center. These projections were too low for investors of long-term bonds and so, in response to alleged political pressure, GEC increased its projections of cash flow before taxes and debt service. When still unable to sell long-term bonds with these projections, the District resorted to short-term bond anticipation notes (BANs) to finance the project and included the higher projections in the BAN official statement. The official statement did not disclose the evolution of the revisions to the projections, that the projections previously had been reviewed by an independent consultant and found to be suspect, or that the final projections had been the result of alleged political pressure from public officials. There also was a last-minute replacement of the underwriter, and the new underwriter allegedly did not have time to conduct adequate due diligence on the project, including the projections.

The official statement for the BANs included the following language found to be materially false and misleading by the SEC:

> *"No feasibility report on the [District] and Global's unaudited projected financial performance of the Regional Center has been prepared and the unaudited projected financial performance of the Regional Center has not been examined by any financial adviser or by any accounting or other firm in order to verify either the reasonableness of the assumptions used by the [District] and Global, the appropriateness of the preparation and presentation of the unaudited projected financial performance of the Regional Center or the conclusions contained in such unaudited projected financial performance of the Regional Center. Further, there can be no assurance that the assumptions and conclusions of the District and Global with respect to future operations of the Regional Center will be received.*
>
> *In summary, the estimates used by the District and Global with respect to future Regional Center Revenue and Costs of Maintenance and Operation are based on sponsor and suite agreements, estimates from Global, the District and Global's judgment and assumptions concerning future operations which it believes are relevant and accurate, and other factors as disclosed in the footnotes to such unaudited projected financial performance of the Regional Events Center. However, it is possible that assumed circumstances will not materialize, that anticipated events may not occur or may have unanticipated results and that unanticipated events may occur to cause future Regional Center Revenue and Costs of Maintenance and Operation to vary materially from the unaudited projected financial performance of the Regional Center. Certain other factors may affect the financial performance of the Regional Center based on present circumstances.*
>
> *The following projections do not allocate funds for any capital expenditures over the next five years. Typically there are not many capital expenditures required in the first few years after a facility is constructed, but there is a possibility that such expenditures will be necessary. In the event that capital expenditures are necessary, the amount available for debt service on the Revenue and Sales Tax Notes would be less."*

The SEC determined that there was "a substantial likelihood that a reasonable investor determining whether to purchase the BANs would attach importance to the disclosures in the Official Statement regarding the examinations of and revisions to the financial projections for the Regional Center as well as information relating to the City's financial support for the BANs." Due to the District's and GEC's alleged negligence in this respect, the SEC found them in violation of Sections 17(a)(2) and 17(a)(3) of the Securities Act.

CONTINUING DISCLOSURE

Rule 15c2-12 (Rule) does not require issuers to update projections or forward-looking statements as part of their annual report or as listed events. However, in the SEC Public Statement, the SEC urged issuers to voluntarily provide investors with as much information about their current financial and operating condition as reasonably practical, including information regarding the anticipated impact on their operational and financial condition as the COVID-19 response continued.

Continuing disclosure filings, whether mandatory or voluntary, and any statement reasonably expected to reach the market, are subject to the same antifraud provisions as primary offerings, and it follows that the same bespeaks caution doctrine applies to continuing disclosure filings as to primary offering disclosures. Therefore, any forward-looking statements or projections in voluntary continuing disclosure should be put into context with appropriate cautionary statements and clearly identified and sufficient assumptions. Issuers also should take care that any public statements containing forward-looking statements or projections, including those by governmental officials not posted on the issuer's MSRB EMMA site or investor website, are accompanied by appropriate cautionary language and assumptions.

We have included some examples of voluntary disclosure filings incorporating forward-looking statements and related cautionary language in Exhibit B.

SUGGESTED SAMPLE LANGUAGE FOR PRIMARY OFFERING DISCLOSURE RELATED TO FORWARD-LOOKING STATEMENTS AND PROJECTIONS

We have included language, below, related to forward-looking statements and disclosures in offering documents. The below are examples only and may not be sufficient or applicable depending on the type of transaction, credit of the borrower, and type and content of the forward-looking statements and/or projections. All disclosure should be considered in the context of the particular transaction and may differ from the example language below.

Inside Cover Pages. While most offering documents include generic "forward-looking statements" in the first couple of pages, more thoughtful and tailored disclosure should be considered when the offering includes projections and/or relies on forward-looking statements.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

> This offering memorandum includes "forward-looking statements." The words "believe," "expect," "anticipate," "plan," "intend," "foresee," "should," "would," "could," "attempt," "appears," "forecast," "outlook," "estimate," "project," "potential," "may," "will," "are likely," or other similar expressions are intended to identify forward-looking statements, which generally are not historical in nature. These forward-looking statements are based on the [Borrower]'s current expectations and beliefs concerning future developments and their

potential effect on the [Borrower]. All statements herein about the [Borrower]'s forecast of available cash and its forecasted results for any period constitute forward-looking statements. While the [Borrower]'s management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting the [Borrower] will be those that the [Borrower] anticipates, and any and all forward-looking statements in this Limited Offering Memorandum may turn out to be inaccurate. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors, including the factors described under "RISK FACTORS," which may cause actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. Such risks and uncertainties include, among other things:

[INCLUDE SUMMARY OF MATERIAL ASSUMPTIONS AND RISK FACTORS RELATED TO THE BORROWER'S BUSINESS AND OPERATIONS.]

[BELOW ARE EXAMPLES FOR A PROJECT FINANCING]:

- The price volatility of crude oil, other feedstocks, and refined products may have a material adverse effect on our results of operations.

- The [Borrower] faces significant competition, both within and outside the industry. Competitors who produce their own supply of crude oil or other feedstocks have extensive retail outlets, make alternative fuels, or have greater financial resources than the [Borrower] may have a competitive advantage.

- The [Borrower]'s business depends on significant customers and the loss of one or several significant customers may have a material adverse impact on the [Borrower]'s results of operations and financial condition.

- The [Borrower]'s refining business faces operating hazards and interruptions from accidents, fires, severe weather, floods, and other natural disasters, which could result in unplanned maintenance or downtime. The [Borrower] could face potentially significant costs to the extent those hazards or interruptions cause a material decline in production and are not fully covered by existing insurance coverage.

- Disruption of the [Borrower]'s ability to obtain an adequate supply of crude oil could reduce liquidity and increase costs.

- If the [Borrower]'s access to the pipelines on which it relies for the supply of crude oil and the distribution of products is interrupted, inventory and costs may increase and the

[Borrower] may be unable to efficiently distribute its products.

- The geographic concentration of the [Borrower]'s refineries and related assets creates an exposure to the risks of the local economy and other local adverse conditions. The location of the [Borrower]'s refineries also creates a risk of increased transportation costs should the supply/demand balance change in the [Borrower]'s region such that regional supply exceeds regional demand for refined products.
- The [Borrower]'s ability to secure RINs and comply with the EPA's RFS mandates and other governmental permits necessary for the operation of its business may have a material adverse effect on our results of operations.
- The [Borrower]'s ability to forecast future financial conditions or results of operation and future revenues and expenses may have a material adverse effect on our results of operations.
- Costs of compliance with existing, or compliance with new, environmental laws and regulations, as well as potential liabilities arising from, and capital expenditures required to, remediate current or future contamination may have a material adverse effect on our results of operations.
- The effects of transactions involving hedging or derivative instruments may have a material adverse effect on our results of operations.
- There are other risks and uncertainties that may adversely affect the [Borrower] and/or [Project], including those discussed in "RISK FACTORS" herein.

[BELOW ARE EXAMPLES FOR A HIGHER EDUCATION FINANCING]:

- The competitive nature of admissions; tuition rates and discounting; room, board, and other fees and charges; available financial aid; and endowment performance and market values each may have a material adverse effect on the University's results of operations and ability to generate [pledged revenues].
- The University faces significant competition, locally, regionally, and nationally within and outside the higher education industry. Competitors may offer lower tuition, fees and charges, more generous amounts of tuition discounting and/or financial aid, or have greater financial resources than the University may offer or have, in each case posing a competitive disadvantage to the University.
- The University's business depends on significant numbers of undergraduate and graduate students, and the inability to recruit and retain a material number of students may have a material adverse impact on the University's results of operations and financial condition.
- The University's operations face operating hazards and potential interruptions from the COVID-19 pandemic and other health emergencies, governmental-imposed limitations on operations, accidents, fires, severe weather, floods, and other natural disasters, any

of which could result in unplanned losses of revenue and/or higher than anticipated operating expenses. The University could face materially adverse effects on its net operating income and endowment performance and market values to the extent such hazards or interruptions cause a material decline in its results of operations or endowment support of operations and are not fully covered by existing insurance coverage.

- Reductions in [State] financial support for the University due to changes in available financial resources of the [State] to maintain current levels of appropriation support could have a material adverse effect on the University's results of operations and financial condition.

- The ability of admitted international students to (i) travel to the University's campus or (ii) obtain necessary student visas may continue to be limited by governmental limitations on travel from other countries or to the United States.

- The relative geographic concentration of the University's applicant pool could expose the University to risks associated with regional demographics, local and regional economies, and other local and regional adverse conditions.

- The University's ability to comply with the governmental mandates may limit its ability to operate its business as currently anticipated.

- The University's ability to forecast future financial conditions or results of operation and future revenues and expenses may be limited due to current facts and circumstances and historical performance, which may or may not be applicable to future performance and results of operations.

- Costs of maintaining the current in-person and online curriculum in the future, compliance with new governmental mandates, laws and regulations, as well as potential liabilities arising from and capital expenditures required to fulfill its mission may each materially adversely affect future financial performance and results of operations.

- The financial impacts of transactions involving indebtedness, hedging or derivative instruments may constrain the University's liquidity position, financial performance, and results of operations.

- Other risks and uncertainties, including those discussed in "RISK FACTORS" herein each may have a material adverse effect on the University's future financial performance and results of operations.

[BELOW ARE EXAMPLES FOR A HEALTH CARE FINANCING]:

- The Hospital is subject to government regulation applicable to health care providers, and its receipt of future revenues is subject to, among other factors, federal and state policies affecting the health care industry.

- The Hospital's revenues and expenses may be adversely affected by changes to Medicare, Medicaid, HMOs, and other third-party payor programs, changes in federal and state laws and regulations affecting payments for health services, continued increase in managed care policies that reduce revenues, and economic conditions.

- The Hospital faces significant competition [locally, regionally, and nationally] that may adversely affect demand for health services and receipt of future revenues.

- The Hospital's business depends on its ability to provide services required by patients, the Hospital's management capabilities, its ability to control expenses, its relationships with HMOs and other third-party payor programs, competition, rates, costs, third-party reimbursement, receipt of private contributions, and other economic conditions, changes to any of which may have a material adverse impact on the Hospital's results of operations and financial condition.

- The health care industry is continually changing and rapidly evolving. Health care reform and/or any repeal of or changes to PPACA may have a material adverse effect on the Hospital's results of operations and financial condition.

- The Hospital's operations face operating hazards and potential interruptions from the COVID-19 pandemic and other health emergencies, governmental-imposed limitations on operations, accidents, fires, severe weather, floods, and other natural disasters, any of which could result in unplanned losses of revenue and/or higher-than-anticipated operating expenses. The Hospital could face materially adverse effects on its net operating income and investment performance and market values to the extent such hazards or interruptions cause a material decline in its results of operations or investment support of operations and are not fully covered by existing insurance coverage.

- The relative geographic concentration of the Hospital's patient pool could expose the Hospital to risks associated with regional demographics, local and regional economies, and other local and regional adverse conditions.

- Physician and nursing shortages, and changes to medical professional compensation formulas and insurance coverage, could have a material adverse effect on the Hospitals results of operations and financial condition.

- Antitrust actions against health care providers such the Hospital have become increasingly common in recent years, which may adversely affect the Hospital's ability to realize its business objectives.

- The Hospital's ability to comply with the governmental mandates may limit its ability to operate its business as currently anticipated.

- The Hospital's ability to forecast future financial conditions or results of operation and future revenues and expenses may be limited due to current facts and circumstances and historical performance, which may or may not be applicable to future performance and results of operations.

- Costs of maintaining the Hospital's facilities in light of COVID-19-related restrictions on elective surgeries and other Hospital operations in the future, compliance with new governmental mandates, laws, and regulations, each may adversely affect future financial performance and results of operations.

- A reduction in, or discontinuation of, the availability of governmental and private funding for medical research activities conducted by the Hospital could have a material adverse effect on the Hospital's future performance and results of operations.

- The Hospital relies on electronic systems and technologies to conduct its operations in support of its medical treatment activities, finances, and research and education activities. Cybersecurity breaches could result in unauthorized access to personal, operational, financial, or other sensitive information, or cause operational disruptions.

- The financial impacts of transactions involving indebtedness, hedging, or derivative instruments may constrain the Hospital's liquidity position, financial performance, and results of operations.

- Other risks and uncertainties, including those discussed in "RISK FACTORS" herein may each have a material adverse effect on the Hospital's future financial performance and results of operations.

[BELOW ARE EXAMPLES FOR A LOCAL GOVERNMENT GENERAL OBLIGATION FINANCING]:

- Decreases or delays in property tax collections may have a material adverse effect on the City's results of operations and ability to realize revenues.

- The City's ability to gain concessions from its unionized workers, and the consequent impact on wage scales and operating costs of the City, could adversely affect the City's results of operations and financial condition.

- Increases in unemployment in the City and the State, adverse demographic trends, the closure or disinvestment of key industries, and a decline in the strength of public schools serving City residents could adversely affect the City's future results of operations and financial condition.

- The City's inability to access capital markets and its inability to manage its investments, public pension funding levels, and other post-employment benefits may have a material adverse effect on the City's financial condition.

- Adverse changes to State budgets and appropriations affecting crucial revenue streams from the State to the City may have a material adverse effect on the City's financial condition.

- The City's operations face operating hazards and potential interruptions from the COVID-19 pandemic and other health emergencies, governmental-imposed limitations on operations, accidents, fires, severe weather, floods, and other natural disasters, any of which could result in unplanned losses of revenue and/or higher than anticipated operating expenses. The City could face materially adverse effects on its net operating income and investment performance and market values to the extent such hazards or interruptions cause a material decline in its results of operations and are not fully covered by existing insurance coverage.

- Under current law, the City [is/is not] permitted to file a municipal debt adjustment proceeding under Chapter 9 of the Bankruptcy Code without approve of [the State]. In the event the City commences a proceeding under Chapter 9, the City may not be able to pay its outstanding debt when due.

- The City's ability to forecast future financial conditions or results of operation and future revenues and expenses may be limited due to current facts and circumstances and historical performance, which may or may not be applicable to future performance and results of operations.

- The financial impacts of transactions involving indebtedness, hedging, or derivative instruments may constrain the City's liquidity position, financial performance, and results of operations.

- Other risks and uncertainties, including those discussed in "RISK FACTORS" herein may each have a material adverse effect on the City's future financial performance and results of operations.

Example of Language for the Body of the Offering Document or Appendices. In addition to making sure the assumptions and cautionary statements are included together with, or in close proximity to, the projections so they can be read together, issuers should describe or cross-reference relevant risks associated with various assumptions and events that may affect its financial and operating condition, in the RISK FACTORS section of the offering document. Information disclosed in the RISK FACTORS section of an offering document also should include well-developed risks related to the issuer, the financing, and the project in general. Below is sample language regarding projections and assumptions and cautionary language regarding forward-looking statements in the financial section and as a risk factor.

FINANCIAL INFORMATION

Projected Revenues and Expenses

Assumptions and Methodology. The [Borrower] has provided the below table of projected revenues and expenses through 20[__]. In providing this table, the [Borrower] has utilized the assumptions and methodology described below.

[DESCRIBE BORROWER'S FORECAST PROCESS]

[DESCRIBE PROJECTION ASSUMPTIONS AS APPLICABLE, INCLUDING, BUT NOT LIMITED TO, OPERATING, PRICING, AVAILABILITY OF FEEDSTOCK, AND OUTPUT ASSUMPTIONS]

Forward Looking Statements and Prospective Financial Information. The prospective financial information below reflects the [Borrower]'s judgment as of the date of this Limited Offering Memorandum of the conditions the [Borrower] expects to exist and the course of action it expects to take through 20[__]. There can be no assurances that the [Borrower]'s forecasted results will be achieved. The assumptions and estimates underlying the prospective financial information are unaudited and inherently uncertain and, although the [Borrower] considers them reasonable as of the date of this Limited Offering Memorandum, they are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from forecasted results, including, but not limited to, the risks and uncertainties described in "RISK FACTORS" herein. Accordingly, there can be no assurances that the prospective financial information will be indicative of the [Borrower]'s future performance or that actual results will not differ materially from those presented in the prospective financial information. Inclusion of the prospective financial information in this Limited Offering Memorandum should not be regarded as a representation by the [Borrower], the Underwriters, or any other person that the results contained in the prospective financial information will be achieved.

The prospective financial information was not prepared with a view toward compliance with published guidelines of the U.S. Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation or presentation of prospective financial information.

The prospective information included in this Limited Offering Memorandum has been prepared by, and is the responsibility of, the [Borrower]'s management. [Name of Auditor], the [Borrower]'s independent auditor, has not audited, reviewed, examined, compiled, or applied agreed-upon procedures with respect to the accompanying prospective financial information and, accordingly, [Name of Auditor] does not express an opinion or any other form of assurance with respect thereto. The Consolidated Financial Statements [Dated Date] included as APPENDIX D audited by [Name of Auditor] relate to the [Borrower]'s previously issued financial statements, do not extend to the prospective financial information, and should not be read to do so.

The table of projected revenues and expenses for the fiscal years 20[__] through 20[__] is set forth below.

RISK FACTORS

Reliance on Projections and Underlying Assumptions; Actual Results May Differ

The financial projections included herein, including future revenues and expenses with respect to the [Name of Issuer], are based upon assumptions concerning future events, circumstances, and transactions. The achievement of any financial forecast is dependent upon future events, the occurrence of which cannot be assured. Realization of the results forecasted will depend on the implementation by the [Borrower] of policies and procedures consistent with such assumptions. Future results will also be affected by events and circumstances beyond the control of the [Borrower]. Actual results of the [Borrower] [and [Facility]] may be different from the results forecast in the financial projections, and those differences may be material and adverse.

[USE THE FOLLOWING IF THERE IS AN INDEPENDENT ENGINEER REPORT OR MARKET STUDY WITH FORWARD-LOOKING STATEMENTS OR PROJECTIONS]:

[Additionally, in its report attached as APPENDIX [__] to this Limited Offering Memorandum, the Independent Engineer has evaluated various technical, environmental, and economic aspects of the [Facility] that reflect the impact of various factors on the [Borrower] and the [Facility], and has assessed certain technical, operational, environmental, and economic factors and their impact upon the [Facility]. The Independent Engineer's Report sets forth certain forecasts and projections with respect to product demand, benchmark pricing, and product pricing; however, the forecasted periods do not extend over the life of the Bonds.

The Independent Engineer's Report, which investors should review carefully in its entirety, contains discussions of the many assumptions utilized by the Independent Engineer in preparing its projections. Those assumptions include matters that are outside the [Borrower]'s control and the outcome of which cannot be predicted with any expectation of certainty by the [Borrower], the Independent Engineer, the Underwriter, or any other person. There can be no assurance that the assumptions used in developing such projections by the Independent Engineer will prove to be accurate, or that the effects of all the assumptions, even if accurate, will be the same as those projected. Actual results may differ, perhaps materially, from those projected. Accordingly, any projections contained in the Independent Engineer's Report are not necessarily indicative of current values or future performance and none of the [Borrower], the Independent Engineer, the Underwriter, nor any other person assumes responsibility for their accuracy.]

No representation or assurances can be made, or should be inferred, with respect to the likely occurrence of any particular set of future facts or circumstances, including that revenues will be realized by the [Borrower] from the operation of the [Facility] in amounts projected sufficient to pay principal and interest on the Bonds. Future economic and other conditions, including [Feedstock] supply, natural disasters, lower-than-anticipated revenues, higher-than-anticipated operating expenses, changes in governmental regulation, and general economic conditions may adversely affect revenues and, consequently, payment of principal and interest.

None of the [Borrower], the Independent Engineer, or the Underwriter intends to provide the Bondholders with any revised or updated Financial Projects, Independent Engineer's Report, or analyses of the differences between the Financial Projects or the projections contained in the Independent Engineer's Report and actual operating results later achieved. If actual results are less favorable than those shown, or if the assumptions used in formulating the projections prove to be incorrect, the [Borrower]'s ability to realize refining margins and, consequently, to pay debt service on the Bonds may be adversely affected. See "FINANCIAL INFORMATION" and "APPENDIX [__] – INDEPENDENT ENGINEER'S REPORT."

EXHIBIT A

Public Statement

The Importance of Disclosure for our Municipal Markets

Chairman Jay Clayton

Rebecca Olsen
Director, Office of Municipal Securities

May 4, 2020

The Effects of COVID-19 Have Raised Uncertainties Regarding the Financial Status of State and Local Governments and Special Purpose Entities; Municipal Securities Issuers are Encouraged to Provide Updated Financial and Other Disclosures; Financial Professionals are Encouraged to Discuss These Matters With Main Street Investors

Introduction[1]

On April 8, the Chairman and the Director of the Division of Corporation Finance issued a statement (Corporate Issuer Statement) with observations and requests about the disclosures of public companies in light of the effects and uncertainties created by COVID-19.[2] The Corporate Issuer Statement noted the presence of significant investor uncertainty—for both equity and fixed income investors—regarding the financial and operating status of many companies, as well as their future prospects, and the resulting thirst for information from investors and the marketplace more generally.

This statement is directed to issuers of municipal securities[3] as well as investors and market participants more generally and is intended to parallel the Corporate Issuer Statement.

The Corporate Issuer Statement urged companies to provide investors with as much information as practicable regarding their current financial and operating status. In addition, and recognizing the difficulties in providing accurate and meaningful forward-looking disclosure, the Corporate Issuer Statement also urged companies to disclose as much material information as is practicable regarding their planning for, and expectations regarding, the company's future financial condition and operating status. The statement also reminded corporate issuers to strive for consistency across their various public and confidential disclosures and to fulfill their legal requirements with respect to the disclosure and dissemination of material non-public information.[4]

Following on from the recognition that forward-looking information, generally and particularly in times of broad societal and economic stress, is subject to various assumptions and factors beyond the control of the company, the Corporate Issuer Statement noted that good faith attempts to provide appropriately framed forward-looking information were not expected to be second guessed by the SEC. The Corporate Issuer Statement also highlighted the availability of (and encouraged the use of) safe harbors for forward-looking statements.

While there are significant differences between our corporate capital markets and our municipal securities markets, the importance of high quality disclosure, particularly in times of uncertainty, is consistent. Accordingly, we believe a similar approach to the provision of current and, to the extent practicable, forward-looking disclosure would provide significant benefits to investors, issuers and the municipal securities market generally. [5] In order to facilitate the provision of these important municipal securities-related disclosures, and the digestion of those disclosures by investors and other market participants, we offer the following observations and requests.[6]

Market Participants Should Recognize the Size, Importance, Complexity and Specialized Nature of the Municipal Securities Market

The municipal securities market is a large, diverse, important, complex and specialized segment of the U.S. capital markets and our domestic economy more generally. States, cities, local governments and special-purpose entities issue municipal securities to raise long-term funding, and, to a more limited extent, short-term funding. These funding needs support a vast array of important projects that promote the public good such as hospitals, transportation systems, schools and utilities. Providing a capital markets-based funding source for these vital, public-sector needs has long been the role of our municipal securities market. It is generally accepted that the continued functioning of this market is essential to the continued funding and operation of state and local governments and our economy more generally.

The municipal securities market is dominated by retail investors. At the end of 2019, Main Street investors held directly, and indirectly through funds and other managed products, over 72 percent of the market, or approximately $3 trillion of outstanding municipal securities. This retail focus is driven largely by the favorable federal, state and local tax treatment holders of municipal securities often receive. As a result, investors and accounts that do not benefit from favorable municipal securities tax treatment—e.g., pension funds and retirement accounts—generally do not purchase municipal securities.

In addition to being largely retail investor driven, the municipal securities market differs from other fixed income markets—e.g., corporate bonds and U.S. Treasuries—in other important respects. The market is remarkably diverse and issuers vary tremendously in size, purpose, and capital needs. There are approximately 50,000 issuers of municipal securities, including states, their political subdivisions (such as cities, towns, counties, and school districts), their agencies and instrumentalities (such as housing, health care, airport, port, and economic development authorities and agencies), as well as a variety of private entities that access the market through "conduit" financings (such as hospitals, senior living and continuing care retirement communities, and museums).[7] There are approximately one million different municipal securities outstanding compared to approximately 30,000 corporate bonds outstanding.[8] Offerings of municipal securities range in size from thousands of dollars to billions of dollars, and the payments of principal and interest on these securities come from a variety of sources, including general revenues, specific tax receipts, or revenues from a particular project, among others.

The municipal securities market also is generally more fragmented than other fixed income markets. Typically characterized as a "buy and hold" market, in ordinary market conditions, a significant number of municipal bonds never trade or only trade infrequently after the initial offering period. This generally means that liquidity can vary significantly depending on the issuer, how long the bonds have been outstanding, the size of the series and other idiosyncratic factors. Nevertheless, daily trade volume when measured in dollars and number of trades is significant—approximately $12.4 billion and 34,467 per day, respectively.[9]

Just as it is diverse, the municipal securities market is also complex. In addition to the traditional general obligation bonds backed by the taxing power and/or "full faith and credit" of the issuing entity, municipal issuers employ a variety of complex and issuer-specific credit structures to support their bonds. For example, municipal issuers also issue revenue bonds backed by specific revenues such as sales and use taxes, tax increments, or the revenues of the enterprise being financed—e.g., a utility system, a toll road or transit system. In a conduit revenue bond financing, the bondholder generally cannot look to the issuer of the bonds, but instead must rely on the revenue stream pledged by the conduit borrower. Adding complexity to these myriad credit structures, municipal issuers also utilize a variety of derivative products as part of their capital financing portfolios and other risk-management strategies. These derivatives generally are designed to reduce risks, but in some cases their performance may be material to an investment decision.

Municipal issuers and investors in municipal securities should recognize that these factors generally mean that to some meaningful extent both issuer-specific disclosures and security-specific disclosures are material.[10] In addition, we encourage financial professionals to discuss the importance of issuer-specific and security-specific disclosures with the Main Street investors they serve and to consider the extent of such disclosures when providing recommendations and investment advice to Main Street investors.

The Importance of Robust, Timely and Accurate Municipal Issuer Disclosures Has Become Even Greater as a Result of the Effects of COVID-19

Over the years, the Commission has encouraged municipal issuers to provide robust, timely and accurate information to investors and market participants.[11] The SEC's focus on this issue has intensified in the past several years as we, together with our colleagues in the Office of Municipal Securities, have frequently called on municipal issuers to provide investors with more timely information, and also generally raised awareness about the importance of investor access to current financial information.[12]

Today, in light of the potentially significant effects of COVID-19 on the finances and operations of many municipal issuers, we increase this focus and request that municipal issuers provide investors with as much information about their current financial and operating condition as is reasonably practicable. The fluid and unpredictable nature of the public health crisis and its financial and economic impacts on municipal issuers has placed investor need for timely financial information into stark relief. We observe that, in today's markets, the typical practice of providing historic financial information in the form of an annual information filing or similar disclosure may not enable investors to make informed assessments of the municipal issuer's current and expected future financial condition.

Important Considerations that Generally Weigh in Favor of Providing Updated Investor-Oriented Disclosures that Discuss the Current and Anticipated Effects of COVID-19

We acknowledge that developing voluntary, unaudited, and non-routine disclosures regarding current financial status and operating conditions may be challenging, particularly under the current circumstances. For example, we recognize that such disclosures likely would not have the benefit of a formal audit process or an established framework. We also recognize that, in many cases and even for disclosures regarding current status, certain financial disclosure would be based on estimates and assumptions as well as projections regarding future circumstances. Nevertheless, we believe providing as much current issuer- and security-specific information as is practicable will benefit issuers, investors and our municipal securities markets more generally.

We also encourage municipal issuers to provide investors with forward-looking information regarding the potential future impact of COVID-19 on their financial and operating conditions. We understand that providing detailed information regarding future operating conditions and resource needs is challenging, particularly as response strategies designed to mitigate and more effectively treat COVID-19 are evolving rapidly and are likely to change in the future.

We recognize that the issue of liability often is raised when voluntary disclosures—or the expansion of required disclosures—are considered. While each issuer, in many cases in consultation with legal counsel, will have to assess this risk in the context of its particular circumstances, we believe there are various factors that generally weigh in favor of making these disclosures.

- Disclosure of the current financial and operating condition will not only aid investors in making informed investment decisions, but will also be important to the issuer-specific and more general functioning of the municipal securities market, including the ability to refinance existing obligations and raise new capital.
- Accompanying those disclosures with meaningful cautionary language—including, for example, (1) a description of relevant facts or assumptions affecting the reasonableness of reliance on and the materiality of the information provided, (2) a description of how certain important information may be incomplete or unknown, and (3) the process or methodology (audited vs. unaudited) used by the municipal issuer to produce the information—will not only improve the quality of the disclosure but also will reduce legal and other risks.
- Issuers may be required to disclose similar information to other parties, including, for example, in connection with (1) efforts by federal and state governments to assess the financial impact of COVID-19 on states, municipalities and special purpose entities and (2) the pursuit by municipal securities issuers of funding or other support from governmental authorities and private parties. For various legal and other reasons, ensuring that disclosure of this type is (1) consistent across all contexts, regardless of the purpose and (2) kept confidential until disclosed and, when disclosed, disclosed broadly, is extremely important.

- We would not expect good faith attempts to provide appropriately framed current and/or forward-looking information to be second guessed by the SEC.
- While the safe harbors for forward looking statements that are available to certain corporate issuers are not available to issuers of municipal securities, we believe that a municipal issuer's approach to forward-looking disclosures should be informed by the judicially developed "bespeaks caution" doctrine.[13]

We also recognize the issue of timing—e.g., when to make updating disclosure—often is raised in these circumstances. For municipal issuers with pending offerings of securities or required filings, we encourage you to include the disclosures discussed above, including for reasons of completeness. We also observe that not all municipal issuers with outstanding securities will conduct new offerings or be required to make a disclosure filing in the coming months. However, for the reasons of consistency and fair dissemination of disclosure discussed above, and because the operational and financial condition of a municipal issuer, particularly under the current circumstances, can change rapidly, we urge these issuers to consider providing voluntary disclosure regarding the current and reasonably anticipated future impacts of COVID-19 on their operational and financial condition.

Examples of Information Municipal Issuers Could Provide to Investors

While not intended to be an exclusive list, the following sets forth examples of certain types of disclosures that we believe may be important to provide to investors and the marketplace more generally at this time, whether in a primary offering document, a contractually required continuing disclosure filing,[14] or in a voluntary public statement.[15]

- Information Regarding the Impact of COVID-19 on Operations and Financial Condition. Our collective national effort to mitigate the COVID-19 pandemic has caused a deep contraction in vast areas of our economy, with many municipal issuers facing potentially sharp declines in revenues and, in some cases, with increases in un-budgeted costs.

Disclosures should reflect the issuer's assessment of this state of affairs and outlook and, in particular municipal issuers should provide information regarding: (1) their current operational and financial status, including decreases in revenues and delays in collection of revenues; (2) how their COVID-19 response including efforts to protect the health and well-being of residents and employees has impacted their operational and financial condition, including un-budgeted costs; and (3) how their operational and financial condition may change as efforts to fight COVID-19 evolve. In these circumstances, comparisons to historical information may be relatively less significant.

- Information Regarding Sources of Liquidity. A description of cash on hand, access to reserves or other funds (and to what extent such access is limited), access to liquidity facilities and whether current liquidity is expected to be adequate to fund essential services and make timely debt service payments. If not otherwise disclosed, we encourage municipal issuers to disclose the material terms of any liquidity facility the issuer has used or expects it may use.
- Information Regarding Availability of Federal, State and Local Aid. A description of available federal, state or local aid the issuer has sought or is planning to seek and the anticipated timing of such aid. In addition, if the municipal issuer has obtained any such aid, it should disclose the nature, amount, and other material terms of the aid if it materially affects or reasonably likely will materially affect its operational or financial condition.
- Reports Prepared for Other Governmental Purposes. Municipal issuers routinely prepare reports for governance purposes that may be significant sources of current information. As front-line responders, these reports could provide powerful insight into local, regional, and sector-specific strategies to fight and recover from COVID-19. Accordingly, municipal issuers should consider making these reports more readily accessible to investors.

Conclusion

We welcome engagement on these matters and encourage participants in the municipal securities markets to continue to reach out to us on these and other important issues. We also again encourage financial professionals to discuss these matters with their investors who buy, sell and hold municipal securities, including in particular when providing recommendations and investment advice to Main Street investors.

In these challenging times, it is only appropriate to conclude by recognizing that various municipal issuers are integrally involved in our efforts to fight COVID-19, including employing many front-line responders. On behalf of all our colleagues, we thank them for their selfless and lifesaving efforts.

[1] This statement represents the views of the Chairman and the Director of the Office of Municipal Securities of the U.S. Securities and Exchange Commission ("SEC" or "Commission"). It is not a rule, regulation, or statement of the SEC. The Commission has neither approved nor disapproved its content. This statement does not alter or amend applicable law and has no legal force or effect. This statement creates no new or additional obligations for any person.

[2] See Chairman Jay Clayton and William Hinman, the Director, Division of Corporation Finance, The Deep and Essential Connections Among Markets, Businesses, and Workers and the Importance of Maintaining those Connections in our Fight Against COVID-19 (Apr. 8, 2020), available at https://www.sec.gov/news/public-statement/statement-clayton-hinman.

[3] For purposes of this statement, the term "municipal issuer" includes an obligated person, as defined in 15 U.S.C. § 78o-4(e)(10) and 17 C.F.R. § 240.15c2-12(f)(10).

[4] See also Regulation Fair Disclosure, Exchange Act Release No. 43154, 65 FR 51716 (Aug. 24, 2000) (addressing selective disclosure by public company issuers). Regulation FD codified best practices by corporate issuers and while it does not apply to municipal issuers, it provides municipal issuers with a helpful guide for framing their disclosure practices and procedures.

[5] We note that municipal issuers do not have a safe harbor from private liability for forward-looking statements. The safe harbor for forward-looking statements from private actions set forth in Section 27A of the Securities Act and Section 21E of the Exchange Act applies to issuers that are reporting companies under Sections 13(a) or 15(d) of the Securities Exchange Act and, accordingly, has limited application for municipal issuers. As discussed below, see infra n. 13, a municipal issuer's approach to forward-looking statements may be informed by the judicially created "bespeaks caution" doctrine.

[6] We make this statement mindful of the many municipal issuers that have already provided, and continue to provide, information to investors about the impacts of COVID-19 on their financial and operating condition. We commend these municipal issuers for providing such voluntary disclosures and encourage others to provide this important information to investors.

[7] See MSRB, Self-Regulation and the Municipal Securities Market (Jan. 2018), available at http://www.msrb.org/Market-Topics/~/media/8059A52FBF15407FA8A8568E3F4A10CD.ashx.

[8] See MSRB, Muni Facts, available at http://www.msrb.org/msrb1/pdfs/MSRB-Muni-Facts.pdf. Notably, municipal securities often trade in minimum denominations of $5,000 and, accordingly, an individual bond could be held by hundreds or even thousands of investors.

[9] Average figures based on trading activity from January 2, 2019 through March 31, 2020. MSRB, Municipal Trade Statistics, available at https://emma.msrb.org/MunicipalTradeStatistics/ByTradeCharacteristic.aspx.

[10] See Exchange Act Release No. 34-34961 (Nov. 10, 1994), 59 FR 59590, 59593 (Nov. 17, 1994). The Commission has previously noted that the diverse nature of this market means it is particularly ill-suited to a "one size fits all" approach to such disclosure. The Commission has historically taken a principles-based approach to disclosure in the municipal securities market, guided by the doctrine of materiality. As a general matter, a fact is material if there is a substantial likelihood that the information would have been viewed by a reasonable investor as having significantly altered the total mix of information available. This assessment necessarily involves a consideration of the particular facts and circumstances of the situation. As we encourage municipal issuers to make COVID-19-related disclosures, we continue to use materiality as our guide and follow a principles-based approach that recognizes the unique nature of each municipal issuer.

[11] See, e.g., Exchange Act Release No. 33741 (Mar. 9, 1994), 59 FR 12748, 12755-56 (Mar. 17, 1994) (the "1994 Interpretive Release"); Securities and Exchange Commission, Report on Municipal Securities Market (Jul. 31, 2012), available at https://www.sec.gov/news/studies/2012/munireport073112.pdf. In the absence of a statutory scheme for municipal securities registration and on-going reporting requirements, the Commission's investor protection efforts in the municipal securities market have been accomplished through the antifraud provisions of the federal securities laws and regulation of broker-dealers and municipal securities dealers, including through Exchange Act Rule 15c2-12 ("Rule 15c2-12"), which facilitates annual and event-based disclosures for the benefit of municipal investors.

[12] See, e.g., Exchange Act Release No. 34-83885 (Aug. 20, 2018), 83 FR 44700 (Aug. 31, 2018) (adopting two new material event disclosures "designed to facilitate investors' and other market participants' access to important information in a timely manner[.]"); Staff Legal Bulletin No. 21 (OMS), available at https://www.sec.gov/municipal/application-antifraud-provisions-staff-legal-bulletin-21; Remarks of Rebecca J. Olsen at the Municipal Finance Leadership Conference (Oct. 10, 2018), available at https://www.sec.gov/news/speech/olsen-remarks-municipal-finance-leadership-conference-101018. See generally Remarks of Chairman Jay Clayton at Municipal Securities Disclosure Conference, available at https://www.sec.gov/news/public-

statement/statement-clayton-120618 (stating, "Timely and accurate financial information is essential for investors and analysts. Without that, it is challenging to accurately evaluate the current financial condition of a municipal issuer (or any issuer for that matter). However, despite the importance of timely financial information, some municipal issuers make their annual financial information available significantly *after* the end of their fiscal year or fiscal period."); Remarks of Chairman Jay Clayton at Government Finance Officers Association (GFOA) Mini-Muni Conference (Nov. 14, 2019), available at https://www.sec.gov/news/speech/clayton-gfoa-conference-111419; Press Release 2018-158, SEC Adopts Rule Amendments to Improve Municipal Securities Disclosure (Aug. 20, 2018), *available at* https://www.sec.gov/news/press-release/2018-158 (quoting Chairman Clayton, "Disclosures required by these [Rule 15c2-12] amendments will better equip investors and intermediaries to make informed investment decisions about municipal securities."); Remarks of Chairman Clayton, Transcript of Meeting of Fixed Income Market Structure Advisory Committee (Jul. 29, 2019) ("I'm especially looking forward to the discussion on the content and timeliness of municipal issuer disclosures. This is an important topic particularly for our Main Street investors that I have addressed before."), available at https://www.sec.gov/spotlight/fixed-income-advisory-committee/fimsac-072919transcript.txt.

[13] For a description of the "bespeaks-caution" doctrine developed by the federal courts of appeals, see generally Robert A. Fippinger, The Securities Law of Public Finance, §8:3.4[B] (3d. ed. 2019).

[14] Because of the contractual nature of a municipal issuer's Rule 15c2-12-related continuing disclosure obligations, we expect municipal issuers to continue to make their annual and event-based disclosures through the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board (the "MSRB").

[15] We encourage municipal issuers to make such statements available to the public in the place or places at which they regularly make information available; such places may include the MSRB's EMMA system or an investor relations webpage maintained by the municipal issuer.

EXHIBIT B

VOLUNTARY CONTINUING DISCLOSURE FILINGS WITH FORWARD-LOOKING STATEMENTS

CITY OF SEATTLE, WASHINGTON

VOLUNTARY DISCLOSURE REGARDING PROJECTED COVID-19
GENERAL GOVERNMENTAL FUNDS REVENUE IMPACTS

DATED: APRIL 22, 2020

CUSIPS: 812626, 812642, 812643, 812710, 812702, 812728,

812631, 812644, 812571, 812670, 812582, 721296

The City of Seattle (the "City") is filing this Voluntary Disclosure Notice (the "Notice") regarding the developing impacts to the City's general governmental funds associated with the novel coronavirus ("COVID-19") pandemic. ***Nothing contained in this Notice is, or should be construed as, a representation by the City that this Notice comprises all of the information that may be material to a decision to invest in, hold, or dispose of any of the securities issued by the City.***

Since the World Health Organization's identification of COVID-19 as a global health emergency and the subsequent implementation of national, State and local emergency declarations, significant dislocations in normal economic activity have occurred at all levels. In Washington State, the Governor declared a state of emergency on February 29, 2020 and, on March 23, 2020, issued Proclamation 20-25, Stay Home – Stay Healthy, ordering residents to self-isolate and practice social distancing, and limiting non-essential activities. This Proclamation has been extended until at least May 4, 2020. Additional statewide proclamations and executive orders may be issued by the Governor as the situation continues to evolve, including guidance on the phased reopening of economic activities.

The COVID-19 pandemic is ongoing, and the duration and severity of the crisis are uncertain. The City has experienced an increase in public health emergency response and other costs associated with mitigating the impacts of the COVID-19 pandemic on the residents of the City, including emergency response, support to homeless and vulnerable populations, small businesses, food assistance, and expanded childcare services, among others.

Although the City does not yet have sufficient information to quantify the direct impact of the COVID-19 pandemic response on the City's finances, it expects that revenues from sales taxes, business and occupation taxes, and other economically sensitive tax revenues will be materially adversely affected. Because of a lag between the timing of the taxable activity, collection, reporting, and (for certain revenues collected by the State or County) distribution to the City, revenues to the City are only beginning to see reductions resulting from the COVID-19 pandemic response. The City Budget Office normally prepares periodic revenue projections for internal planning and budgeting purposes, the next of which is planned for August 2020, in conjunction with the 2021 budget process.

In light of the evolving nature of the COVID-19 pandemic, the City Budget Office has prepared an interim Economic and Revenue Update, presented to the City Council on April 22, 2020, which includes a preliminary forecast of revenue sources for the General Fund and other governmental funds expected to be impacted by the COVID-19 pandemic and emergency response. With uncertainty around the total economic impact of the COVID-19 pandemic, the City Budget Office used national projections from the most recent U.S. Economic Forecast by IHS Markit, adjusted by certain regional econometric data for the Seattle Metropolitan District (including data from the U.S. Bureau of Economic Analysis, the State

Employment Security Department, City permit data, and other variables) to create regional and city economic forecasts. The City Budget Office then used that modeling to update its projections for City revenues from existing General Fund and general governmental funds revenue sources. The largest of these revenue streams are property tax, sales tax, utility tax, and business and occupations tax.

This preliminary forecast projects a range of financial impacts, by estimating revenues under two different scenarios: one that is consistent with a relatively rapid economic recovery (based on the IHS Markit baseline scenario) and another that anticipates a slower recovery in the local economy (based on the IHS pessimistic scenario). The City's preliminary estimates project a potential decrease in the City's overall calendar year 2020 revenues, compared to the adopted 2020 Budget. In the "rapid recovery" scenario, the 2020 reduction in revenues to the City's governmental funds is estimated to total in the range of $210 million, of which $104 million is projected to be concentrated in the General Fund. In the "slow recovery" scenario, the 2020 reduction in revenues to the City's governmental funds is estimated to total in the range of $299 million, of which $186 million is projected to be concentrated in the General Fund. The City Budget Office has further identified specific revenue sources and specific sectors of economic activity driving those revenues that it will continue to monitor. Due to differing time lags associated with various revenue streams, actual impacts on the City's revenue collections will be realized over several months.

Property taxes within the City are collected by King County. King County recently announced that it would exercise its statutory authority to accept payments of the first half of annual property taxes, due on April 30, 2020, from individual residential and commercial taxpayers who pay real and personal property taxes themselves, rather than through their mortgage lender, until June 1, 2020 without late charges, due to the COVID-19 outbreak. Banks and other financial institutions that pay property taxes on behalf of their lending customers still need to meet the original April 30 deadline. The City does not believe that the anticipated delay in receiving a portion of property taxes will materially affect City cash flow.

The forecast information described in this Notice is a "forward-looking statement," speaking only as of its date. Actual results may differ materially. Furthermore, the City Budget Office expects these estimates to change as actual revenue data is received and dependent on shifting variables such as the duration of the Stay-at-Home order and social distancing restrictions, federal aid (including both direct aid to the City and economic supports to individuals and businesses that drive economic activity), and other factors.

The City is exploring several avenues in response to projected revenue impacts. The City Budget Office has requested that City departments provide information regarding potential cost-saving measures, including identification of non-essential spending. The City has implemented a temporary hiring freeze for positions other than essential services or COVID-19 response personnel. Spending on non-essential services and non-COVID-19 related projects has been suspended or curtailed as the City gathers additional information. The City expects to receive Federal and State support, including Federal CARES Act assistance expected to be received this month, and will be applying for additional Federal and State support for expenses related to responding to the COVID-19 pandemic as such relief becomes available.

While the full impact on the City and its General Fund and other governmental funds resources is currently uncertain, the evolving situation will continue to be monitored and incorporated into future revenue forecasts. The Mayor has announced that the City is evaluating how best to utilize new State and Federal assistance that may become available, as well as exploring its flexibility within existing property tax levy authority, the availability of unanticipated 2019 year-end fund balances, other fund balances or one-time resources, and the use of its Rainy Day and Emergency Funds. Other legislative options for new taxes have been proposed but are subject to approval by Council and the Mayor and would not be expected to provide additional near-term cash flow, even if approved, given practical implementation considerations.

In addition to impacts on the General Fund and other governmental funds, there may be COVID-19-related revenue impacts for the City's utility systems that are not addressed in this preliminary forecast of general governmental impacts. The City's utilities are processing an unprecedented amount of payment plans and applications for the existing utility discount program for customers identified as low-income households. Utility impacts are being monitored and analyzed separately and will be incorporated into upcoming City-wide forecasts.

Dated: April 22, 2020

AIRPORT COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO
SAN FRANCISCO INTERNATIONAL AIRPORT

VOLUNTARY STATEMENT REGARDING IMPACTS OF COVID-19

April 30, 2020

This filing is made voluntarily by the Airport Commission of the City and County of San Francisco ("Commission"), without intention to provide any update to this filing or its subject matter or to make similar voluntary filings in the future. Any obligation to do so is expressly disclaimed.

The outbreak of a new strain of coronavirus ("COVID-19"), an upper respiratory tract illness, has spread to numerous countries across the globe, including the United States. The World Health Organization has characterized COVID-19 as a pandemic. The worldwide outbreak of COVID-19 has caused significant disruptions to domestic and international air travel, including both passenger and cargo operations.

The President of the United States, the Governor of the State of California and the Mayor of the City and County of San Francisco ("City") all have declared states of emergency as a result of the COVID-19 pandemic. The U.S. government and governments of other countries have closed borders to non-essential travel and issued other travel restrictions and warnings. The President of the United States issued the Coronavirus Guidelines for America, calling upon Americans to take actions to slow the spread of COVID-19 in the United States, including, among other things, avoiding discretionary travel. Various state and local governments and agencies and others have also imposed restrictions on travel, and have restricted public gatherings and large group events, ordered residents to stay at home, promoted or required working from home, and ordered closure of schools, restaurants, bars, and other public venues. The State of California and several counties in the San Francisco Bay Area, including the City, have issued directives for all people to stay at home except to meet essential needs or to work to provide essential services ("stay-at-home directives"). The duration of these directives, even those with specified end dates, is not known with any level of certainty.

The Commission is providing this statement to describe some of the impacts that COVID-19 has had on passenger traffic and airport finances and operations, and to describe some of the actions that the Commission is taking in response.

San Francisco International Airport ("Airport") continues its operations as essential infrastructure. Non-essential concession operations, including duty free and non-newsstand retail, are temporarily closed in compliance with local stay-at-home directives. Certain food and beverage concessions and both long-term parking garages have temporarily closed because of significant reductions in passenger levels during March and April 2020. Effective April 1, 2020, the Commission closed one of the two International Terminal boarding areas, including 12 gates, to reduce operating costs in light of reduced air traffic.

Passenger Traffic

Enplanements at the Airport have declined significantly in March and April 2020, based on preliminary and indicative data sources.

During the first eight months of Fiscal Year 2019-20 (July through February), according to traffic reports submitted by the airlines and based on preliminary data, scheduled passenger aircraft arrivals and departures at the Airport decreased by 0.3%, domestic passenger traffic (enplanements and deplanements) decreased by 1.4%, international passenger traffic increased by 4.0%, total passenger traffic decreased by

0.1%, air cargo and mail volume decreased 6.1%, and landed weight increased 0.6% compared to the same period in Fiscal Year 2018-19.

During March 2020, according to traffic reports submitted by the airlines and based on preliminary data, scheduled passenger aircraft arrivals and departures at the Airport decreased by 20.4%, domestic passenger traffic (enplanements and deplanements) decreased by 58.5%, international passenger traffic decreased by 60.3%, total passenger traffic decreased by 59.0%, air cargo and mail volume decreased 23.8%, and landed weight decreased 24.4% compared to March 2019, as a result of the COVID-19 pandemic. These figures include data provided by carriers that represented approximately 99.4% of enplanements during the first eight months of the current fiscal year and estimates for two carriers that represented approximately 0.6% of enplanements during the first eight months of the current fiscal year.

During the first 26 days of April 2020 (through April 26), 97% fewer individuals were processed through Airport security checkpoints than during the corresponding period in 2020. While checkpoint data is not directly comparable to traffic or enplanement data, it is an indication of the level of foot traffic at the Airport.

The Official Airline Guide ("OAG") provides a database of airlines' flight schedules that is updated periodically. According to published airline schedules in the OAG on December 30, 2019, the Airport had an average 3,610 weekly domestic flights and 802 weekly international flights scheduled for the month of April, 3,879 weekly domestic flights and 867 weekly international flights scheduled for the month of May, and 3,974 weekly domestic flights and 891 weekly international flights scheduled for the month of June. According to the April 27, 2020 OAG schedules, the Airport has an average 1,166 weekly domestic flights and 61 weekly international flights scheduled for the month of April, 991 weekly domestic flights and 108 weekly international flights scheduled for the month of May, and 3,503 weekly domestic flights and 745 weekly international flights scheduled for the month of June. Scheduled flights are subject to change at airlines' discretion. In addition, scheduled flights may not be a reliable indicator of ultimate passenger levels. Scheduled flights are subject to cancellation and, if flown, likely have a much lower ratio of occupied to empty seats than had been typical prior to the onset of COVID-19.

Financial Condition and Liquidity

The Commission is experiencing and expects to continue to experience a significant decrease in aviation and non-aviation revenues as a result of the outbreak. The Airport's revenues depend on the level of aviation activity and passenger traffic at the Airport, and the ability of the Airport to derive revenues from operations depends upon the financial health of the airlines serving the Airport and the airline industry as a whole. Information about airlines can be obtained as described in Exhibit 1. In addition to revenues from airlines, other revenues, such as from concessionaires, ground transportation activity, and parking, and Passenger Facility Charges ("PFCs"), are reduced because of the lower levels of passenger traffic.

The federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") became law on March 27, 2020 and addresses the economic crisis created by the COVID-19 pandemic. The CARES Act provides two types of funding for airports. Direct aid for airports, which will reimburse amounts spent for any lawful airport purpose, is included in the CARES Act, and on April 14, 2020, the Federal Aviation Administration ("FAA") announced that it will grant $254,780,449 of such funds to the Airport. In addition, the CARES Act includes a provision increasing the federal share of all federal fiscal year 2020 (ending September 30, 2020) ("FFY 2020") Airport Improvement Program grants to 100%. This provision will result in approximately $7.3 million in additional funding for the Airport for its FFY 2020 grant-funded projects. All airport sponsors of airports receiving funds under the CARES Act (including the City as sponsor of the Airport), must continue to employ, through December 31, 2020, at least 90 percent of the number of individuals employed (after making adjustments for retirements or voluntary employee separations) at the airport as of the date of enactment of the CARES Act. The CARES Act also provides for direct aid, loans, and loan guaranties for passenger and cargo airlines and other contractors that employ air carrier industry workers, contingent on their compliance with various requirements specified in the CARES Act. The Commission and the City Board of Supervisors must approve the acceptance and expenditure of CARES Act funds before they are received. Airport management expects to pursue these approvals in the near future.

On April 7, 2020, the Commission adopted a resolution increasing to $523.6 million the maximum amount of accumulated PFCs that the Airport Director may designate as Revenues in Fiscal Year 2019-20. This amount, representing almost all of the current PFC fund balance, may be designated by the Airport Director as Revenues to offset PFC-eligible and approved debt service, as appropriate, on the Commission's second series revenue bonds and second series revenue refunding bonds ("Bonds"). The Airport Director has discretion to determine the amount of PFCs ultimately applied for such purpose, and the amount actually used to offset debt service may be less than the full amount authorized. The amount of PFCs applied varies annually and was $63.3 million in Fiscal Year 2018-19 and $4.1 million in Fiscal Year 2017-18.

The following table and accompanying footnotes describes some of the resources available to the Commission. All figures are as of March 31, 2020.

Contingency Account(1)	$163.8 million(2)
Unrestricted Cash(3)	$298.9 million
PFC Fund balance(4)	$530.2 million
Available Commercial Paper	$496.8 million(5)

(1) The Contingency Account is an account in the Airport Revenue Fund held by the Treasurer of the City. Moneys in the Contingency Account may be applied upon the direction of the Commission to the payment of principal, interest, purchase price or premium payments on Bonds, the payment of operation and maintenance expenses, and the payment of costs related to any additions, improvements, repairs, renewals or replacements to the Airport, in each case only if and to the extent that moneys otherwise available to make such payments are insufficient therefor.
(2) Does not include accounting adjustments or accrued interest income.
(3) Estimated based on data available as of April 16, 2020. Unrestricted cash and investments are held by the City's Treasurer. Unrestricted Cash as of March 31, 2020 is net of the monthly debt service transfer of $40.8 million transferred to the Bond trustee for April 2020. The amount of unrestricted cash changes frequently, sometimes substantially.
(4) Amounts in the PFC Fund may be designated by the Commission as Revenues to offset debt service on Bonds.
(5) The Commission is authorized to have up to $500 million outstanding at any one time under its commercial paper program, provided that liquidity support is available. As of March 31, 2020, approximately $3.2 million is outstanding.

The Commission also has reserve accounts with respect to most of its Bonds, as described in the Official Statement for the Series 2019EFGH Bonds. As of March 31, 2020, each of these accounts contained cash and permitted investments in excess of the respective reserve requirements. As of March 31, 2020, the respective reserve accounts held the following amounts of cash and permitted investments:

Original Reserve Account	$519.8 million(1)
2009 Reserve Account	$8.7 million
2017 Reserve Account	$53.8 million

(1) The Original Reserve Account also contain surety bonds, which are not reflected in the amounts identified in the table.

In addition, capitalized interest accounts with respect to certain Bonds contain a total of approximately $128.9 million that is to be used to pay interest on such Bonds.

Operations and Assistance to Concessionaires

The Airport has taken measures to promote social distancing in public areas for health and safety purposes. These measures include reconfiguring seating areas to keep passengers appropriately separated, installing signage to remind individuals to follow social distancing guidelines, and additional sanitation of high-touch areas. In addition, in keeping with applicable local County Public Health Officer orders, Airport management issued an Airport Operations Bulletin on April 21, 2020, requiring Commission employees, tenants, vendors, permit holders, contractors, personnel of public agencies operating at the Airport, and passengers and other members of the public to wear a mask or other face covering to cover their nose and mouth while on-site at the Airport. Masks are being provided to arriving passengers.

On March 18, 2020, the Commission offered most of its concessionaires the option to defer most rent payments for March and April 2020, to be repaid over the twelve-month period ending June 1, 2021. The Commission has not offered a similar option to the airlines.

The majority of the Commission's retail and food and beverage leases are structured for the Commission to receive a percentage of gross revenues or a minimum annual guarantee ("MAG"), whichever is higher. However, the Airport's concession agreements with tenants generally provide that the MAG is temporarily suspended, and the tenant is required to pay only the percentage rent, if monthly enplanements in the relevant boarding area of the Airport are less than 80% of the enplanements of the same month in the calendar year immediately prior to the year in which the concession is awarded (the "reference month"), and this shortfall continues for three consecutive months. The MAG is reinstated once monthly enplanements equal or exceed 80% of the enplanements of the reference month for two consecutive months. The Commission anticipates that a significant number of MAGs are likely to be suspended beginning in June 2020, though when and whether suspensions occur will vary depending on the terms of specific agreements.

Other Measures

The Airport has taken a number of measures to reduce its operating expenses, including suspending all non-critical hiring; suspending all employee travel; reviewing all operating budget professional service contracts and suspending work on contracts that are non-essential; suspending contract labor rate increases for all contracts; reducing the operational footprint and equipment operation to the extent possible, as described above; reducing AirTrain fleet operation; reducing service contracts that support certain Airport operations, and are directly correlated to passenger loads; and reducing and prioritizing operating budget capital projects.

The Airport is also looking for opportunities to reduce the near-term costs of its Capital Improvement Plan, defer projects where necessary or appropriate, and scale ongoing and future projects appropriately in response to the rate of recovery of the air travel industry. Approximately $5.1 billion of the $7.3 billion Ascent Program's contracts have been awarded, with about $2.7 billion of the work completed.[1] Approximately $339 million, which represents approximately 46% of the $739 million budgeted discretionary reserve for the Ascent Program, remains available to mitigate construction risks for the remaining project costs as of February 29, 2020. The Commission had approximately $1.1 billion in bond proceeds in construction funds to be applied to projects in the Capital Improvement Plan as of March 31, 2020. The shelter-in-place orders require the suspension of certain ongoing projects deemed non-

[1] The Ascent Program was established in 2017 and includes $7.3 billion in projects out of the total $7.6 billion in the current Fiscal Year 2019-20 five-year Capital Improvement Plan.

essential, and the Airport is still assessing the cost impact of those suspensions. In addition, the Airport has delayed the approximately $1 billion Terminal 3 West renovation project by at least six months. This project was originally planned to begin construction in June 2020 with completion in Fall 2023. This postponement will not affect airline operations at the Airport. The Commission expects to delay the planned issuance of additional Bonds as a result of project deferrals.

Scenario for Internal Planning Purposes

Given that there is new information related to the COVID-19 virus on a daily basis, and the near-term and medium-term cannot be predicted with any degree of certainty, Airport management is planning for the future using a scenario that includes an approximately 90% average reduction in passenger enplanements for the months of April through June 2020 compared to the prior year, and full-year Fiscal Year 2019-20 enplanements down by 28.4% compared to Fiscal Year 2018-19. For Fiscal Year 2020-21 and following years, the scenario includes a U-shaped recovery over three years, whereby enplanement levels recover to actual Fiscal Year 2018-19 levels (28.6 million) in Fiscal Year 2022-23. Given the ongoing uncertainty regarding progress in fighting COVID-19 and when the general economy and the aviation sector can be expected to begin to recover, Airport management will continue to evaluate and may revise the scenario. Because a recovery of passenger traffic will depend on future actions and events, such as federal and state responses to the COVID-19 pandemic and the resulting severe economic contraction, Airport management is unable to predict or project future passenger traffic and can only make planning decisions based on assumed scenarios.

Using the enplanements from the U-shaped scenario described above, the Airport's consultants developed projections of revenues, expenses, debt service, debt service coverage, and cost per enplaned passenger through Fiscal Year 2026-27 that are attached as Exhibit 2. The Airport's projected debt service coverage based on the scenario exceeds the 125% required by the rate covenant under the master resolution pursuant to which the Bonds were issued (as described in the Official Statements for the Bonds) in each Fiscal Year. Key assumptions underlying the attached scenario (which may differ from the facts disclosed above) include:

- Portions of the Capital Improvement Plan are deferred or delayed as described above, along with related financing requirements
- Delay in the issuance of future Bonds, with the next issue occurring in January 2021 and then additional issuances annually in Fiscal Year 2021-22 through Fiscal Year 2023-24
- Assumed interest rates on future Bonds of 6.0%
- 4.7% operation and maintenance (O&M) expense reduction in Fiscal Year 2019-20
- 10% O&M expense reduction in Fiscal Year 2020-21
- PFCs will continue to be designated and applied to debt service annually, as set forth in Exhibit 2
- Future PFC applications are approved by the FAA, including requests to apply PFC collections to eligible debt service for capital projects such as terminal redevelopment
- No rents or fees from concessionaires and other tenants are assumed to be forgiven, although there may be short-term deferrals, and concessionaires and other tenants are able to pay the rent and fees owed

- Ground transportation and concession revenues are assumed to decline and then recover with related passenger traffic; concessions with MAGs are assumed to be suspended beginning in June 2020 and reinstated in Fiscal Year 2022-23

- Airlines are able to pay the rentals, fees and charges calculated per the Airline Use and Lease Agreement; airline financial conditions are not an impediment

- Airline rates and charges methodology assumed to remain fully residual after June 30, 2021, which is the termination date of the current Lease and Use Agreements between the Commission and signatory airlines

Additionally, the scenario analysis attached as Exhibit 2 assumes approval by the Commission and the City Board of Supervisors of the acceptance of funds under the CARES Act and the use of approximately $127 million per year of CARES Act grants-in-aid in Fiscal Year 2019-20 and Fiscal Year 2020-21. These grants-in-aid are assumed to be treated as deductions to O&M Expenses in this financial scenario in addition to the O&M Expense reductions described above; in effect, CARES Act funding is assumed to reduce airline revenues on a dollar-for-dollar basis under the Airport's residual ratemaking methodology.

As shown in Exhibit 2, under the Commission's internal planning scenario, it expects to be able to meet all its obligations as they come due and to comply with its debt service coverage requirements.

Additional detail is included in the document entitled "COVID-19 Discussion and Updates dated April 30, 2020," and other information is available, on the Airport's website at https://www.flysfo.com/about-sfo/investor-relations under the heading "COVID-19 Notices and Updates."

The COVID-19 outbreak is ongoing, and its dynamic nature leads to uncertainties, including (i) the geographic spread of the virus; (ii) the severity of the disease; (iii) the duration of the outbreak; (iv) actions that may be taken by governmental authorities to contain or mitigate the outbreak; (v) the development of medical therapeutics or vaccinations; (vi) travel restrictions and the demand for air travel, including at the Airport; (vii) the impact of the outbreak on the local or global economy or on the airlines and concessionaires serving the Airport, or on the airline or travel industry generally; (viii) whether and to what extent the Commission may provide deferrals, forbearances, adjustment or other changes to the Commission's arrangements with airlines, tenants and concessionaries; and (ix) the impact of the outbreak and actions taken in response to the outbreak on the Commission's revenues, expenses and financial condition.

The publication of this statement does not constitute or imply any representation (i) that all of the foregoing is material to investors, (ii) regarding any other financial, operating or other information about the Commission, Airport or its bonds or (iii) that no other circumstances or events have occurred or that no other information exists concerning the Commission, its bonds or the Airport which may have a bearing on the financial condition of the Commission, the security for its bonds, or an investor's decision to buy, sell or hold any bonds.

By posting this statement, the Commission does not undertake to post any additional statement. The Commission disclaims any obligation to update this statement.

EXHIBIT 1
AIRLINE INFORMATION

The Commission cannot and does not assume any responsibility for the accuracy or completeness of any information contained or referred to herein regarding the business operations or financial condition of any of the airlines serving the Airport.

Each of the principal domestic airlines serving the Airport, or their respective parent corporations, and foreign airlines serving the Airport with American Depository Receipts (“ADRs”) registered on a national exchange are subject to the information requirements of the Securities Exchange Act of 1934, and in accordance therewith files reports and other information with the Securities and Exchange Commission (“SEC”). Certain information, including financial information, concerning such domestic airlines or their respective parent corporations and such foreign airlines, is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected at the Public Reference Room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549; and the offices of The New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005 (for certain airlines whose stock or whose parent’s stock is traded on the New York Stock Exchange). Copies of such reports and statements can be obtained from the Public Reference Room, at prescribed rates or from the SEC website at: http://www.sec.gov (the information on such web site is not incorporated by reference herein). In addition, each airline is required to file periodic reports of financial operating statistics with the U.S. Department of Transportation (“U.S. DOT”). Such reports can be inspected at the Bureau of Transportation Statistics, Research and Innovative Technology Administration, Department of Transportation, 1200 New Jersey Avenue, SE, Washington, DC 20590.

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

EXHIBIT 2

SUMMARY OF PLANNING SCENARIO

Exhibit 2-1

SUMMARY OF PLANNING SCENARIO

(for Fiscal Years ending June 30; amounts in thousands except rates and ratios)

This scenario is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport Commission management, as described in the accompanying text. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those projections, and the variations could be material.

	Historical 2019	Estimated 2020	Projection 2021	2022	2023	2024	2025	2026	2027
ENPLANED PASSENGERS	28,620	20,500	22,052	24,189	28,620	29,070	29,499	29,915	30,317
Percentage Change	-0.7%	-28.4%	7.6%	9.7%	18.3%	1.6%	1.5%	1.4%	1.3%
DEBT SERVICE COVERAGE									
Revenues (a)	$ 1,065,134	$ 1,024,577	$ 1,110,493	$ 1,354,162	$ 1,438,607	$ 1,537,225	$ 1,582,900	$ 1,590,033	$ 1,601,050
Operation and Maintenance Expenses	(525,222)	(476,414)	(492,145)	(641,701)	(664,708)	(685,637)	(707,241)	(729,541)	(752,562)
Net Revenues	$ 539,913	$ 548,162	$ 618,348	$ 712,461	$ 773,900	$ 851,589	$ 875,660	$ 860,491	$ 848,489
Debt Service on Bonds - Cash Basis	436,459	471,172	538,040	635,166	677,908	760,896	797,031	781,571	761,085
Debt Service Coverage (without Transfer)	124%	116%	115%	112%	114%	112%	110%	110%	111%
Transfer Amount (b)	$ 155,164	$ 117,793	$ 134,510	$ 158,792	$ 169,477	$ 190,224	$ 199,258	$ 195,393	$ 190,271
Debt Service Coverage (with Transfer)	159%	141%	140%	137%	139%	137%	135%	135%	136%
PFCs Classified as Revenues	$ 63,260	$ 87,886	$ 175,657	$ 245,457	$ 105,157	$ 180,157	$ 185,157	$ 115,657	$ 115,657
AIRLINE FEES AND CHARGES									
Landing Fee Rate	$ 5.54	$ 6.42	$ 5.15	$ 7.18	$ 8.14	$ 7.87	$ 8.13	$ 9.22	$ 9.07
Average Terminal Rate	179.21	169.95	174.14	205.30	245.99	249.61	257.12	265.72	265.97
Airline Payments per Enplaned Passenger	16.49	24.01	21.72	25.10	26.61	26.49	26.81	28.52	28.07
CONCESSION REVENUES									
Concession Revenues	$ 327,412	$ 241,991	$ 263,269	$ 298,583	$ 358,634	$ 368,828	$ 377,178	$ 385,534	$ 393,879
Concession Revenues per Enplaned Passenger	$ 11.44	$ 11.80	$ 11.94	$ 12.34	$ 12.53	$ 12.69	$ 12.79	$ 12.89	$ 12.99
Percentage Change	6.2%	3.2%	1.1%	3.4%	1.5%	1.3%	0.8%	0.8%	0.8%

(a) Revenue totals include PFCs classified as Revenues.
(b) Transfer amounts for FY 2020 to FY 2027 are limited to 25% of annual Debt Service for the purposes of this scenario.
Note: Figures may not sum to totals due to rounding.
Sources: Historical - Airport Commission; Estimated and Projection - LeighFisher.

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