

# **Report Under Section 4026(b)(1)(C) of the CARES Act on Loans to Air Carriers, Eligible Businesses, and National Security Businesses**

**January 4, 2021**

## **Program Description**

Section 4003 of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) authorizes the Treasury Department to make loans, loan guarantees, and other investments to provide liquidity to eligible businesses related to losses incurred as a result of coronavirus.

The CARES Act provides:

- (1) up to \$25 billion for loans and loan guarantees for passenger air carriers; eligible businesses that are certified under 14 CFR part 145 and approved to perform inspection, repair, replace, or overhaul services; and ticket agents (as defined in 49 U.S.C. § 40102);
- (2) up to \$4 billion for loans and loan guarantees for cargo air carriers; and
- (3) up to \$17 billion for loans and loan guarantees for businesses critical to maintaining national security.

A loan or loan guarantee under section 4003 may be made in such form and on such terms and conditions and contain such covenants, representations, warranties, and requirements as the Treasury Secretary determines appropriate. However, the CARES Act specifies a number of requirements applicable to these loans. Among other requirements under the statute, borrowers must agree to maintain employment levels as of March 24, 2020 to the extent practicable, and in any case not reduce their employment levels by more than 10 percent from the levels on such date, until September 30, 2020. Borrowers must also agree to certain restrictions on employee compensation; agree not to repurchase stock, except to the extent required under a contractual obligation in effect as of March 27, 2020; and agree not to pay dividends or make other capital distributions with respect to the borrower's common stock until 12 months after the loan has been repaid.

In addition, the CARES Act requires that Treasury receive a warrant or equity instrument in the borrower if the borrower is a public company (unless Treasury determines that the issuance of warrants or equity is infeasible, in which case the company must provide a senior debt instrument), or a warrant, equity instrument, or senior debt instrument if the borrower is a private company, to compensate taxpayers.

## **Reporting Requirements**

The CARES Act requires Treasury to make a number of disclosures regarding its loans and loan guarantees under section 4003 of the CARES Act:

- (1) under section 4026(a) of the CARES Act, not later than 72 hours after any transaction under section 4003(b)(1), (2), or (3) of the CARES Act, Treasury must publish on its website a description of the transaction, certain transaction terms, and transaction documentation;
- (2) under section 4026(b)(1)(A) of the CARES Act, not later than seven days after any loan or loan guarantee under section 4003(b)(1), (2), or (3), Treasury must submit to Congress a report summarizing the actions taken under those provisions and certain related financial information;
- (3) under section 4026(b)(1)(B) of the CARES Act, not later than seven days after delivering the report to Congress described above, Treasury must publish the report on its website; and
- (4) under section 4026(b)(1)(C) of the CARES Act, every 30 days while a loan or loan guarantee under section 4003(b)(1), (2), or (3) is outstanding, Treasury must publish on its website a report summarizing its reports to Congress described above.

Treasury has published the information and reports described above on its website at <https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry/loans-to-air-carriers-eligible-businesses-and-national-security-businesses>.

### **Current Report**

This report summarizes information about transactions under sections 4003(b)(1), (2), and (3) of the CARES Act. This report reflects 35 outstanding loans.

*(See next page)*

**DETAILED FINANCIAL STATEMENT**

<b>Borrower Name</b>	<b>Borrower Type<sup>1</sup></b>	<b>City<sup>2</sup></b>	<b>State<sup>2</sup></b>	<b>Date of Loan Agreement</b>	<b>Maturity Date</b>	<b>Total Anticipated Loan Amount</b>	<b>Disbursements<sup>3</sup></b>	<b>Total Outstanding Loan Amount<sup>4</sup></b>	<b>Cash Interest Receipts</b>
Aero Hydraulics Inc.	Repair Station Operator	Fayetteville	GA	10/26/2020	10/24/2025	\$450,000	\$450,000	\$455,751	\$0
Alaska Airlines, Inc. <sup>5</sup>	Passenger Air Carrier	Seattle	WA	9/28/2020 (amended 10/3/2020)	9/26/2025	\$1,928,000,000	\$135,000,000	\$135,000,000	\$0
Allflight Corporation	Repair Station Operator	Kent	WA	11/5/2020	11/5/2025	\$4,721,260	\$4,721,260	\$4,721,260	\$22,948
American Airlines, Inc. <sup>6</sup>	Passenger Air Carrier	Fort Worth	TX	9/25/2020 (amended 10/21/2020)	6/30/2025	\$7,500,000,000	\$550,000,000	\$550,000,000	\$0
American Jet International Corporation	Passenger Air Carrier	Houston	TX	11/5/2020	11/5/2025	\$1,162,124	\$1,162,124	\$1,162,124	\$6,300
Aviation Management & Repairs, Inc.	Repair Station Operator	Fort Pierce	FL	11/5/2020	11/5/2025	\$4,026,705	\$4,026,705	\$4,048,535	\$0
Bristin Travel, LLC	Ticket Agent	Fayetteville	AR	10/26/2020	10/24/2025	\$549,651	\$549,651	\$554,773	\$0
Caribbean Sun Airlines, Inc. <sup>7</sup>	Passenger Air Carrier	Virginia Garden	FL	11/5/2020 (amended 12/7/2020)	11/5/2025	\$6,768,749	\$6,768,749	\$6,778,872	\$0

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Channel Logistics, LLC	National Security	Camden	NJ	11/12/2020	11/12/2025	\$2,500,000	\$2,500,000	\$2,500,000	\$15,400
Core Avionics & Industrial, Inc.	National Security	Tampa	FL	11/5/2020	11/5/2025	\$6,000,000	\$6,000,000	\$6,000,000	\$58,133
Eastern Airlines, LLC	Passenger Air Carrier	Wayne	PA	10/28/2020	10/28/2025	\$15,000,000	\$15,000,000	\$15,134,400	\$0
Elite Airways, LLC <sup>8</sup>	Passenger Air Carrier	Portland	ME	11/9/2020 (amended 12/1/2020)	11/7/2025	\$2,630,274	\$2,630,274	\$2,637,158	\$0
Frontier Airlines, Inc.	Passenger Air Carrier	Denver	CO	9/28/2020	9/26/2025	\$574,000,000	\$150,000,000	\$150,000,000	\$0
Hawaiian Airlines, Inc. <sup>9</sup>	Passenger Air Carrier	Honolulu	HI	9/25/2020 (amended 10/23/2020)	6/28/2024	\$622,000,000	\$45,000,000	\$45,000,000	\$0
Island Wings, Inc.	Cargo Air Carrier	Ft. Lauderdale	FL	11/5/2020	11/5/2025	\$294,350	\$294,350	\$295,781	\$0
JetBlue Airways Corporation <sup>10</sup>	Passenger Air Carrier	Long Island City	NY	9/29/2020 (amended 11/3/2020)	9/29/2025	\$1,948,000,000	\$115,000,000	\$115,000,000	\$0
Legacy Airways, LLC	Cargo Air Carrier	Conroe	TX	10/20/2020	10/20/2025	\$1,817,306	\$1,817,306	\$1,841,844	\$0

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Map Large, Inc.	National Security	Atlanta	GA	11/2/2020	10/31/2025	\$10,000,000	\$10,000,000	\$10,104,036	\$0
Meridian Rapid Defense Group, LLC	National Security	Pasadena	CA	10/30/2020	10/30/2025	\$7,100,000	\$7,100,000	\$7,100,000	\$79,019
Mesa Airlines, Inc. <sup>11</sup>	Passenger Air Carrier	Phoenix	AZ	10/30/2020	10/30/2025	\$195,000,000	\$195,000,000	\$195,705,106	\$0
Ovation Travel Group, Inc.	Ticket Agent	New York	NY	10/15/2020	10/15/2025	\$20,000,000	\$20,000,000	\$20,294,156	\$0
oVio Technologies, Inc.	National Security	Newport Beach	CA	11/2/2020	10/31/2025	\$1,186,900	\$1,186,900	\$1,199,248	\$0
Republic Airways, Inc. <sup>12</sup>	Passenger Air Carrier	Indianapolis	IN	11/6/2020	11/6/2025	\$58,000,000	\$58,000,000	\$58,000,000	\$30,047
Semastronix, LLC	National Security	Flippin	AR	11/13/2020	11/13/2025	\$1,999,100	\$1,999,100	\$2,009,175	\$0
Semantic AI, Inc.	National Security	San Diego	CA	11/13/2020	11/13/2025	\$506,300	\$506,300	\$509,324	\$0
SkyWest Airlines, Inc. <sup>13</sup>	Passenger Air Carrier	St. George	UT	9/29/2020 (amended 10/28/2020)	9/29/2025	\$725,000,000	\$60,000,000	\$60,000,000	\$0

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Southern Airways Express, LLC.	Passenger Air Carrier	Pompano Beach	FL	10/28/2020	10/28/2025	\$1,838,501	\$1,838,501	\$1,838,501	\$16,473
SpinLaunch, Inc.	National Security	Long Beach	CA	11/13/2020	11/13/2025	\$2,519,200	\$2,519,200	\$2,519,200	\$12,697
Sun Country, Inc.	Passenger Air Carrier	Minneapolis	MN	10/26/2020	10/24/2025	\$45,000,000	\$45,000,000	\$45,419,375	\$0
Thomas Global Systems, LLC	Repair Station Operator	Irvine	CA	11/9/2020	11/7/2025	\$1,400,000	\$1,400,000	\$1,407,590	\$0
Timco Engine Center, Inc.	Repair Station Operator	Oscoda	MI	11/5/2020	11/5/2025	\$8,390,240	\$8,390,240	\$8,435,727	\$0
United Airlines, Inc. <sup>14</sup>	Passenger Air Carrier	Chicago	IL	9/28/2020 (amended 11/6/2020 and 12/8/2020)	9/26/2025	\$7,491,000,000	\$520,000,000	\$520,000,000	\$0
Visual Semantics, Inc.	National Security	Austin	TX	10/30/2020	10/30/2025	\$1,053,200	\$1,053,200	\$1,053,200	\$11,722
Wiser Imagery Services, LLC	National Security	Murfreesboro	TN	10/30/2020	10/30/2025	\$3,069,700	\$3,069,700	\$3,103,864	\$0
YRC Worldwide, Inc.	National Security	Overland Park	KS	7/7/2020	9/30/2024	\$700,000,000	\$551,300,000	\$553,594,683	\$1,437,191

Note: Data are as of the date of this report.

1. Only certain categories of entities are eligible to receive loans under sections 4003(b)(1), (2), and (3) of the CARES Act. Under those provisions, a borrower must be a passenger air carrier; a business that is certified under 14 CFR part 145 and approved to perform inspection, repair, replace, or overhaul services; a ticket agent (as defined in 49 U.S.C. 40102); a cargo air carrier; or a business critical to maintaining national security.
2. The location provided is the address included by the borrowers in their applications and may not indicate all locations in which a borrower operates.
3. "Disbursements" includes all loan disbursements.
4. "Total Outstanding Loan Amount" includes all loan disbursements and increases of loan principal amount arising from payment-in-kind (PIK) interest, less any repayments of principal.
5. Alaska Airlines, Inc. entered into a loan agreement for up to \$1.301 billion on September 28, 2020, and an amendment on October 30, 2020, increasing the maximum loan amount by \$627 million.
6. American Airlines, Inc. entered into a loan agreement for up to \$5.477 billion on September 25, 2020, and an amendment on October 21, 2020, increasing the maximum loan amount by \$2.023 billion.
7. Caribbean Sun Airlines, Inc. entered into a loan agreement for up to \$15 million on November 5, 2020, and an amendment on December 7, 2020, extending the termination date for Treasury's commitment to December 7, 2020, and decreasing the maximum loan amount by \$8,231,251.
8. Elite Airways, LLC entered into a loan agreement for up to \$2,630,274 on November 9, 2020, and an amendment on December 1, 2020, extending the termination date for Treasury's commitment to December 1, 2020.
9. Hawaiian Airlines entered into a loan agreement for up to \$420 million on September 25, 2020, and an amendment on October 23, 2020, increasing the maximum loan amount by \$202 million.
10. JetBlue Airways Corporation entered into a loan agreement for up to \$1.14 billion on September 29, 2020, and an amendment on November 3, 2020, increasing the maximum loan amount by \$808 million.
11. Mesa Airlines, Inc. entered into a loan agreement for up to \$200 million on October 30, 2020, and elected to draw \$43 million on October 30, 2020, and \$152 million on November 13, 2020. Treasury's remaining \$5 million commitment terminated on December 15, 2020.
12. Republic Airlines, Inc. entered into a loan agreement for up to \$77 million on November 6, 2020, and elected to draw \$58 million on December 7, 2020. Treasury's remaining \$19 million commitment terminated on December 15, 2020.
13. SkyWest Airlines, Inc. entered into a loan agreement for up to \$573 million on September 29, 2020, and an amendment on October 28, 2020, increasing the maximum loan amount by \$152 million.
14. United Airlines, Inc. entered into a loan agreement for up to \$5.17 billion on September 28, 2020, an amendment on November 6, 2020, increasing the maximum loan amount by \$2.33 billion, and an additional amendment on December 8, 2020, reducing the maximum loan amount by \$9 million.