

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY



BOARD MEMBERS

DAVID ALVAREZ
LAURIE BERMAN*
BRUCE R. BOLAND
GREG COX
JIM DESMOND
COL. JOHN FARNAM*
ROBERT H. GLEASON
LLOYD B. HUBBS
ERAINA ORTEGA*
PAUL ROBINSON
MARY SESSOM
TOM SMISEK

* EX OFFICIO BOARD MEMBERS

PRESIDENT/CEO
THELLA F. BOWENS

SPECIAL BOARD

AGENDA

Monday, July 7, 2014
9:00 A.M.

San Diego International Airport
Commuter Terminal – Third Floor

Board Room
3225 N. Harbor Drive
San Diego, California 92101

***Live webcasts of Authority Board meetings can be accessed at
http://www.san.org/sdcraa/leadership/board_meetings.aspx***

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. ***Please note that agenda items may be taken out of order.*** If comments are made to the Board without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting, pursuant to State law.

Staff Reports and documentation relating to each item of business on the Agenda are on file in Corporate & Information Governance and are available for public inspection.

NOTE: Pursuant to Authority Code Section 2.15, all Lobbyists shall register as an Authority Lobbyist with the Authority Clerk within ten (10) days of qualifying as a lobbyist. A qualifying lobbyist is any individual who receives \$100 or more in any calendar month to lobby any Board Member or employee of the Authority for the purpose of influencing any action of the Authority. To obtain Lobbyist Registration Statement Forms, contact the Corporate & Information Governance/Authority Clerk Department.

PLEASE COMPLETE A "REQUEST TO SPEAK" FORM PRIOR TO THE COMMENCEMENT OF THE MEETING AND SUBMIT IT TO THE AUTHORITY CLERK. *PLEASE REVIEW THE POLICY FOR PUBLIC PARTICIPATION IN BOARD AND BOARD COMMITTEE MEETINGS (PUBLIC COMMENT) LOCATED AT THE END OF THE AGENDA.*

The Authority has identified a local company to provide oral interpreter and translation services for public meetings. If you require oral interpreter or translation services, please telephone the Corporate & Information Governance/Authority Clerk Department with your request at (619) 400-2400 at least three (3) working days prior to the meeting.

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

PRESENTATION:

A. PRESENTATION OF AWARD TO THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FROM THE AMERICAN PUBLIC WORKS ASSOCIATION:

Presented by Roya Golchoobian, American Public Works Association

REPORTS FROM BOARD COMMITTEES, AD HOC COMMITTEES, AND CITIZEN COMMITTEES AND LIAISONS:

STANDING BOARD COMMITTEES

• **AUDIT COMMITTEE:**

Committee Members: Gleason, Hollingworth, Hubbs, Sessom, Smisek (Chair), Tartre, Van Sambeek

• **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**

Committee Members: Alvarez, Boland (Chair), Gleason, Hubbs, Robinson

• **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**

Committee Members: Boland, Cox, Desmond (Chair), Hubbs, Smisek

• **FINANCE COMMITTEE:**

Committee Members: Alvarez, Cox (Chair), Hubbs, Robinson, Sessom

ADVISORY COMMITTEES

• **AUTHORITY ADVISORY COMMITTEE:**

Liaison: Smisek, Robinson

• **ART ADVISORY COMMITTEE:**

Committee Member: Gleason

LIAISONS

• **AIRPORT LAND USE COMPATIBILITY PLAN FOR SAN DIEGO INTERNATIONAL AIRPORT:**

Liaison: Robinson

- **CALTRANS:**
Liaison: Berman
- **INTER-GOVERNMENTAL AFFAIRS:**
Liaison: Cox
- **MILITARY AFFAIRS:**
Liaisons: Boland
- **PORT:**
Liaisons: Cox, Gleason (Primary), Robinson

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
Representatives: Hubbs, Smisek (Primary)
- **WORLD TRADE CENTER:**
Representatives: Alvarez, Gleason (Primary)

CHAIR'S REPORT:

PRESIDENT/CEO'S REPORT:

NON-AGENDA PUBLIC COMMENT:

Non-Agenda Public Comment is reserved for members of the public wishing to address the Board on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Board. Please submit a completed speaker slip to the Authority Clerk. ***Each individual speaker is limited to three (3) minutes. Applicants, groups and jurisdictions referring items to the Board for action are limited to five (5) minutes.***

Note: Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board.

CONSENT AGENDA (Items 1-14):

The consent agenda contains items that are routine in nature and non-controversial. Some items may be referred by a standing Board Committee or approved as part of the budget process. The matters listed under 'Consent Agenda' may be approved by one motion. Any Board Member may remove an item for separate consideration. Items so removed will be heard before the scheduled New Business Items, unless otherwise directed by the Chair.

1. APPROVAL OF MINUTES:

The Board is requested to approve minutes of prior meetings.

RECOMMENDATION: Approve the minutes of the May 22, 2014, special meeting, and the June 5, 2014, regular meeting.

2. ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS AND PRE-APPROVAL OF ATTENDANCE AT OTHER MEETINGS NOT COVERED BY THE CURRENT RESOLUTION:

The Board is requested to accept the reports.

RECOMMENDATION: Accept the reports and pre-approve Board member attendance at other meetings, trainings and events not covered by the current resolution.

(Corporate & Information Governance: Tony Russell, Director/ Authority Clerk)

3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM MAY 12, 2014, THROUGH JUNE 8, 2014, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM MAY 12, 2014, THROUGH JUNE 8, 2014:

The Board is requested to receive the report.

RECOMMENDATION: Receive the report.

(Procurement: Jana Vargas, Director)

4. JULY 2014 LEGISLATIVE REPORT:

The Board is requested to approve the report.

RECOMMENDATION: Adopt Resolution No. 2014-0061, approving the July 2014 Legislative Report.

(Inter-Governmental Relations: Michael Kulis, Director)

5. APPROVE APPOINTMENTS TO THE ART ADVISORY COMMITTEE:

The Board is requested to approve the appointments.

RECOMMENDATION: Adopt Resolution No. 2014-0062, approving the appointment of Ben Fyffe and Deborah L. Van Huis to the Art Advisory Committee.

(Vision, Voice & Engagement: Constance White, Art Program Manager)

CLAIMS

6. REJECT THE CLAIM OF LLOYD LEE CHAPMAN:

The Board is requested to reject the claim.

RECOMMENDATION: Adopt Resolution No. 2014-0063, rejecting the claim of Lloyd Lee Chapman.

(Legal: Breton Lobner, General Counsel)

COMMITTEE RECOMMENDATIONS

CONTRACTS AND AGREEMENTS

7. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE SECOND AMENDMENTS TO THE ON-CALL HEATING, VENTILATION, AND AIR CONDITIONING SERVICES AGREEMENTS WITH (1) HELIX MECHANICAL, INC.; (2) ENDLESS SUMMER HEATING & AIR CONDITIONING, INC.; AND (3) DUWRIGHT CONSTRUCTION, INC.:

The Board is requested to approve the amendments.

RECOMMENDATION: Adopt Resolution No. 2014-0064, approving and authorizing the President/CEO to execute Second Amendments to the agreements with (1) Helix Mechanical, Inc.; (2) Endless Summer Heating & Air Conditioning, Inc.; and (3) DuWright Construction, Inc., increasing the total amount payable by \$900,000 for an aggregate total not-to-exceed compensation amount of \$1,890,000 for all three firms.

(Facilities Management: Murray Bauer, Director)

8. AUTHORIZE THE AUTHORITY TO SUBMIT A GRANT PROPOSAL TO THE CALIFORNIA OCEAN PROTECTION COUNCIL TO FUND ADVANCED HYDRODYNAMIC SEA LEVEL RISE MODELING IN COORDINATION WITH SCRIPPS INSTITUTION OF OCEANOGRAPHY AND IN PARTNERSHIP WITH THE SAN DIEGO UNIFIED PORT DISTRICT:

The Board is requested to authorize the submission of a grant proposal.

RECOMMENDATION: Adopt Resolution No. 2014-0065, authorizing the Authority to submit a grant proposal to the California Ocean Protection Council to fund advanced hydrodynamic and sea level rise modeling in coordination with the Scripps Institution of Oceanography and in partnership with the San Diego Unified Port District.

(Development: Jeffrey Woodson, Vice President)

CONTRACTS AND AGREEMENTS AND/OR AMENDMENTS TO CONTRACTS AND AGREEMENTS EXCEEDING \$1 MILLION

9. AWARD A CONTRACT TO G&G SPECIALTY CONTRACTORS, INC., FOR QUIETER HOME PROGRAM PHASE 7, GROUP 11 (32 HISTORIC AND NON-HISTORIC SINGLE AND MULTI-FAMILY UNITS ON 19 RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE AIRPORT):

The Board is requested to award a contract.

RECOMMENDATION: Adopt Resolution No. 2014-0066, awarding a contract to G&G Specialty Contractors, Inc. in the amount of \$1,462,824, for Phase 7, Group 11, Project No. 380711, of the San Diego County Regional Airport Authority's Quieter Home Program.
(Airport Planning: Keith Wilschetz, Director)

10. AWARD A CONTRACT TO THYSSENKRUPP AIRPORT SYSTEMS, INC., TO REPLACE PASSENGER BOARDING BRIDGES IN TERMINAL 1 AT SAN DIEGO INTERNATIONAL AIRPORT:

The Board is requested to award a contract.

RECOMMENDATION: Adopt Resolution No. 2014-0068, awarding a contract to Thyssenkrupp Airport Systems, Inc., in the amount of \$1,929,571, for Project No. 104178, Replace Passenger Boarding Bridges in Terminal 1 at San Diego International Airport.
(Facilities Development: Iraj Ghaemi, Director)

11. AWARD A CONTRACT TO HEARNE CORPORATION TO RECONFIGURE SECURITY CHECKPOINT 2/REFURBISH TERMINAL 1 ROTUNDAS & BAGGAGE CLAIM AREA AT SAN DIEGO INTERNATIONAL AIRPORT:

The Board is requested to award a contract.

RECOMMENDATION: Adopt Resolution No. 2014-0069, awarding a contract to Hearne Corporation in the amount of \$3,829,623, for Project No. 104179, Reconfigure Security Checkpoint 2/Refurbish Terminal 1 Rotundas & Baggage Claim Area at San Diego International Airport.

(Facilities Development: Iraj Ghaemi, Director)

12. AWARD A CONTRACT TO VASQUEZ CONSTRUCTION COMPANY FOR TERMINAL FLIGHT INFORMATION DISPLAY SYSTEM (FIDS) UPGRADE AT SAN DIEGO INTERNATIONAL AIRPORT:

The Board is requested to award a contract.

RECOMMENDATION: Adopt Resolution No. 2014-0070, awarding a contract to Vasquez Construction Company in the amount of \$246,612, for Project No. 104180, Terminal Flight Information Display Systems (FIDS) Upgrade at San Diego International Airport.

(Facilities Development: Iraj Ghaemi, Director)

13. AWARD OF A CONSTRUCTION CONTRACT TO HAZARD CONSTRUCTION COMPANY FOR TERMINAL LINK ROAD:

The Board is requested to award a contract.

RECOMMENDATION: Adopt Resolution No. 2014-0071, awarding a construction contract to Hazard Construction Company in the amount of \$8,889,727.75, for Project No. 104134, Terminal Link Road at San Diego International Airport.

(Airport Planning: Keith Wilschetz, Director)

14. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A SECOND AMENDMENT TO THE AGREEMENT WITH SIEMENS INDUSTRY, INC., FOR OPERATION AND MAINTENANCE OF TERMINAL 2 WEST IN-LINE BAGGAGE HANDLING SYSTEM:

The Board is requested to execute an amendment.

RECOMMENDATION: Adopt Resolution No. 2014-0077, approving and authorizing the President/CEO to execute a Second Amendment to the agreement with Siemens Industry, Inc., for operation and maintenance of Terminal 2 West in-line baggage handling system ("BHS"), increasing compensation by \$643,430.10 for a total not-to-exceed amount of \$2,032,121.10 and extending the term to expire December 31, 2014.

(Planning & Operations: Angela Shafer-Payne, Vice President)

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

15. CONSTRUCTION OF A TERMINAL 2 PARKING PLAZA:

The Board is requested to provide direction to staff.

RECOMMENDATION: Adopt Resolution No. 2014-0078, providing direction to staff for construction of a Terminal 2 Parking Plaza, and approving the Addendum to the 2008 Final Environmental Impact Report.

(Development: Jeffrey Woodson, Vice President)

16. REVIEW AND APPROVAL OF GROUND TRANSPORTATION STANDARDS FOR TAXICAB AND VEHICLE FOR HIRE MEMORANDUMS OF AGREEMENT:

The Board is requested to approve the Memorandums of Agreement.

RECOMMENDATION: Adopt Resolution No. 2014-0072, approving the revised Taxicab and Vehicle for Hire Responsibilities, Associated Standards and Requirements relating to Memorandums of Agreement with Ground Transportation Consortiums and Providers.

(Ground Transportation: David Boenitz, Director)

17. APPROVAL OF AMENDMENTS TO AUTHORITY CODE §9.11 THROUGH CODE §9.15 AND CODE §9.19, CODE §9.21, CODE §9.24, CODE §9.33 AND CODE §9.34 REGARDING TRANSPORTATION NETWORK COMPANIES:

The Board is requested to approve the amendments.

RECOMMENDATION: Adopt Resolution No. 2014-0073, approving amendments to Authority Code §9.11 – Transportation Service Regulations; Code §9.12 – Ground Transportation Service Permits; Code §9.13 – **Driver’s Permits**; Code §9.14 – Insurance; Code §9.15 – Vehicle Registration; Code §9.19 – Insurance and Transfer; Code §9.21 – Vehicle Condition; Code §9.24 – Violations; Code §9.33 – Parking Regulations – Enforcement; and Code §9.34 – Parking Restrictions, regarding permit requirements and regulations applicable to Transportation Network Companies.

(Ground Transportation: David Boenitz, Director)

18. APPROVAL OF A BUSINESS PERFORMANCE INCENTIVE (AN EMPLOYEE PERFORMANCE COMPENSATION PROGRAM):

The Board is requested to approve the program.

RECOMMENDATION: The Executive Committee recommends that the Board adopt Resolution No. 2014-0074, approving the Business Performance Incentive (an Employee Performance Compensation Program).

(Talent, Culture & Capability: Kurt Gering, Director)

19. AUTHORIZATION OF A REVOLVING LINE OF CREDIT FOR AN AMOUNT UP TO \$125,000,000:

The Board is requested to authorize the revolving line of credit.

RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2014-0076, (1) authorizing the issuance and/or incurrence of San Diego County Regional Airport Authority subordinate airport revenue revolving obligations from time to time in the form of a revolving line of credit in an aggregate principal amount not-to-exceed \$125,000,000; (2) revoking the authorization to issue commercial paper notes; and (3) approving a Third Supplemental Subordinate Trust Indenture, a Revolving Credit Agreement, a Fourth Supplemental Senior Trust Indenture and certain related matters.

(Finance & Asset Management: Scott Brickner, Vice President/Treasurer)

20. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH PORTER NOVELLI, INC. FOR PUBLIC OUTREACH SERVICES IN SUPPORT OF THE RENTAL CAR CENTER DEVELOPMENT PROJECT, AIRPORT DEVELOPMENT PLAN AND OTHER AUTHORITY PROGRAMS AND INITIATIVES OF SAN DIEGO INTERNATIONAL AIRPORT:

The Board is requested to execute an agreement.

RECOMMENDATION: Adopt Resolution No. 2014-0067, authorizing the President/CEO to execute an agreement with Porter Novelli, Inc. for public outreach services for a three-year term with two one-year options exercisable at the sole discretion of the President/CEO for a total not-to-exceed amount of \$3,100,000 should both option years be exercised.

(Vision, Voice & Engagement: Diana Lucero, Director)

CLOSED SESSION:

21. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

(Real property negotiations pursuant to Cal. Gov. Code § 54954.5(b) and § 54956.8.)
Property: Salt Plant – 17 acre parcel located at 1470 Bay Boulevard, San Diego.
Agency Negotiators: Scott Brickner, Finance & Asset Management, Vice President/Treasurer.
Negotiating Parties: San Diego Gas & Electric, United States Fish and Wildlife Service, GGTW, LLC (current tenant) and/or other interested parties.
Under Negotiation: Sale – terms and conditions.

22. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:

(Cal. Gov. Code § 54956.9(a) and (d)(1).)
Diego Concession Group, Inc. v. San Diego County Regional Airport Authority,
San Diego Superior Court Case No. 37-2012-00088083-CU-BT-CTL

23. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:

(Cal. Gov. Code § 54956.9(a) and (d)(1).)
Dryden Oaks, LLC v. San Diego County Regional Airport Authority, et al.,
San Diego Superior Court, North County, Case No. 37-2014-00004077-CU-EI-NC

24. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Cal. Gov. Code § 54956.9(a) and (d)(1).)
Cornelius White v. San Diego County Regional Airport Authority,
San Diego Superior Court Case No. 37-2013-00057745-CU-WT-CTL.

25. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Cal. Gov. Code § 54956.9(a) and (d)(1).)
Donna Wilson; John Wilson v. San Diego Port Authority; San Diego International Airport;
San Diego County Regional Airport Authority
San Diego Superior Court Case No. 37-2014-00015326-CU-PO-CTL (Meyer)

26. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

(Initiation of litigation pursuant to Cal. Government Code § 54956.9(d).)
Number of cases: 1

27. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION AND EXISTING LITIGATION:

(Significant exposure to litigation pursuant to Cal. Gov. Code §§ 54956.9(a) and 54956.9(b).)
Jay A. Bass, et al/v. San Diego City Employees' Retirement System, et al.,
San Diego Superior Court Case No. 37-2013-00077566-CU-OE-CTL

28. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

(Significant exposure to litigation pursuant to Cal. Gov. Code §§ 54956.9 (b) and 54954.5.)
Re: Investigative Order No. R9-2012-0009 by the California Regional Water Quality Control Board regarding submission of technical reports pertaining to an investigation of bay sediments at the Downtown Anchorage Area in San Diego.
Number of potential cases: 1

29. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

(Initiation of litigation pursuant to Cal. Government Code § 54956.9(d).)
Number of cases: 2

30. PUBLIC EMPLOYMENT PERFORMANCE EVALUATION:

Cal. Gov. Code §54957
Title: President/Chief Executive Officer

31. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957
Title: General Counsel

32. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957
Title: Chief Auditor

REPORT ON CLOSED SESSION:

NON-AGENDA PUBLIC COMMENT:

Non-Agenda Public Comment is reserved for members of the public wishing to address the Board on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Board. Please submit a completed speaker slip to the Authority Clerk. ***Each individual speaker is limited to three (3) minutes. Applicants, groups and jurisdictions referring items to the Board for action are limited to five (5) minutes.***

Note: Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board.

GENERAL COUNSEL REPORT:

BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REPORTS FOR BOARD MEMBERS, PRESIDENT/CEO, CHIEF AUDITOR AND GENERAL COUNSEL WHEN ATTENDING CONFERENCES, MEETINGS, AND TRAINING AT THE EXPENSE OF THE AUTHORITY:

BOARD COMMENT:

ADJOURNMENT:

Policy for Public Participation in Board, Airport Land Use Commission (ALUC), and Committee Meetings (Public Comment)

- 1) Persons wishing to address the Board, ALUC, and Committees shall complete a "Request to Speak" form prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to complete a form shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section at the beginning of the agenda is limited to eighteen (18) minutes and is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board. A second Public Comment period is reserved for general public comment later in the meeting for those who could not be heard during the first Public Comment period.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees. Public comment on specific items is limited to twenty (20) minutes – ten (10) minutes for those in favor and ten (10) minutes for those in opposition of an item. Each individual speaker will be allowed three (3) minutes, and applicants and groups will be allowed five (5) minutes.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.
- 6) After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

Additional Meeting Information

NOTE: This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2400 at least three (3) working days prior to the meeting to ensure availability.

For your convenience, the agenda is also available to you on our website at www.san.org.

For those planning to attend the Board meeting, parking is available in the public parking lot located directly in front of the Commuter Terminal. Bring your ticket to the third floor receptionist for validation.

You may also reach the Commuter Terminal by using public transit via the San Diego MTS system, Route 992. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.

UPCOMING MEETING SCHEDULE

<i>Date</i>	<i>Day</i>	<i>Time</i>	<i>Meeting Type</i>	<i>Location</i>
September 4	Thursday	9:00 a.m.	Regular	Board Room
October 2	Thursday	9:00 a.m.	Regular	Board Room

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, MAY 22, 2014
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM

CALL TO ORDER: Vice Chair Smisek called the special meeting of the San Diego County Regional Airport Authority Board to order at 9:50 a.m. on Thursday, May 22, 2014, in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 North Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Board Member Alvarez led the Pledge of Allegiance.

ROLL CALL:

PRESENT: Board Members: Alvarez, Cox, Gleason, Hubbs,
Robinson, Sessom, Smisek

ABSENT: Board Members: Berman (Ex Officio), Boland, Desmond,
Farnam (Ex Officio), Ortega (Ex Officio)

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton K. Lobner, General Counsel;
Lorraine Bennett, Assistant Authority Clerk II; Sara Real, Assistant
Authority Clerk I

Chair Gleason arrived at 10:10 a.m.

Board Member Cox arrived at 10:11 a.m.

Vice Chair Smisek called for a moment of silence in honor of Eduardo Lopez, who passed away from an industrial accident at a San Diego International Airport construction site.

PUBLIC HEARINGS: None

OLD BUSINESS: None

BUDGET WORKSHOP:

1. DISCUSSION REGARDING THE FISCAL YEAR 2015 PROPOSED BUDGET AND FISCAL YEAR 2016 PROPOSED CONCEPTUAL BUDGET:

Thella F. Bowens/President/CEO, provided a brief overview of the agenda regarding the Fiscal Year 2015 Proposed Budget and Fiscal Year 2016 Proposed Conceptual Budget, which included Organizational Strategies; Organizational Initiatives; Organizational Goals; and Economic, Industry and Credit Overview.

Scott Brickner, Vice President, Finance & Asset Management/Treasurer, provided a presentation on the Fiscal Year 2015 Proposed Budget and Fiscal Year 2016 Proposed Conceptual Budget, which included Budget Objectives; Budget Guidelines; Budget Overview; Revenue Budget Overview; Expense Budget Overview; and SDCRAA Organizational Chart.

In regards to the proposed parking rate increases, Board Member Sessom requested that staff provide data on the number of passengers that park in the Terminal 1, Terminal 2, and Commuter Terminal parking lots for the 0-30 minute time frame.

In response to Board Member Alvarez regarding ground transportation permitting compliance issues with the Uber and Lyft transportation networks, Ms. Bowens stated that the Board will have a full discussion regarding ground transportation at its September meeting.

ADRIAN KWIATKOWSKI, SAN DIEGO, representing the Transportation Alliance Group (TAG), provided a presentation on ground transportation issues, and requested that staff continue working with the TAG on finalizing alternate proposals for vehicle permit fees and discounts.

LISA MCGHEE, SAN DIEGO, expressed concerns regarding ground transportation trip fees.

TONY HUESO, SAN DIEGO, expressed concerns about the taxicab industry's market share with the Transportation Network Companies (TNC's), and requested that the General Counsel issue a cease and desist order to those TNC's who are operating illegally at the airport.

In response to Board Member Sessom regarding the jump in parking revenue for fiscal year 2016, Mr. Brickner stated that this is due to a combination of the recovery of the Terminal 2 lot, and also enplanement increases since 2010.

Chair Gleason requested that staff provide a report on parking revenue that shows how much of the increase is due to volume and how much is due to price.

In response to Chair Gleason regarding limited duration appointments, Angela Shafer-Payne, Vice President, Operations, stated that four Airport Traffic Officer positions are being maintained as limited duration while a new alternative work schedule is being tried out in fiscal year 2015, which, if successful, will determine whether these positions can be eliminated in next year's budget.

Chair Gleason requested that when discussing categories of employees, that staff keep the limited duration employees separate.

Jeffrey Woodson, Vice President, Development, provided an overview of the Capital Program Budget for Fiscal Years 2015-2019.

Board Member Sessom requested that staff provide data on how many parking spots will be recaptured due to the Employee Parking Lot 6 Expansion.

In regards to the proposed costs for the Air Freight Building's Roof Replacement projects, Board Member Smisek suggested that staff begin to look at moving the affected buildings sooner rather than later. Thella F. Bowens, President/CEO, stated that a total cost benefit analysis is performed for such projects to determine the impacts and the long-term useful life of the buildings.

Chair Gleason requested that staff provide a list of small market-share operators for the Rental Car Center.

In response to Board Member Hubbs regarding the Attorney General's Memorandum of Understanding for Alternative Fuel Vehicles and clean air vehicles and the consequences for not meeting its requirements, Breton Lobner, General Counsel, stated that there is no consequence. He further stated that there is a provision to meet with the Attorney General to discuss any issues.

Chair Gleason requested that the General Counsel resend his memo to the Board that addresses the Memorandum of Understanding with the Attorney General.

RECOMMENDATION: Discuss the Fiscal Year 2015 Proposed Budget and Fiscal Year 2016 Proposed Conceptual Operating Budget.

ACTION: No action taken.

PRESIDENT/CEO REPORT:

BOARD COMMENT:

ADJOURNMENT: The meeting was adjourned at 11:45 a.m. The next meeting of the Board will be held on Thursday, June 5, 2014, at 9:00 a.m. in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 7th DAY OF JULY, 2014.

LORRAINE BENNETT
ASSISTANT AUTHORITY CLERK II

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

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DRAFT
 SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
 MINUTES
 THURSDAY, JUNE 5, 2014
 SAN DIEGO INTERNATIONAL AIRPORT
 BOARD ROOM

CALL TO ORDER: Chair Gleason called the regular meeting of the San Diego County Regional Airport Authority Board to order at 9:13 a.m. on Thursday, June 5, 2014, in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 North Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Board Member Alvarez led the Pledge of Allegiance.

ROLL CALL:

PRESENT: Board Members: Alvarez, Cox, Desmond, Farnam
 (Ex Officio), Gleason, Hubbs,
 Robinson, Sessom

ABSENT: Board Members: Berman (Ex Officio), Boland, Ortega
 (Ex Officio), Smisek

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton K. Lobner, General
 Counsel; Tony R. Russell, Director, Corporate and Information
 Governance/Authority Clerk; Lorraine Bennett, Assistant
 Authority Clerk II

Chair Gleason called for a moment of silence in honor of Eduardo Lopez, who passed away from an industrial accident at a San Diego International Airport construction site.

PRESENTATIONS: None.

**REPORTS FROM BOARD COMMITTEES, AD HOC COMMITTEES, AND
 CITIZEN COMMITTEES AND LIAISONS:**

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:** None
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**
None

- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Board Member Desmond reported that the Committee will meet on June 5, 2014 and June 18, 2014 in Closed Session to conduct the performance evaluations for the President/CEO, Chief Auditor, and General Counsel.
- **FINANCE COMMITTEE:** None

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** None
- **ART ADVISORY COMMITTEE:**
Chair Gleason reported that the Converging Ingenuities temporary rotating exhibit in the corridor connector of Terminal 2 East and Terminal 2 West is now open. He reported that the Reflection Room in Terminal 2 West is completed and an invocation ceremony will be held on June 20th.

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN FOR SAN DIEGO INTERNATIONAL AIRPORT:** None
- **CALTRANS:** None
- **INTER-GOVERNMENTAL AFFAIRS:**
Board Member Cox reported that On May 13th and 14th, Airport Authority staff participated in the San Diego Chamber of Commerce delegation trip to Sacramento. On May 16th and 28th, Authority representatives briefed San Diego Councilmember Lorie Zapf and County Supervisor Ron Roberts on the Airport Development Plan respectively. He also reported that Authority staff is scheduled to provide a briefing and airfield tour for San Diego Councilman Ed Harris on June 12th.
- **MILITARY AFFAIRS:**
Colonel Farnam reported that the Miramar Air Show is scheduled to take place later this year.
- **PORT:** None

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
Board Member Hubbs reported that there have been discussions regarding the San Ysidro border transit station and alternatives related to the private sector portion, trolley costs and changing of the tracks.

- **WORLD TRADE CENTER:**

Chair Gleason reported that the World Trade Center continues its transition and the license holders, the Port, City and Airport, will be formulating a plan forward.

CHAIR'S REPORT:

Chair Gleason reported that there is a swearing in ceremony for Assembly Speaker Toni Atkins scheduled on June 6th at the Balboa Club in Balboa Park. He also reminded the Board that a list of upcoming conferences and delegation trips will be distributed to members, and he encouraged feedback regarding the upcoming conferences they would like to attend. He also announced his recent re-appointment to the Board.

PRESIDENT/CEO'S REPORT:

Thella F. Bowens, President/CEO, announced the opening of the PGA Tour Grill in Terminal 2 West. She reported that Delta Airlines, Southwest Airlines, and Alaska Airlines will commence new service. She also reported that effective on Thursday, June 5th, all Delta Air Lines flights, including those to Los Angeles, will operate out of Terminal 2.

NON-AGENDA PUBLIC COMMENT:

ADRIAN KWIATKOWSKI, SAN DIEGO, spoke on behalf of Anthony Carneiro, representing Advanced Shuttle, and reported that Advanced Shuttle has moved forward with the purchase of additional Alternative Fuel Vehicles. He also thanked the Board for allowing the shuttles to move forward with consortiums.

The Board recessed at 9:26 a.m. and reconvened at 9:29 a.m.

CONSENT AGENDA (Items 1-18):

ACTION: Moved by Board Member Desmond, and seconded by Board Member Robinson to approve the Consent Agenda. Motion carried by the following vote: YES – Alvarez, Cox, Desmond, Gleason, Hubbs, Robinson, Sessom; NO - None; ABSENT – Boland, Smisek. (Weighted Vote Points: YES - 75; NO - 0; ABSENT- 25).

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the May 1, 2014, regular meeting.

2. **ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS AND PRE-APPROVAL OF ATTENDANCE AT OTHER MEETINGS NOT COVERED BY THE CURRENT RESOLUTION:**
RECOMMENDATION: Accept the reports and pre-approve Board member attendance at other meetings, trainings and events not covered by the current resolution.
3. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM APRIL 7, 2014 THROUGH MAY 11, 2014 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM APRIL 7, 2014 THROUGH MAY 11, 2014:**
RECOMMENDATION: Receive the report.
4. **JUNE 2014 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2014-0046, approving the June 2014 Legislative Report.
5. **APPOINTMENT OF PUBLIC MEMBER TO THE AUDIT COMMITTEE:**
RECOMMENDATION: Adopt Resolution No. 2014-0047, appointing Don Tartre as a public member to the Audit Committee.
6. **PROPOSED ADOPTION OF PUBLIC PARKING RATE INCREASE:**
RECOMMENDATION: Adopt Resolution No. 2014-0048, approving an increase to certain public parking rates effective July 1, 2014.

CLAIMS

7. **REJECT THE CLAIM OF JOSEPH LAURIA AND ROSE LAURIA:**
RECOMMENDATION: Adopt Resolution No. 2014-0049, rejecting the claim of Joseph Lauria and Rose Lauria.

COMMITTEE RECOMMENDATIONS

8. **RESULTS OF THE QUALITY ASSESSMENT REVIEW:**
RECOMMENDATION: The Audit Committee recommends that the Board approve the report.
9. **REQUIRED COMMUNICATIONS FROM THE EXTERNAL AUDITOR TO THE AUDIT COMMITTEE ON THE FISCAL YEAR ENDED JUNE 30, 2014, FINANCIAL AND COMPLIANCE AUDIT:**
RECOMMENDATION: The Audit Committee recommends that the Board accept the information.

10. **FISCAL YEAR 2014 THIRD QUARTER AUDIT ACTIVITIES REPORT AND AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board accept the report.
11. **FISCAL YEAR 2015 PROPOSED AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board approve the proposed audit plan.
12. **ANNUAL REVIEW AND APPROVAL OF AMENDMENTS TO AUTHORITY
POLICY 4.40 – DEBT ISSUANCE AND MANAGEMENT POLICY:**
RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2014-0050, approving amendments to Authority Policy 4.40 - Debt Issuance and Management Policy.
13. **ANNUAL REVIEW AND APPROVAL OF AMENDMENTS TO AUTHORITY
POLICY 4.20 – GUIDELINES FOR PRUDENT INVESTMENTS, AND DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, FINANCE AND ASSET MANAGEMENT/TREASURER:**
RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2014-0051, approving amendments to Authority Policy 4.20 - Guidelines for Prudent Investments, and delegation of authority to invest and manage Authority funds to the Vice President, Finance and Asset Management/Treasurer.

CONTRACTS AND AGREEMENTS

14. **GRANT AN EASEMENT FOR GAS SERVICES TO SAN DIEGO GAS & ELECTRIC:**
RECOMMENDATION: Adopt Resolution No. 2014-0052, authorizing the President/CEO to negotiate and execute an Easement with San Diego Gas & Electric for Gas Services in support of the Rental Car Center, and Fixed Base Operator.
15. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A SECOND AMENDMENT TO INCREASE THE DURATION OF THE TURNER/PCL/FLATIRON JOINT VENTURE AGREEMENT FOR THE TERMINAL DEVELOPMENT PROGRAM CONTRACT 1: TERMINAL 2 WEST BUILDING AND AIRSIDE EXPANSION:**
RECOMMENDATION: Adopt Resolution No. 2014-0053, approving and authorizing the President/CEO to execute a Second Amendment to the agreement with Turner/PCL/Flatiron – A Joint Venture agreement, extending the agreement time from 1247 days to 1420 days, for Project No. 201301, Terminal Development Program ("TDP") Contract 1: Terminal 2 West Building and Airside Expansion, at San Diego International Airport ("SDIA").

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**CONTRACTS AND AGREEMENTS AND/OR AMENDMENTS TO CONTRACTS
AND AGREEMENTS EXCEEDING \$1 MILLION**

16. **AWARD A CONTRACT TO S&L SPECIALTY CONTRACTING, INC., FOR QUIETER HOME PROGRAM PHASE 7, GROUP 10 (20 NON-HISTORIC SINGLE AND MULTI-FAMILY UNITS ON 12 RESIDENTIAL PROPERTIES AND 38 NON-HISTORIC DWELLING UNITS IN TWO CONDOMINIUM BUILDINGS LOCATED EAST AND WEST OF THE AIRPORT):**

RECOMMENDATION: Adopt Resolution No. 2014-0054, awarding a contract to S&L Specialty Contracting, Inc., in the amount of \$1,691,450, for Phase 7, Group 10, Project No. 380710, of the San Diego County Regional Airport Authority's ("Authority's") Quieter Home Program.

17. **AWARD A CONTRACT TO MARCON ENGINEERING, INC. TO CONSTRUCT TRITURATOR FOR TERMINAL LINK ROAD PROJECT NO. 104134:**

RECOMMENDATION: Adopt Resolution No. 2014-0055, awarding a contract to Marcon Engineering, Inc., in the amount of \$1,718,428.35, for Project No. 104134, to Construct Triturator, at San Diego International Airport.

18. **AUTHORIZE THE PRESIDENT/CEO TO CONSENT TO THE ASSIGNMENT OF THE POWER PURCHASE AGREEMENT AND SITE LEASE FROM BORREGO SOLAR SYSTEMS, INC. TO LINDBERG FIELD SOLAR 1, LLC:**

RECOMMENDATION: Adopt Resolution No. 2014-0056, authorizing the President/CEO to consent to the assignment of the Power Purchase Agreement and Site Lease from Borrego Solar Systems, Inc. to Lindberg Field Solar 1, LLC.

PUBLIC HEARINGS: None

OLD BUSINESS: None

NEW BUSINESS:

19. **APPROVAL AND ADOPTION OF THE OPERATING BUDGET FOR FISCAL YEAR 2015, THE CAPITAL PROGRAM FOR FISCAL YEARS 2015-2019, AND CONCEPTUAL APPROVAL OF THE OPERATING BUDGET FOR FISCAL YEAR 2016:**

Chair Gleason disclosed ex-parte communications with Adrian Kwiatkowski, representing Transportation Alliance Group (TAG).

Board Member Robinson disclosed ex-parte communications with Adrian Kwiatkowski, representing TAG.

000010

Board Member Hubbs disclosed ex-parte communications with Adrian Kwiatkowski, representing TAG.

Board Member Desmond disclosed ex-parte communications with Adrian Kwiatkowski, representing TAG.

Scott Brickner, Vice President, Finance & Asset Management/Treasurer, provided a presentation on the San Diego County Regional Airport Authority Fiscal Year 2015 Proposed Budget and Fiscal Year 2016 Proposed Conceptual Budget, which included Revenue Budget Overview, Expense Budget Overview, Capital Program Budget for Fiscal Years 2015-2019, and Plan of Finance for Fiscal Years 2015-2019.

Board Member Robinson requested that staff provide a status update to the Board as soon as possible, regarding funding for the parking structure.

ADRIAN KWIATKOWSKI, SAN DIEGO, representing the Transportation Alliance Group, San Diego (TAG), provided a presentation, which included Ground Transportation Permit and Trip Fees, Challenges, Projection Chart, TAG Proposals, and TAG Proposed Ground Transportation Permit and Trip Fees.

ANNE DANIELLS, SAN DIEGO, representing Torrey Pines Transportation, explained the challenges associated with charter vehicle conversions. She requested that the Authority maintain the 25% discount for vehicle conversions and to limit the 2015 penalty to 25%.

CARELYN REYNOLDS, SAN DIEGO, asked the Board to direct staff to work with industry stakeholders for viable incentives, and that the collection of the current 75% penalty for non-conversation be postponed.

LISA MCGHEE, representing TAG, spoke about the issues regarding vehicle conversions and trip fees. She requested additional time for discussions with stakeholders, to seek solutions.

In response to Board Member Hubbs regarding what percentage of the charter limousines have been converted, Angela Shafer-Payne, Vice President, Operations responded that they are at six percent conversion.

In response to Board Member Desmond about whether the Authority will achieve its goal for full conversion by 2017, Mr. Brickner stated that there are challenges with limousine conversions, and that staff will be coming back to the Board in September with suggestions on ways to improve the program.

In response to Board Member Cox regarding whether there is any flexibility with the Attorney General's (AG) 2017 fuel conversion deadline, Bret Lobner, General Counsel, stated that there are no enforcement provisions in the Memorandum of Understanding (MOU), but rather, that the Authority use its best efforts to reach a result. He stated that if the program is unsuccessful, the Authority would have to contact the Attorney General to meet its obligation. He also stated that the AG MOU only addressed shuttles, and that it does not address taxicabs and limousines, and, that the Authority adopted a broader policy that covers all ground transportation.

Board Member Sessom suggested meeting with the industries and to gain a better understanding of the MOU.

Board Member Alvarez suggested keeping on track with the original plan for vehicle conversions, and that staff conduct further research regarding conversion for the limousine industry.

Board Member Hubbs suggested waiting until September to look at potential adjustments to the vehicle conversion program. He expressed concerns with making money off of disincentives.

Thella Bowens, President/CEO, stated that if changes are made in September in terms of overall budget impacts to the revenues, then the expense budget would need to be adjusted.

Board Member Robinson requested that staff look at raising penalties for Transportation Network Companies (TNC's) who are operating illegally at the Airport, and to come back to the Board with a report.

Chair Gleason requested that staff place an item on the next Board Meeting agenda for a discussion and possible action regarding penalties for unlicensed TNC's operating at the Airport, and, information from the General Counsel regarding what would be involved with filing a cease and desist order for TNC's.

RECOMMENDATION: Adopt Resolution No. 2014-0057, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2015, the Capital Program for Fiscal Years 2015-2019, and conceptually approving the Operating Budget for Fiscal Year 2016.

ACTION: Moved by Board Member Desmond and seconded by Board Member Hubbs, to approve and adopt the Authority's Annual Operating Budget for Fiscal Year 2015, adjusting the ground transportation permit fees by leaving the base fees and discount for Alternative Fuel Vehicles as presented, and reducing the non-alternative fuel vehicle premium to 25%; the Capital Program for Fiscal Years 2015-2019, and conceptually approves the Operating Budget for Fiscal Year 2016. Motion carried by the following vote: YES – Alvarez, Cox, Desmond, Gleason, Hubbs, Robinson, Sessom; NO - None; ABSENT – Boland, Smisek. (Weighted Vote Points: YES - 75; NO - 0; ABSENT- 25).

CLOSED SESSION: The Board recessed into Closed Session at 10:50 a.m. to discuss Items 24 and 25.

- 20. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
(Real property negotiations pursuant to Cal. Gov. Code § 54954.5(b) and § 54956.8.)
Property: Salt Plant – 17 acre parcel located at 1470 Bay Boulevard, San Diego.
Agency Negotiators: Scott Brickner, Finance & Asset Management, Vice President/Treasurer.
Negotiating Parties: San Diego Gas & Electric, United States Fish and Wildlife Service, GGTW, LLC (current tenant) and/or other interested parties.
Under Negotiation: Sale – terms and conditions.
- 21. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:**
(Cal. Gov. Code § 54956.9(a) and (d)(1).)
Diego Concession Group, Inc. v. San Diego County Regional Airport Authority,
San Diego Superior Court Case No. 37-2012-00088083-CU-BT-CTL
- 22. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:**
(Cal. Gov. Code § 54956.9(a) and (d)(1).)
Dryden Oaks, LLC v. San Diego County Regional Airport Authority, et al.,
San Diego Superior Court, North County, Case No. 37-2014-00004077-CU-EI-NC
- 23. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Cal. Gov. Code § 54956.9(a) and (d)(1).)
Cornelius White v. San Diego County Regional Airport Authority,
San Diego Superior Court Case No. 37-2013-00057745-CU-WT-CTL.
- 24. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**
(Cal. Gov. Code § 54956.9(a) and (d)(1).)
Donna Wilson; John Wilson v. San Diego Port Authority; San Diego International Airport; San Diego County Regional Airport Authority
San Diego Superior Court Case No. 37-2014-00015326-CU-PO-CTL
(Meyer)
- 25. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Initiation of litigation pursuant to Cal. Government Code § 54956.9(d).)
Number of cases: 1

26. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION AND EXISTING LITIGATION:

(Significant exposure to litigation pursuant to Cal. Gov. Code §§ 54956.9(a) and 54956.9(b).)

Jay A. Bass, et al v. San Diego City Employees' Retirement System, et al.,
San Diego Superior Court Case No. 37-2013-00077566-CU-OE-CTL

27. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

(Significant exposure to litigation pursuant to Cal. Gov. Code §§ 54956.9 (b) and 54954.5.)

Re: (Tentative) Investigative Order No. R9-2012-0009 by the California Regional Water Quality Control Board regarding submission of technical reports pertaining to an investigation of bay sediments at the Downtown Anchorage Area in San Diego.

Number of potential cases: 1

REPORT ON CLOSED SESSION: The Board reconvened into Open Session at 11:08 a.m.

Chair Gleason reported that, in regards to Item 24, direction was provided to staff.

In regards to Item 25, Terminal 2 Ceiling Node, a public art project at San Diego International Airport, Bret Lobner, General Counsel, reported that the following action was taken:

ACTION: Moved by Board Member Cox and seconded by Board Member Alvarez to approve a settlement agreement in the amount of \$45,000 for the sub-contractor and \$16,000 for Mr. Hobson; require that Mr. Hobson release his stop notice; and that Mr. Hobson will have an option at the completion of the re-installation of the project to either accept attribution or not. Motion carried by the following vote: YES – Alvarez, Cox, Desmond, Gleason, Hubbs, Robinson, Sessom; NO – None; ABSENT – Boland, Smisek (Weighted Vote Points: YES – 75; NO – 0; ABSENT – 25).

NON-AGENDA PUBLIC COMMENT: None

GENERAL COUNSEL REPORT: None

BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REPORTS FOR BOARD MEMBERS, PRESIDENT/CEO, CHIEF AUDITOR AND GENERAL COUNSEL WHEN ATTENDING CONFERENCES, MEETINGS, AND TRAINING AT THE EXPENSE OF THE AUTHORITY:

BOARD COMMENT: None

ADJOURNMENT: The meeting was adjourned at 11:16 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY BOARD THIS 7th DAY OF JULY, 2014.

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

Revised 7/1/14



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
2

Meeting Date: JULY 7, 2014

Subject:

Acceptance of Board and Committee Members' Written Reports on Their Attendance at Approved Meetings and Pre-Approval of Attendance at other Meetings not Covered by the Current Resolution

Recommendation:

Accept the reports and pre-approve Board Member attendance at other meetings, trainings and events not covered by the current resolution.

Background/Justification:

Authority Policy 1.10 defines a "day of service" for Board Member compensation and outlines the requirements for Board Member attendance at meetings.

Pursuant to Authority Policy 1.10, Board Members are required to deliver to the Board a written report regarding their participation in meetings for which they are compensated. Their report is to be delivered at the next Board meeting following the specific meeting and/or training attended. The reports (Attachment A) were reviewed pursuant to Authority Policy 1.10 Section 5 (g), which defines a "day of service". The reports were also reviewed pursuant to Board Resolution No. 2009-0149R, which granted approval of Board Member representation for attending events and meetings.

The attached reports are being presented to comply with the requirements of Policy 1.10 and the Authority Act.

The Board is also being requested to pre-approve Board Member attendance at briefings by representatives of a local police department or a state or federal governmental agency regarding safety, security, immigration or customs affecting San Diego International Airport.

Fiscal Impact:

Board and Committee Member Compensation is included in the FY 2014 Budget.

000016

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

- A. This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. Section 15378. This Board action is not a "project" subject to CEQA. Pub. Res. Code Section 21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act, Pub. Res. Code Section 30106.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

TONY R. RUSSELL
DIRECTOR, CORPORATE & INFORMATION GOVERNANCE/AUTHORITY CLERK

GREG COX

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Board Member Event/Meeting/Training Report Summary
 Period Covered: JUNE 1-30, 2014

SDCRAA
JUN 23 2014
Corporate Services

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualify for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2009-0149R. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Tony Russell, Authority Clerk.

BOARD MEMBER NAME: (Please print)		DATE OF THIS REPORT:
GREG COX		JUNE 23, 2014
TYPE OF MEETING	DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING	SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: JUNE 5, 2014 Time: 9 am Location: SDIA	SDCRAA BOARD MEETING ALUC MEETING EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: JUNE 18, 2014 Time: 10:30 am Location: SDIA	SPECIAL EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE MEETING
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: JUNE 23, 2014 Time: 9:00 am Location: SDIA	EXECUTIVE / FINANCE COMMITTEE MEETING
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	

I certify that I was present for at least half of the time set for each meeting, event and training listed herein.

Signature: Greg Cox

ROBERT H. GLEASON

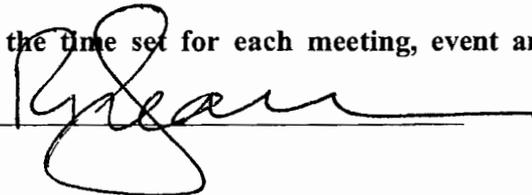
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Board Member Event/Meeting/Training Report Summary
 Period Covered: JUNE 2014

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualify for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2009-0149R. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Tony Russell, Authority Clerk.

BOARD MEMBER NAME: (Please print)		DATE OF THIS REPORT:
ROBERT H. GLEASON		June 30, 2014
TYPE OF MEETING	DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING	SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: June 3, 2014 Time: 10:00 am Location: SDIA	PGA Tour Grill Grand Opening; spoke on behalf of Airport Authority
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: June 4, 2014 Time: 11:00 am Location: SDIA	Biocom art opening event; spoke on behalf of Airport Authority
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: June 5, 2014 Time: 9:00 am & 11:00 am Location: SDCRAA offices	ALUC / Board meeting; Executive Personnel & Compensation Committee meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2009-0149R	Date: June 18, 2014 Time: 7:30 am & 10:00 am Location: WTCSD & SDCRAA	SDWTC Board meeting; Executive Personnel & Compensation Committee meeting
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: June 19, 2014 Time: 5:00 pm Location: Marriott Marquis SD Marina	San Diego County Taxpayers Association Golden Watchdog Awards; accepted award and spoke on behalf of Airport Authority
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: June 20, 2014 Time: 10:30 am Location: SDIA	Reflection Room Invocation event; spoke on behalf of Airport Authority
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2009-0149R	Date: June 30, 2014 Time: 8:30 am & 2:30 pm Location: Port & Chula Vista	Airport-Port Leaders meeting with Chairman Nelson; Meeting w/ Mayor Cheryl Cox regarding planning efforts
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	

I certify that I was present for at least half of the time set for each meeting, event and training listed herein.

Signature: _____



LLOYD HUBBS

JUN 30 2014

Corporate Services

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

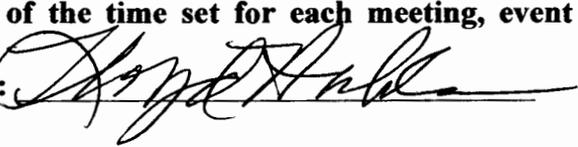
Board Member Event/Meeting/Training Report Summary

Period Covered: June 2014

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualify for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2009-0149R. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Tony Russell, Authority Clerk.

BOARD MEMBER NAME: (Please print)		DATE OF THIS REPORT:
LLOYD HUBBS		6-30-14
TYPE OF MEETING	DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING	SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 6-5-14 Time: 9:00 - 12:00 Location: AUTHORITY BD.	BOARD MTG
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 6-8-14 Time: 9-5 Location: WHITE FISH, MT.	ACI Boards & Commissioners Conf.
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 6-10-14 Time: 8-12 Location: WHITE FISH, MT.	ACI Bds Cont.
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 6-18-14 Time: 10-11:30 Location: AUTHORITY BD.	Exec. & Personnel Comm.
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 6-20-14 Time: 9:00 - 11:30 Location: SANDAG	TRANSP. Comm. ALT member
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 6-23-14 Time: 9:00 - 10:30 Location: AUTHORITY Bd.	Exec. Finance Comm.
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	

I certify that I was present for at least half of the time set for each meeting, event and training listed herein.

Signature: 

PAUL ROBINSON

SDCRAA
JUN 24 2014
Corporate Services

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Board Member Event/Meeting/Training Report Summary
Period Covered: 6/30/14

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualify for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2009-0149R. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Tony Russell, Authority Clerk.

BOARD MEMBER NAME: (Please print)		DATE OF THIS REPORT:
Paul Robinson		
TYPE OF MEETING	DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING	SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 6/2/14 Time: 10:45 - 12:00 p.m. Location: Mayor's Office	Meeting w/ Mayor Taylor & Supervisor Cox re: Various SDCRAA ISSUES
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 6/3/14 Time: 11:30 - 2:00 p.m. Location: S.D. Foundation	Spunk To Laminda Alpha International
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 6/5/14 Time: 9:00 - 2:30 p.m. Location: SDCRAA Bd. Rm	SDCRAA Board / ALVC Mtgs.
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 6/23/14 Time: 9:00 - 10:30 Location: SDCRAA Bd. Rm	Exec / Finance Mtgs.
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 6/30/14 Time: 8:30 a.m. Location: Port of SD	Mtgs w/ Chair of Port + COMMISSIONERS
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	

I certify that I was present for at least half of the time set for each meeting, event and training listed herein.

Signature: Paul B. Robinson

MARY SESSOM

JUN 23 2014

Corporate Services

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Member Event/Meeting/Training Report Summary

Period Covered: May 2014

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualify for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2009-0149R. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Tony Russell, Authority Clerk.

BOARD MEMBER NAME: (Please print)		DATE OF THIS REPORT:
Mary Sessom		JUNE 23, 2014
TYPE OF MEETING	DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING	SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 6/1 Time: 9:00 Location: Board Room	Board meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 5/22 Time: 9:30 Location: Board Room	Budget Workshop
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 6/27 Time: 10:00 Location: Board Room	Executive/ Finance Committee
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: 5/21 Time: 7:30 Location: AKC	SDMAC meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	

I certify that I was present for at least half of the time set for each meeting, event and training listed herein.

Signature: Mary Sessom

TOM SMISEK

SDCRAA

JUN 23 2014

Corporate Services

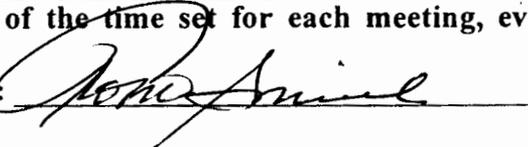
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Board Member Event/Meeting/Training Report Summary
 Period Covered: JUNE 1-30, 2014

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualify for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2009-0007. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Tony Russell, Authority Clerk.

BOARD MEMBER NAME: (Please print)		DATE OF THIS REPORT
Tom SMISEK		JUNE 23, 2014
TYPE OF MEETING	DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING	SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING
<input checked="" type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R	Date: JUNE 18, 2014 Time: 10:00 AM Location: SDIA	SDCRAA EXECUTIVE COM/ PERSONNEL COMMITTEE MTG
<input checked="" type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R	Date: JUNE 20, 2014 Time: 9:00 AM Location: SANDAG	SANDAG TRANSPORTATION COMMITTEE MTG. SDCRAA DESIGNATED REPRESENTATIVE
<input checked="" type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R	Date: JUNE 23, 2014 Time: 9:00 AM Location: SDIA	SDCRAA EXECUTIVE/ FINANCE COMMITTEES MTG.
<input type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act Pre-approved Res. 2009-0149R	Date: Time: Location:	

I certify that I was present for at least half of the time set for each meeting, event and training listed herein.

Signature: _____





SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
3

Meeting Date: **JULY 7, 2014**

Subject:

Awarded Contracts, Approved Change Orders from May 12, 2014 through June 8, 2014, and Real Property Agreements Granted and Accepted from May 12, 2014 through June 8, 2014

Recommendation:

Receive the report.

Background/Justification:

Policy Section Nos. 5.01, Procurement of Services, Consulting, Materials, and Equipment, 5.02, Procurement of Contracts for Public Works, and 6.01, Leasing Policy, require staff to provide a list of contracts, change orders, and real property agreements that were awarded and approved by the President/CEO or her designee. Staff has compiled a list of all contracts, change orders (Attachment A) and real property agreements (Attachment B) that were awarded, granted, accepted, or approved by the President/CEO or her designee since the previous Board meeting.

Fiscal Impact:

The fiscal impact of these contracts and change orders are reflected in the individual program budget for the execution year and on the next fiscal year budget submission. Amount to vary depending upon the following factors:

1. Contracts issued on a multi-year basis; and
2. Contracts issued on a Not-to-Exceed basis.
3. General fiscal impact of lease agreements reflects market conditions.

The fiscal impact of each reported real property agreement is identified for consideration on Attachment B.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

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Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended, 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act, Cal. Pub. Res. Code §30106.

Application of Inclusionary Policies:

Inclusionary Policy requirements were included during the solicitation process prior to the contract award.

Prepared by:

JANA VARGAS
DIRECTOR, PROCUREMENT

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN May 12, 2014 - June 8, 2014

New Contracts

	Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
	05/15/14	N/A	Tom Mascarenas, dba Ground Equipment Services	The Contractor will provide inspection, maintenance and repair services on vehicles and equipment owned by the San Diego County Regional Airport Authority.	RFP	M. Bauer	\$ 775,000.00	04/30/17
	05/07/14	N/A	Gatekeeper Systems, Inc.	The Contractor will provide software to upgrade to the current Ground Transportation Commercial Vehicle System Management System (CSVM). Gatekeeper Systems, Inc. provides the current software and is the only qualified vendor that can upgrade the existing system.	Single Source	D. Boenitz	\$ 108,550.00	06/30/15
	05/07/14	N/A	Culbertson Adams & Associates, Inc.	The Contractor will provide on-call consulting services related to the California Coastal Act and the California Coastal Commission.	RFP	T. Anasis	\$ 90,000.00	02/28/15
	05/13/14	N/A	Raymond Handling Solutions, Inc.	The Contractor will provide maintenance and repair services for carousel filing systems located at San Diego County Regional Airport Authority.	Informal RFB	G. Condon	\$ 25,500.00	03/31/19
	05/20/14	N/A	Flagship Sweeping Services, Inc.	The Contractor will provide apron and ramp cleaning services at San Diego International Airport.	RFP	M. Bauer	\$ 990,000.00	04/30/17
	05/30/14	N/A	Southern California Fleet Services, Inc.	The Contractor will inspect, maintain, and repair Aircraft Rescue and Firefighting vehicles located at San Diego International Airport.	RFP	M. Bauer	\$ 500,000.00	06/30/17

New Contracts Approved by the Board

	Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
	04/07/14	104174	Hazard Construction Company	This contract was approved by the Board at the March 6, 2014 Board Meeting. The Contractor will relocate the Cell Phone Lot at San Diego International Airport.	RFB	I. Ghaemi	\$ 584,122.00	07/18/14
	05/07/14	N/A	Stutz Artiano Shmoff & Holz, APC	This contract was approved by the Board at the April 3, 2014 Board Meeting. The Contractor will provide general legal services for San Diego County Regional Airport Authority.	RFP	A. Gonzalez	\$ 300,000.00	04/30/17
	05/12/14	N/A	General Networks Corporation	This contract was approved by the Board at the March 6, 2014 Board Meeting. The Contractor will design, install, and configure software for an integrated Enterprise Content Management System (ECMS) for San Diego County Regional Airport Authority.	RFP	T. Russell	\$ 1,500,000.00	04/30/17
	05/16/14	N/A	Borrego Solar Systems, Inc.	This contract was approved by the board at the March 6, 2014 Board Meeting. The Contractor will finance, design, install, operate and maintain a solar photovoltaic generating system at San Diego International Airport.	RFP	B. Bolton	\$ 15,000,000.00	05/14/34

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN May 12, 2014 - June 8, 2014

Amendments and Change Orders

Date Signed	CIP #	Company	Description of Change	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value (%) (+ / -)	New Contract Value	New End Date
								
05/20/14	N/A	URS Corporation dba URS Corporation Americas	The First Amendment revises Exhibit B, Hourly Rates, to add Linscott, Law and Greenspan Engineers as a subcontractor to provide transportation engineering services. There is no increase in compensation.	\$ 500,000.00	\$ -	0%	\$ 500,000.00	2/6/2017
05/30/14	N/A	Ace Parking Management	The Third Amendment revises Exhibit A, Scope of Work, to include requirements regarding fueling service for shuttles operated at San Diego International Airport. There is no increase in compensation.	\$ 28,800,000.00	\$ -	0%	\$ 28,800,000.00	12/31/2016
06/04/14	N/A	Ricondo & Associates, Inc.	The First Amendment revises Exhibit B, Hourly Rates, to add Linscott, Law and Greenspan Engineers as a subcontractor to provide transportation engineering services. There is no increase in compensation.	\$ 3,000,000.00	\$ -	0%	\$ 3,000,000.00	2/6/2017
06/05/14	N/A	Insight Public Sector	The term of the cooperative agreement has been extended two years through an amendment by the County of Fairfax, Virginia. The Vendor will provide the Information Technology department discounted price quotes for IT purchases as needed at San Diego International Airport. There is no increase in compensation.	\$ 900,000.00	\$ -	0%	\$ 900,000.00	4/30/2016

Amendments and Change Orders - Approved by the Board

Date Signed	CIP #	Company	Description of Change	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value (%) (+ / -)	New Contract Value	New End Date
								
05/21/14	201401A	Kiewit/Suncof Joint Venture	The Second Amendment was approved by the Board at the May 1, 2014 Board Meeting. The Second Amendment extends the term of the contract 397 days for Project 201401, Contract 2, Terminal 2 Landside Improvements at San Diego International Airport. There is no increase in compensation.	\$ 275,612,850.98	\$ -	0%	\$ 275,612,850.98	2/27/2015
06/04/14	N/A	CH2M Hill, Inc.	The Third Amendment was approved by the Board at the April 3, 2014 Board Meeting. The Third Amendment extends the term of the contract one year for on-call airside/landside architect and engineering consultant services for Capital Improvement Projects and Major Maintenance projects at San Diego International Airport. There is no increase in compensation.	\$ 5,000,000.00	\$ -	0%	\$ 5,000,000.00	8/1/2015
06/03/14	N/A	PBS Engineering, Inc.	The Second Amendment was approved by the Board at the April 3, 2014 Board Meeting. The Second Amendment extends the term of the contract by one year for on-call mechanical and electrical consultant services at San Diego International Airport. There is no increase in compensation.	\$ 1,000,000.00	\$ -	0%	\$ 1,000,000.00	7/31/2015

REAL PROPERTY AGREEMENTS EXECUTED FROM MAY 12, 2014 TO JUNE 8, 2014

Real Property Agreements

Begin/End Dates	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
4/1/14 to 3/31/17	LE-0809	JetBlue Airways	Use and Occupancy Agreement	2357-D Air Lane, SDIA	Scheduled air carrier cargo operations	4,332 SF building, 2,458 SF paved parking, 104,282 SF Joint space	\$66,211.92 per year with CPI escalations	N/A
6/5/14 - 6/30/18	LE-0811	Delta Air Lines, Inc. and Compass Airlines, Inc.	Affiliate Airline Operating Agreement	SDIA	Scheduled air carrier service	N/A	No rent, an estimated \$115,000 in annual landing fees (replacing flights by SkyWest).	N/A
Real Property Agreement Amendments and Assignments								
Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
6/2/2014	LE-0679	Duty Free Americas	Amendment #3 to Concession Lease	Terminal 1 West	Duty Free Kiosk	273 s.f.	25% Gross Sales	N/A

000022



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
4

Meeting Date: **JULY 7, 2014**

Subject:

July 2014 Legislative Report

Recommendation:

Adopt Resolution No. 2014-0061, approving the July 2014 Legislative Report.

Background/Justification:

The Legislative Advocacy Program Policy adopted by the Board on November 10, 2003, requires that Authority staff present the Board with monthly reports concerning the status of federal and state legislation with potential impact to the Authority. The July 2014 Legislative Report updates Board members on legislative activities that have taken place during the month of June. The Authority Board gives direction to staff on legislative issues by adoption of a monthly Legislative Report (Attachment A).

State Legislative Action

The Authority's legislative team recommends that the Board adopt a SUPPORT IF AMENDED position on AB 1787 (Lowenthal). This bill would require airports to provide a post-security location at each terminal for use by nursing mothers.

On June 20, 2014, Governor Brown signed into law the \$156.4 billion Fiscal Year 2014-15 state budget. The budget provides \$1.6 billion for a "rainy day" fund and sets aside an additional \$460 million in reserves.

Federal Legislative Action

The Authority's legislative team does not recommend that the Board adopt any new positions on federal legislation.

On June 10, 2014, the House of Representatives approved its version of the Fiscal Year 2015 Transportation Appropriations bill. This legislation would fund the Airport Improvement Program at the fully authorized level of \$3.35 billion.

Fiscal Impact:

Not applicable

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. § 15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code § 21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code § 30106.

Application of Inclusionary Policies:

Not applicable

Prepared by:

MICHAEL KULIS
DIRECTOR, INTER-GOVERNMENTAL RELATIONS

RESOLUTION NO. 2014-0061

A RESOLUTION OF THE BOARD OF THE SAN
DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
APPROVING THE JULY 2014 LEGISLATIVE
REPORT

WHEREAS, the San Diego County Regional Airport Authority ("Authority") operates San Diego International Airport as well as plans for necessary improvements to the regional air transportation system in San Diego County, including serving as the responsible agency for airport land use planning within the County; and

WHEREAS, the Authority has a responsibility to promote public policies consistent with the Authority's mandates and objectives; and

WHEREAS, Authority staff works locally and coordinates with legislative advocates in Sacramento and Washington, D.C. to identify and pursue legislative opportunities in defense and support of initiatives and programs of interest to the Authority; and

WHEREAS, under the Authority's Legislative Advocacy Program Policy, the Authority Board gives direction to Authority staff on pending legislation; and

WHEREAS, the Authority Board, in directing staff, may adopt positions on legislation that has been determined to have a potential impact on the Authority's operations and functions.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the July 2014 Legislative Report; and

BE IT FURTHER RESOLVED that the Board finds that this Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code § 21065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code §30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY RUSSELL
DIRECTOR CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

Attachment A

July 2014 Legislative Report

State Legislation

Legislation/Topic

AB 612 (Nazarian) – Transportation Network Companies

Background/Summary

This legislation would add to the definition of charter-party carriers individuals using on-line enabled applications or platforms to connect passengers with hired drivers. The bill would also require charter-party carriers to participate in the Department of Motor Vehicle's Employee Pull Notice Program, used to regularly check driver records. In addition, drivers transporting passengers for compensation would be required to submit fingerprints to the Department of Justice for criminal history checks and forward the results to the Public Utilities Commission. The Public Utilities Commission would also be required to develop a standard disclosure agreement that would inform drivers about the limits of liability and personal automobile insurance policy coverage.

Anticipated Impact/Discussion

Although TNC activity at San Diego International Airport continues to be managed by Authority staff, the level of TNC activity at other California airports suggests that it is likely to increase at SDIA. It is anticipated that the enactment of AB 612 would benefit the Authority by improving safety and security for airport passengers utilizing TNCs.

Status: 06/17/14 – Passed 8 votes to 2 in Committee on Energy, Utilities and Communications
Re-referred to Committee on Insurance

Position: Support (06/05/14)

Legislation/Topic

AB 1598 (Rodriguez) – Emergency Response Services: active shooter incidents

Background/Summary

This bill would require first responders to take several actions to improve collaboration between agencies responsible for responding to active shooter incidents. It would specifically require the Curriculum Development Advisory Committee (CDAC) to consult with the Commission on Peace Officer Standards and Training (POST). The bill would also require that the Emergency Medical Services Authority (EMSA) training standards include criteria for coordinating between different responding entities. In addition it would require the Interdepartmental Committee on Emergency Medical Services (ICEMS) to consult with POST regarding emergency medical services integration and

- *Shaded text represents new or updated legislative information.*

coordination with peace officer training, and require POST's guidelines and training standards to address tactical casualty care and coordination with emergency medical services providers.

Anticipated Impact/Discussion

The Authority regularly conducts active shooter related training exercises and coordination efforts with its first responder partners to optimize our capacity to respond effectively in an active shooter situation. Although this bill could increase costs to cover additional agency training mandates, the Authority is prepared to undertake additional coordination with responders if required.

Status: 06/17/14 Passed 5 votes to 0 in Committee on Public Safety.
Re-referred to the Committee on Appropriations

Position: Watch (06/05/14)

Legislation/Topic

AB 2471 (Frazier) – Public Contracts: change orders

Background/Summary

This bill would require a public entity, when authorized to order changes or additions in a public works contract awarded to the lowest bidder, to issue a change order promptly, and no later than 60 days after the change or additions are required. If this requirement is not met, the public entity would be liable to the original contractor for the work that has been performed. The bill would also authorize a contractor to present to the public entity a request for a change order for extra work performed by subcontractors.

Anticipated Impact/Discussion

This legislation will be monitored by Authority staff for any future impact to SDIA.

Status: 06/11/14 – Referred to Committee on Governmental Organizations.

Position: Oppose (05/01/14)

Legislation/Topic

SB 1204 (Lara/Pavley) – California Clean Truck, Bus and Off-Road Vehicle and Equipment Program

Background/Summary

This bill would create the California Clean Truck, Bus and Off-Road Vehicle and Equipment Technology Program. It will be funded from cap-and trade revenues, to fund zero- and near-zero emissions related truck, bus, off-road vehicle and equipment projects, with preference given to projects in disadvantaged communities.

Anticipated Impact/Discussion

- *Shaded text represents new or updated legislative information.*

This legislation will be monitored by Authority staff for any future impact to SDIA. If approved, this program could provide the Authority with opportunities to compete for funding for alternative vehicle conversions.

Status: 06/017/14 – Passed as amended 12 votes to 2 and re-referred to Community on Appropriations.

Position: Watch (05/01/14)

Legislation/Topic

AB 2045 (Rendon) – Energy Improvements: financing

Background/Summary

This bill would create a statewide financing program to support nonresidential property owners desiring to retrofit their properties with energy efficient or renewable energy technology. The program would be administered by the California Energy Commission and would provide financial assistance to owners of eligible real properties for implementing energy improvements.

Anticipated Impact/Discussion

If approved, this bill could provide the Authority with opportunities to obtain funding for energy-efficient programs at San Diego International Airport.

Status: 05/23/14 - In committee: Set, second hearing. Held under submission. Committee on Appropriations

Position: Watch (05/01/14)

Legislation/Topic

SB 1121 (De Leon) – The California Green Bank

Background/Summary

This bill would establish until January 1, 2036, the California Green Bank to serve as a provider of bond guarantees, loans, loan guarantees, the warehousing of loans, securitization, insurance, portfolio insurance, credit enhancements, and other forms of financing support and risk management for clean energy projects and innovative energy technology projects. The bank would be governed by an eleven member board of directors to be appointed by the Governor, the Legislature, and various heads of executive branch entities.

- *Shaded text represents new or updated legislative information.*

Anticipated Impact/Discussion

If approved, this bill could provide entities with funding for clean energy projects and innovative energy technology projects.

Status: 06/12/14 – Passed 10 votes to 0.
Re-referred to Committee on Natural Resources.

Position: Watch (05/01/14)

Legislation/Topic

AB 2293 (Bonilla) – Transportation Network Companies: insurance coverage

Background/Summary

This bill would require Transportation Network Companies (TNC) to disclose in writing to their drivers the insurance coverage and limits of liability provided by the TNC. AB 2293 would also require a TNC's insurance policy to apply as primary coverage in the event of loss or injury when a driver is logged on to the TNC's application program and require the TNC's insurer to defend and indemnify participating drivers and vehicle owners.

Anticipated Impact/Discussion

This legislation will be monitored by Authority staff for any future impact to SDIA.

Status: 06/17/14 – Passed in committee on Energy, Utilities and Communications 10 votes to 0.
Re-referred to Committee on Insurance.

Position: Support

Legislation/Topic

AB 1787 (Lowenthal) – Airports: Lactation Accommodation

Background/Summary

This bill would require managers of commercial airports with more than one million annual enplanements to provide the use of a post-security room or other location, other than a toilet stall, at each airport terminal for use by nursing mothers. As amended on April 10, 2014, the bill would require the Airport Authority to provide space for nursing mothers in Terminal One that is pre-security, until renovation or terminal replacement occurs.

- *Shaded text represents new or updated legislative information.*

Anticipated Impact/Discussion

This legislation would require that the Airport Authority establish private, post-security locations in each terminal for use by nursing mothers, resulting in additional costs to the Authority. As currently written, the bill would require that the Authority provide space for a lactation room post-security in the SDIA Commuter Terminal. The Authority's legislative team and California Airports Council have worked with the author to allow an exemption for SDIA's Commuter Terminal. As such, we recommend that the Board Support the bill if such an amendment is added to it.

Status: 06/18/14 – Passed 11 votes to 0 in Committee on Transportation and Housing.
Re-referred to Committee on Appropriations

Position: Support If Amended

Legislation/Topic

SB 1350 (Lara) – Baby Changing Accommodation

Background/Summary

As amended on May 5, 2014, this bill would require the California Building Standards Commission to mandate that any place of public accommodation that provides restroom facilities, and installs new, or substantially renovated facilities (requiring a building permit and costing \$10,000 or more), to install and maintain at least one baby diaper changing accommodation in the new or renovated restroom that is accessible to women, men, or both.

Anticipated Impact/Discussion

The requirement of including baby diaper changing stations into future restroom renovations or new restroom construction may result in increased costs to the Authority.

Status: 06/09/14 Referred to Committee on Business, Professions and Consumer Protection.

Position: Watch (04/03/14)

Legislation/Topic

SB 1156 (Steinberg) – California Carbon Tax Law of 2014

Background/Summary

This bill, effective January 1, 2015, would impose a carbon tax of an unspecified amount per ton of carbon dioxide equivalent emissions on suppliers of fossil fuels. The State Board of Equalization would be required to administer and implement the carbon tax, depositing revenues into the Carbon Tax Revenue Special Fund in the State Treasury. The bill would state the intent of the Legislature that revenues from the carbon tax be rebated to taxpayers, particularly low- and medium-income taxpayers.

- *Shaded text represents new or updated legislative information.*

Anticipated Impact/Discussion

This legislation will be monitored by Authority staff for any future impact to SDIA.

Status: 04/02/14 – Set, first hearing. Hearing canceled at the request of author.

Position: Watch (04/03/14)

Legislation/Topic

AB 2516 (Gordon) – Sea Level Rise Planning Database

Background/Summary

This bill would require, on or before January 1, 2016, the Natural Resources Agency (NRA) and the Ocean Protection Council, to create, update monthly, and post on the internet a Planning for Sea Level Rise Database describing actions being taken statewide to prepare for, and adapt to sea level rise. The bill specifically requires airports within the California Coastal Zone to provide the NRA with sea level rise-related project information on a monthly basis.

Anticipated Impact/Discussion

This legislation will be monitored by Authority staff for any future impact to SDIA.

Status: 06/11/14 – Referred to Committee on Natural Resources and Water.

Position: Watch (04/03/14)

Legislation/Topic

AB 1430 (Hill) – Malicious Mischief: Airport Property Transportation Services

Background/Summary

Under this bill, any person who offers for sale transportation services at an airport to members of the public without written consent of the Airport's governing board would be guilty of a misdemeanor.

Anticipated Impact/Discussion

This bill could prevent drivers of transportation network companies (TNC) from soliciting business from SDIA passengers. This legislation was requested by San Francisco International Airport (SFO), and is supported by the California Airports Council.

Status: 06/05/14 – Referred to Committee on Transportation.
06/16/14 – Hearing postponed by Committee

Position: Support (04/03/14)

- *Shaded text represents new or updated legislative information.*

Legislation/Topic

AJR 34 (Cooley) – Terrorism risk insurance

Background/Summary

This joint resolution would urge the President and United States Congress to support reauthorization of the Terrorism Risk Insurance Act, scheduled to expire December 31, 2014.

Anticipated Impact/Discussion

This bill would encourage Congress and the President to continue an important risk management tool of the Authority. The loss of the federal government subsidy on our terrorism insurance policy would result in higher policy costs to the Authority.

Status: 05/05/14 – Chaptered by Secretary of State

Position: Support (04/03/14)

Legislation/Topic

AB 2390 (Muratsuchi) – Low Carbon Fuel Standard: Green Credit Reserve

Background/Summary

This bill would require the Governor, by June 30, 2015, to designate a state agency to establish and administer a Low Carbon and Renewable Fuels Credit Reserve (Green Credit Reserve or Reserve) to facilitate and encourage the development of renewable and low carbon transportation fuel projects in California.

Anticipated Impact/Discussion

Under this bill, the Green Credit Reserve would enter into specified contracts with developers of projects intended to produce renewable fuels that qualify for state and federal low carbon/renewable fuel credits.

Status: 05/29/14 – Read third time. Refused passage 23 votes to 38. Failed.

Position: Watch (04/03/14)

Legislation/Topic:

SB 616 (Wright) – Aeronautics Account: California Aid to Airports Program

Background/Summary

This bill would allow Caltrans, until July 1, 2015, to provide matching funds to secure federal Airport Improvement Program funding from the State Aeronautics Account for airport improvement projects. Specifically, the bill would suspend a regulation prohibiting airports from receiving funds for a project that has been started or completed after January 1, 2014.

- *Shaded text represents new or updated legislative information.*

Anticipated Impact/Discussion

The Airport Improvement Program (AIP) provides grants to large and medium hub airports covering 75% of eligible project costs and to small primary, reliever, and general aviation airports covering 90-95% of eligible costs. To supplement AIP, Caltrans administers a State AIP Matching Grant Program. Due to a 2009-2010 transfer of funds from the Aeronautics Account that funds the Matching Grant Program, Caltrans has been prevented from providing grants to most projects. As a result, approximately \$80 million in potential federal funding to airports has been delayed. Approval of SB 616 will allow Caltrans to provide matching funds for AIP-funded airport projects.

Status: 06/10./14 – Read second time and amended. Re-referred to Committee on Transportation

Position: Support (03/06/14)

Legislation/Topic

SB 969 (DeSaulnier) – Public Works Project Overview Improvement Act

Background/Summary

This bill would define a “megaproject” as a transportation project with total estimated development and construction costs exceeding \$1,000,000,000. The bill would require the agency administering a megaproject to establish a peer review group and to take specified actions to manage the risks associated with a megaproject, including establishing a comprehensive risk management plan, and regularly reassessing its reserves for potential claims and unknown risks.

Anticipated Impact/Discussion

Although the bill has not yet clearly outlined the protocol for establishment of a peer review group, the Authority already establishes peer review groups for major construction projects.

Status: 06/11/14 – Read second time and amended. Re-referred to Committee on Accountability and Administrative Review.

Position: Watch (03/06/14)

Legislation/Topic

SB 985 (Pavley) – Stormwater Resource Planning

Background/Summary

This bill would require jurisdictions opting to develop a stormwater resource plan to identify opportunities to use existing publicly owned lands to capture and reuse stormwater.

- *Shaded text represents new or updated legislative information.*

Anticipated Impact/Discussion

The Authority is currently working on its own Stormwater Master Plan and will monitor this legislation for any future impact to SDIA.

Status: 06/17/14 – Passed 8 votes to 6 in Committee on Water, Parks and Wildlife.
Re-referred to Committee on Appropriations.

Position: Watch (03/06/14)

Federal Legislation

Legislation/Topic

Fiscal Year 2015 Transportation, Housing and Urban Development Appropriations

Background/Summary

This bill would provide annual funding for the Department of Transportation and Federal Aviation Administration. It would fund the Airport Improvement Program at its fully authorized level of \$3.35 billion. The bill would provide full funding for 14,800 air traffic controllers, 7,300 safety inspectors, and operational support personnel.

Anticipated Impact/Discussion

This legislation would benefit the Airport Authority by ensuring that the Federal Aviation Administration personnel and programs are adequately funded for Fiscal Year 2015.

Status: 5/6/14 – Approved by the House Appropriations Committee

Position: Support

Legislation/Topic

S. 2290 (Menendez) – Real Transparency in Airfares Act of 2014

Background/Summary

This bill would maintain a federal rule requiring sellers of airline tickets to disclose upfront full airfare costs. This bill would also increase penalties for violators of this rule, establishing a fine of \$55,000 or, if the violator is an individual or small business, \$2,500.

Anticipated Impact/Discussion

Although this legislation would not directly impact SDIA operations, it may assist passengers in more easily understanding the full cost of their airfare.

Status: 5/5/14 – Introduced and referred to the Senate Committee on Commerce, Science, and Transportation

Position: Watch

- *Shaded text represents new or updated legislative information.*

Legislation/Topic

H.R. 4156 (Shuster) – Transparent Airfares Act of 2014

Background/Summary

This bill would overturn a Department of Transportation regulation that requires air carriers to display the full ticket price in published fares. Under H.R. 4156, Air Carriers would be allowed to advertise only base airfares and separately disclose government imposed taxes and fees as well as total airfare costs.

Anticipated Impact/Discussion

Although this legislation would not directly impact SDIA operations, total airfare costs may not be as easily understood by passengers purchasing airline tickets.

Status: 04/09/2014 – Approved by the House Committee on Transportation and Infrastructure voice vote.

Position: Watch (05/01/14)

Legislation/Topic

H.R. 3676 (Shuster/DeFazio) – Prohibiting In-Flight Voice Communications on Mobile Wireless Devices Act of 2013

Background/Summary

This bill would prohibit voice communications on mobile devices during the in-flight portion of any scheduled domestic commercial flight. The bill contains exemptions from the ban for on-duty members of flight and cabin crew, and federal law enforcement personnel acting in an official capacity

Anticipated Impact/Discussion

This legislation will be monitored by Authority staff for any future impact to SDIA.

Status: 05/30/14 – Reported by the Committee of Transportation and Infrastructure.
Placed on Union Calendar.

Position: Watch (03/06/14)

- *Shaded text represents new or updated legislative information.*



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
5

Meeting Date: **JULY 7, 2014**

Subject:

Approve Appointments to the Art Advisory Committee

Recommendation:

Adopt Resolution No. 2014-0062, approving the appointments of Ben Fyffe and Deborah L. Van Huis to the Art Advisory Committee.

Background/Justification:

At its January 10, 2013, meeting, the Board adopted a new Authority Policy 8.50, replacing Policies 8.50 (Guidelines for the Public Art Program), 8.51 (Monuments, Memorials and Plaques) and 8.52 (Donated and Loaned Items). Under the new Policy 8.50, the Art Advisory Committee (AAC) is comprised of nine voting members and no more than three ex-officio, non-voting members. Appointments to AAC must comply with the following:

- Six voting members who are Art Professionals or Design Professionals
 - At least two of the six members shall be practicing Artists
 - At least one of the six members shall be actively involved in the performing arts
 - At least two of the six members shall reside outside of San Diego County
- One voting member who serves on the Airport Authority Board
- Up to three ex-officio, non-voting Authority staff members whose departments work closely with the Airport Art Program as determined by the President/CEO

The process to appoint members to the AAC is as follows:

- The Chair of the Board shall appoint one member of the Board to serve as a voting member of the AAC
- The President/CEO shall recommend six individuals who are Art Professionals and Design Professionals to serve as voting members of the AAC, subject to appointment by the Board
- The President/CEO shall review interested candidates' qualifications and make recommendations to the Board as follows:
 - Solicit and review qualifications submitted by AAC, staff and interested professionals in the field of design, visual art, performing arts, and literary arts annually or as needed
 - Conduct interviews as needed

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Page 2 of 3

REAPPOINTMENT OF BEN FYFFE AND DEBORAH L. VAN HUIS

Ben Fyffe would serve as a national art and design professional. Reappointment to the Committee would be for a three-year term from June 2014 – June 2017.

Ben Fyffe is the arts education program coordinator for the City of El Paso Museums and Cultural Affairs Department, where he works to interface the programs and needs of artists, arts organizations, and schools and oversees a teaching artist program serving 40,000 annually. Previously, Fyffe was youth docent program coordinator at the Austin Museum of Art and most recently assistant head of education at the El Paso Museum of Art, where he directed a bilingual touring program that served 25,000 students annually; produced exhibition-related curriculum distributed biannually to 16,000 educators throughout Texas' Region 19; and managed outreach to at-risk schools along the U.S.-Mexico Border.

Deborah L. Van Huis would serve as a San Diego County art and design professional. Reappointment to the Committee would be for a three-year term from June 2014 – June 2017.

Deborah is the Director and Newsletter Editor for the San Dieguito Art Guild and has served on the planning committee for "Something Fishy", A Grand Rapids Community Art Project & Exhibition Planning Committee.

She is the Managing Director of the Stella Vista Program for high achieving professionals and leaders for Business Women Rising's Leadership Vistas. She holds a BS in Civil Engineering from University of Illinois at Chicago and has expertise in entitlement and land development processes. Deborah has served as the West Coast Regional Land Manager for KB Home and as the Vice President of Forward Planning for one of the nation's largest land developers. Currently, she is retained as an Adjunct Instructor for the University of Redlands and Westwood College teaching Construction Project Management.

Fiscal Impact:

No fiscal impact.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy
 Customer Strategy
 Employee Strategy
 Financial Strategy
 Operations Strategy

Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.

- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

DIANA LUCERO
DIRECTOR, VISION, VOICE & ENGAGEMENT

RESOLUTION NO. 2014-0062

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY THE APPOINTMENTS OF BEN FYFFE
AND DEBORAH L. VAN HUIS TO THE ART
ADVISORY COMMITTEE

WHEREAS, the operations, procedures and activities of the San Diego County Regional Airport Authority ("Authority") and its Board's committees are guided by, among other things, the Authority's Policies and Codes; and

WHEREAS, the Board adopted Policy 8.50, entitled Policy for the Airport Authority Art Program, which governs the appointment of Art Committee ("AAC") members; and

WHEREAS, Authority Policy 8.50 states that the AAC will be comprised of:

- a) Six voting members who are Arts Professionals or Design Professionals
- b) One voting member who serves on the Board
- c) Up to three *ex-officio* non-voting Authority staff members whose departments work closely with the Airport Art Program, as determined by the President/CEO; and

WHEREAS, of the six voting members who are art or design professionals, four shall reside within San Diego County and two shall reside outside San Diego County, as recommended by the President/CEO, subject to appointment by the Board; and

WHEREAS, Ben Fyffe is one of the two art/design professionals who resides outside of San Diego County; and

WHEREAS, Deborah Van Huis is one of the four art/design professionals who resides within San Diego County; and

WHEREAS, the AAC is advisory in nature to provide expert advice regarding opportunities for integrating public artwork into the Airport, to identify eligible and qualified artists for creation of specific artworks, to maintain and conserve displayed public artworks, to deaccession public artworks, and determine eligibility and qualifications for temporary and rotating art exhibits.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the appointment of Ben Fyffe and Deborah L. Van Huis to serve on the Art Advisory Committee for the terms indicated on "Attachment A."

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BE IT FURTHER RESOLVED that the Board finds this action is not a "project" that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended, 14 Cal. Code Regs. §15378; is not a "project" subject to CEQA Cal. Pub. Res. Code (California Public Resources Code §21065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code §30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

000041

Art Advisory Committee

Current Committee Members	Total length of Term	Beginning of Term	End of Term
Deborah L. Van Huis Design Professional (Committee Chair)	3 Years	June 2014	June 2017
Ben Fyffe Art Professional (Outside San Diego County Resident)	3 Years	June 2014	June 2017
Sheryl L. White Art Professional	3 years	September 2012	June 2015
Chike C. Nwoffiah Art Professional (Outside San Diego County Resident/ Involved in Performing Arts)	3 years	September 2012	June 2015
Michael Soriano Art Professional	3 years	September 2013	June 2016
Indra Gardiner Art Professional (Committee Vice Chair)	3 years	September 2013	June 2016
Robert H. Gleason – Authority Board Member	At Board Chair's discretion	n/a	n/a
Bob Bolton – Authority Staff (Ex-Officio Member)	At President/CEO's discretion	n/a	n/a
Diana Lucero – Authority Staff (Ex-Officio Member)	At President/CEO's discretion	n/a	n/a

Updated: 6/10/14

000042



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.

6

Meeting Date: **JULY 7, 2014**

Subject:

Reject the Claim of Lloyd Lee Chapman

Recommendation:

Adopt Resolution No. 2014-0063, Rejecting the Claim of Lloyd Lee Chapman.

Background/Justification:

On June 10, 2014, Lloyd Lee Chapman ("Chapman") filed a claim (Attachment A) with the San Diego County Regional Airport Authority ("Authority") alleging that on December 24, 2013, he fell over a rubber mat extending outside the check-in kiosk for Southwest Airlines in front of Terminal One at San Diego International Airport. Chapman claims damages in excess of \$10,000 including medical treatment for his injuries and loss of consortium for his wife.

Chapman alleges in his claim that he was a ticketed passenger on Southwest Airlines and was trying to check his luggage when he tripped over a heavy rubber mat which extended beyond the check-in kiosk. He claims he fell onto the concrete and suffered three fractures of his facial bones, which required surgery.

Chapman's claim should be denied. An investigation into the events surrounding the claim revealed that the claimant did not wait to be assisted when instructed to do so by Southwest Sky Caps. Instead of waiting, Chapman attempted to walk through the baggage presentation area, where bags are tagged and weighed by airline personnel after passengers complete the check-in process. The area is separated from the counters and the passenger walkway by large reinforced steel thresholds with steep inclines. Two witnesses interviewed stated that Chapman appeared to trip over that separator. Further, the Authority had no notice of a dangerous condition.

Fiscal Impact:

Not applicable.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

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Environmental Review:

- A. CEQA: This Board action, as an administrative action, is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.

- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

SUZIE JOHNSON
PARALEGAL, GENERAL COUNSEL

ATTACHMENT A



SDCRAA
JUN 10 2014
Corporate Services

FOR AUTHORITY CLERK USE ONLY	
Document No.: <u>CL-226</u>	
Filed: <u>6-10-14</u>	

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
 ACCIDENT OR DAMAGE CLAIM FORM**

Please complete all sections.
 Incomplete submittals will be returned, unprocessed.
 Use a typewriter or print in ink.

1) Claimant Name: <u>LOYD LEE CHAPMAN</u>	
2) Address to which correspondence regarding this claim should be sent: <u>5872 CIUDAD LEON CT.</u> <u>SAN DIEGO, CA 92120-3965</u>	
Telephone No.: <u>(619) 463-0191</u>	Date: <u>JUNE 9, 2014</u>
3) Date and time of incident: <u>DECEMBER 24, 2013 - APPROX. 4:30 pm</u>	
4) Location of incident: <u>SAN DIEGO LINDBERGH FIELD</u>	
5) Description of incident resulting in claim: <u>I WAS A TICKETED PASSENGER, TRYING</u> <u>TO CHECK LUGGAGE AT THE SOUTHWEST</u> <u>AIRLINES' CURBSIDE CHECK-IN COUNTER,</u> <u>AND TRIPPED OVER A HEAVY RUBBER</u> <u>MAT WHICH EXTENDED OUTSIDE OF THE</u> <u>KIOSK. I FELL ONTO CONCRETE AND</u> <u>INCURRED THREE FRACTURES OF FACIAL</u> <u>BONES WHICH REQUIRED SURGERY AND</u> <u>TITANIUM PLATES.</u>	
6) Name(s) of the Authority employee(s) causing the injury, damage or loss, if known:	
7) Persons having firsthand knowledge of incident:	
Witness (es)	Physician(s):
Name: <u>IRENE CHAPMAN</u>	Name: <u>BRIAN H. WEEKS (SURGEON)</u>
Address: <u>5872 CIUDAD LEON CT</u> <u>SAN DIEGO, CA 92120</u>	Address: <u>6645 ALVARADO RD.</u> <u>SAN DIEGO, CA 92120</u>
Phone: <u>(619) 463-0191</u>	Phone: <u>(619) 229-4902</u>
	<u>PAUL L. TREGER (OPHTHALMOLOGIST)</u> <u>7877 PARKWAY DR, STE. 100</u> <u>LAMESA, CA 91942</u> <u>(619) 460-9077</u>

ATTACHMENT A

8) Describe property damage or personal injury claimed:

PLEASE SEE ATTACHED.

9) Owner and location of damaged property or name/address of person injured:

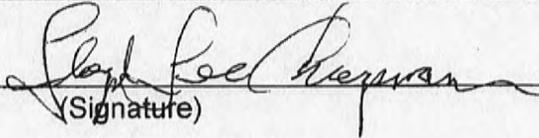
LLOYD LEE CHAPMAN
5872 CIUDAD LEON CT.
SAN DIEGO, CA 92120-3965

10) Detailed list and amount of damages claimed as of date of presentation of claim, including prospective damages. If amount exceeds \$10,000.00, a specific amount need not be included.

IN EXCESS OF \$10,000⁰⁰

Dated: JUNE 9, 2014

Claimant:


(Signature)

Notice to Claimant:

Where space is insufficient, please use additional paper and identify information by proper section number.

Return completed form to:

San Diego County Regional Airport Authority
Tony Russell, Director, Corporate & Information Governance/Authority Clerk
Corporate & Information Governance
P.O. Box 82776
San Diego, CA 92138-2776

ATTACHMENT A

Lloyd Lee Chapman

Section #8 – Personal Injury Claimed:

In addition to fractured facial bones, I have the following seemingly permanent complications from the incident: My right eye waters continually, causing distortion of my vision. This is particularly problematic because I have been legally blind in my left eye since childhood. I have constant numbness above my upper lip, extending into a portion of my right cheek. This numbness leaves me with a perpetually runny nose. Also, I still have a sizable bruise or discoloration on my right cheek, which my surgeon said may never fade.

The injury was extremely painful, and the healing process has been onerous. In addition to a regimen of ice packs, pain pills, and antibiotics, I was also required to apply eye drops and ointment 12 times a day for more than two months. In addition, my wife has suffered loss of consortium.

000047

RESOLUTION NO. 2014-0063

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY REJECTING THE CLAIM OF LLOYD
LEE CHAPMAN

WHEREAS, on June 10, 2014, Lloyd Lee Chapman filed a claim with the San Diego County Regional Airport Authority for damages he alleges were the result of a trip and fall in front of Terminal One at San Diego International Airport; and

WHEREAS, at its special meeting on July 7, 2014, the Board considered the claim filed by Lloyd Lee Chapman and the report submitted to the Board, and found that the claim should be rejected.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby rejects the claim of Lloyd Lee Chapman.

BE IT FURTHER RESOLVED by the Board that it finds that this Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code §21065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code §30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

000048



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
7

Meeting Date: **JULY 7, 2014**

Subject:

Approve and Authorize the President/CEO to Execute Second Amendments to the On-Call Heating, Ventilation, and Air Conditioning Services Agreements with (1) Helix Mechanical, Inc.; (2) Endless Summer Heating & Air Conditioning, Inc.; and (3) DuWright Construction, Inc.

Recommendation:

Adopt Resolution No. 2014-0064, approving and authorizing the President/CEO to execute Second Amendments to the agreements with (1) Helix Mechanical, Inc.; (2) Endless Summer Heating & Air Conditioning, Inc.; and (3) DuWright Construction, Inc., increasing the total amount payable by \$900,000 for an aggregate total not-to-exceed compensation amount of \$1,890,000 for all three firms.

Background/Justification:

In 2013, the Board approved and the Authority entered into Agreements with (1) Helix Mechanical, Inc. ("Helix"); (2) Endless Summer Heating & Air Conditioning, Inc. ("Endless Summer"); and (3) DuWright Construction, Inc. ("DuWright") for the provision of on-call heating, ventilation, and air conditioning ("HVAC") services to support San Diego International Airport's ("SDIA's") Capital Major Maintenance Program. Each Agreement is for a term of three (3) years, expiring December 31, 2015, with an option for two (2) one-year extensions to be exercised at the discretion of the President/CEO, for a not-to-exceed *aggregate* total compensation amount for the three Agreements of \$900,000.

In 2014 pursuant to Authority Policy 5.01(3)(b)(i), the President/CEO authorized First Amendments to the Agreements with Helix; Endless Summer; and DuWright, increasing the total amount payable by \$90,000 for a not-to-exceed aggregate total compensation amount of \$990,000 covering all three Agreements. The First Amendments ensured that sufficient contract funds were available to award the necessary task authorizations for work to be performed in the American Airlines Admirals Club, CIP #104152 in Terminal 2 East, in preparation for the new common use club operated by Swissport USA, Inc.

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Second Amendment Justification

The high volume of airport construction has necessitated the need for on-call contractors to support construction activity. To date, over \$866,000 in HVAC maintenance projects and improvements have been completed or are currently ongoing. On-call HVAC contractors have been performing tasks under approved CIP projects at the request of Facilities Development Department ("FDD"). These projects are (1) the Refurbish Concessions Support Infrastructure Project in Terminal 1 West [CIP #104179], and (2) Upgrade of Wall Finishes at the East Ticket Lobby in Terminal 2 East [CIP #104056].

Tasks being performed to support the Refurbish Concessions Support Infrastructure Project [CIP #104179] comprise additional work that was deleted from the CIP scope due to the operational impact that the existing concessions would have experienced had the original scope to demolish the space remained in the contract. Subsequent to the completion of the contract, direction was provided to demolish the space and associated HVAC infrastructure.

The completion of the project to upgrade Terminal 2 East necessitated the unforeseen need to standardize the appearance of ticket lobby as a whole. The upgrade to the wall finishes in the east ticket lobby is being performed at Management's direction. A change order could not be issued to the CIP contractor because the contract had been completed. On-call General Construction and HVAC contractors were contracted to perform work on this project.

Following is a summary of some of the expenses:

Project/Improvement	Amount
Central Utility Plant (CUP) Upgrades	\$623,200
Restroom Remodel (T1W & T2W)	\$ 19,900
Equipment Upgrades	\$ 62,300
Facilities Development CIPs	\$161,100

Staff is recommending Second Amendments to each of the three Agreements to increase the total amount payable by an additional \$900,000 for an aggregate total not-to-exceed compensation amount of \$1,890,000 covering the combined total expenditures for the three Agreements. This will ensure that funds continue to be available for future work through the terms of the Agreements.

Fiscal Impact:

Adequate funding for the three on-call HVAC services agreements is included in the adopted FY 2015 and conceptually approved FY 2016 Operating Expense Budgets within the Facilities Management Major Maintenance line item and the Authority's FY 2015 – FY 2019 Capital Improvement Program budget for capitalized major maintenance projects. Expenses that will impact budget years not yet adopted by the Board will be included in future year budget requests.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy
 Customer Strategy
 Employee Strategy
 Financial Strategy
 Operations Strategy

Environmental Review:

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. § 15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code § 21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code § 30106.

Application of Inclusionary Policies:

The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, Policy 5.12 and Policy 5.14. These programs/policies are intended to promote the inclusion of small, local, service disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs/policies named above can be used in any single contracting opportunity.

This contract does not utilize federal funds and provides limited opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.12 was applied to promote the participation of qualified small businesses. Policy 5.12 provides a preference of up to five percent (5%) to small businesses in the award of selected Authority contracts. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$100,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid.

In accordance with Policy 5.12, the recommended firms, Helix Mechanical, Inc., Endless Summer Heating & Air Conditioning, Inc., and DuWright Construction, Inc., received a 5% small business preference.

Prepared by:

MURRAY J. BAUER
DIRECTOR, FACILITIES MANAGEMENT

RESOLUTION NO. 2014-0064

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE SECOND AMENDMENTS TO THE AGREEMENTS WITH (1) HELIX MECHANICAL, INC.; (2) ENDLESS SUMMER HEATING & AIR CONDITIONING, INC.; AND (3) DUWRIGHT CONSTRUCTION, INC., INCREASING THE TOTAL AMOUNT PAYABLE BY \$900,000 FOR AN AGGREGATE TOTAL NOT-TO-EXCEED COMPENSATION AMOUNT OF \$1,890,000 FOR ALL THREE FIRMS

WHEREAS, in 2013, the Authority entered into Agreements with (1) Helix Mechanical, Inc. ("Helix"); (2) Endless Summer Heating & Air Conditioning, Inc. ("Endless Summer"); and (3) DuWright Construction, Inc. ("DuWright") for the provision of on-call heating, ventilation, and air conditioning ("HVAC") services to support San Diego International Airport's ("SDIA's") Capital Major Maintenance Program; and

WHEREAS, each Agreement is for a term of three (3) years, expiring December 31, 2015, with an option for two (2) one-year extensions to be exercised at the discretion of the President/CEO, for an aggregate total not-to-exceed compensation amount of \$900,000 (combined) for all three Agreements; and

WHEREAS, in 2014 pursuant to Authority Policy 5.01(3)(b)(1), the President/CEO authorized First Amendments to the Agreements with Helix; Endless Summer; and DuWright, increasing the total amount payable by \$90,000 for an aggregate total not-to-exceed compensation amount of \$990,000 (combined) for all three Agreements; and

WHEREAS, the First Amendments ensure that sufficient funds remain available to award the task authorizations for work to be performed in the American Airlines Admirals Club in Terminal 2 East [CIP #104152] in preparation for the new common use club operated by Swissport USA, Inc.; and

WHEREAS, the high volume of airport construction has necessitated the need for on-call contractors to support construction activity; and

WHEREAS, over \$866,000 in HVAC maintenance projects and improvements have been completed or are currently ongoing; and

WHEREAS, recently the on-call HVAC contractors have been performing tasks under CIP projects at the request of Facilities Development Department ("FDD"); and

WHEREAS, additional funds are needed to be authorized and added for the three Agreements.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute Second Amendments to the Agreements with (1) Helix Mechanical, Inc.; (2) Endless Summer Heating & Air Conditioning, Inc.; and (3) DuWright Construction, Inc., increasing the total amount payable by \$900,000 for an aggregate total not-to-exceed compensation amount of \$1,890,000 for all three firms; and

BE IT FURTHER RESOLVED that the Authority and its officers, employees, and agents hereby are authorized to do and perform all such acts as may be necessary or appropriate in order to effectuate fully the foregoing; and

BE IT FURTHER RESOLVED that the Board finds that this Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (Cal. Pub. Res. Code § 21065); and is not a "development" as defined by the California Coastal Act (Cal. Pub. Res. Code § 30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
8

Meeting Date: **JULY 7, 2014**

Subject:

Authorize the Authority to Submit a Grant Proposal to the California Ocean Protection Council to Fund Advanced Hydrodynamic Sea Level Rise Modeling in Coordination with Scripps Institution of Oceanography and in Partnership with the San Diego Unified Port District

Recommendation:

Adopt Resolution No. 2014-0065, authorizing the Authority to submit a grant proposal to the California Ocean Protection Council to fund advanced hydrodynamic and sea level rise modeling in coordination with the Scripps Institution of Oceanography and in partnership with the San Diego Unified Port District.

Background/Justification:

The California Ocean Protection Council (OPC) is responsible for improving the protection, conservation, restoration, and management of coastal and ocean ecosystems in the state of California through enhanced scientific understanding. Currently, the OPC has \$1.2 million in grant funds available for public agencies to address sea level rise, sea level rise modeling, vulnerability assessments, and climate adaptation planning.

The Authority was made aware of this opportunity at a meeting organized by Supervisor Greg Cox on May 27, 2014, titled "Let's Talk Coastal." The grant was presented at the meeting by Executive Director Dr. Charles Lester and Hilary Papendick of the California Coastal Commission to coastal cities and agencies in San Diego County. It is an opportunity that complements existing efforts and would utilize existing partnerships with Scripps Institute of Oceanography and the San Diego Unified Port District.

The existing partnership assists the Authority in identifying the vulnerabilities to airport properties, operations and infrastructure to flooding and sea-level rise. The Authority has been participating with the San Diego Climate Collaborative to address sea-level rise on San Diego Bay. Preliminary modeling and observations in the catch basins of airport drains indicate that airport storm water drains and outfalls are subject to tidal influence and may experience flooding during certain storm and high tide events. Additional airport facilities that may be vulnerable to flooding include navigation aids in the Navy Boat Channel and the primary access to the airport terminals via North Harbor Drive, particularly the tidelands and roads near the U.S. Coast Guard station.

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Page 2 of 3

Scripps Institute of Oceanography (SIO) scientists are working to advance the development of a sophisticated model to provide a comprehensive and nuanced understanding of the potential reach and impact of sea level rise and flooding around San Diego Bay. This method uses hydrodynamic information that takes into account tides, currents, wind, storm surge, and topographic features such as stormwater conveyance and results in a more precise evaluation of vulnerabilities to sea level rise and flooding. This research will lay the groundwork for the creation of site-specific models that will greatly enhance the Authority's ability to make informed decisions about future infrastructure and habitat investments. While SIO is partially funded for this work, additional resources will provide better data for the Authority and allow for a more expedited completion of the project.

The San Diego Unified Port District is a partner on this proposal and is contributing matching funds to the grant proposal equal to the Authority's contribution (\$40,000). The Airport is updating its master drainage plan to reflect the complexities of stormwater flows throughout the property as well as their relationship to San Diego Bay. This plan will add information beyond the 2008 Airport Master Plan, to address drainage concerns, particularly as it relates to the vulnerability of critical off-airport infrastructure and navigational equipment. This will also assist with the Authority's continual regulatory duties related to stormwater management; however, the master drainage plan will be greatly more informed with concurrent completion of the Scripps Institute of Oceanography model.

Proposals are due to the OPC by July 7, 2014 and award decisions will be made in Fall 2014. Funded projects must be completed by June 2017.

While the Authority and Port are partnering on this effort in collaboration with Scripps Institute of Oceanography, the Port will be the lead applicant for contracting purposes. The proposal will include matching funds from both the Authority and the Port (project partners) for \$40,000 each, and an additional \$50,000 from SIO (collaborator). The proposal requests \$250,000 in order to complete the joint effort. If awarded, the OPC will work with the Port and project partners/collaborators to develop a specific agreement, including a budget, timeline, and key deliverables.

Fiscal Impact:

Funds for the first year of this expenditure are budgeted in the approved FY2015 Budget for \$40,000.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy
 Customer Strategy
 Employee Strategy
 Financial Strategy
 Operations Strategy

000055

Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. § 15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code § 21065.

- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code § 30106.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

JEFFREY WOODSON
VICE PRESIDENT, DEVELOPMENT

RESOLUTION NO. 2014-0065

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING THE AUTHORITY TO SUBMIT A GRANT PROPOSAL TO THE CALIFORNIA OCEAN PROTECTION COUNCIL TO FUND ADVANCED HYDRODYNAMIC AND SEA LEVEL RISE MODELING IN COORDINATION WITH THE SCRIPPS INSTITUTION OF OCEANOGRAPHY AND IN PARTNERSHIP WITH THE SAN DIEGO UNIFIED PORT DISTRICT

WHEREAS, the California Ocean Protection Council (OPC) is responsible for improving the protection, conservation, restoration, and management of coastal and ocean ecosystems in the state of California through enhanced scientific understanding. Currently, the OPC has \$1.2 million in grant funds available for public agencies to address sea level rise, sea level rise modeling, vulnerability assessments, and climate adaptation planning; and

WHEREAS, the San Diego Unified Port District is a partner on this proposal and is contributing matching funds to the grant proposal equal to the Authority's contribution (\$40,000); and the Authority is updating its strategic master drainage plan to reflect the complexities of stormwater flows throughout the property as well as their relationship to San Diego Bay; and this plan will add information beyond the 2008 Airport Master Plan, particularly as it relates to the vulnerability of critical off-airport infrastructure and navigational equipment.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby authorizes the Authority to submit a grant proposal to the California Ocean Protection Council to fund advanced hydrodynamic and sea level rise modeling in coordination with the Scripps Institution of Oceanography and in partnership with the San Diego Unified Port District; and

BE IT FURTHER RESOLVED the Board finds that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (Cal. Pub. Res. Code § 21065); and is not a "development" as defined by the California Coastal Act (Cal. Pub. Res. Code § 30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

000058



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
9

Meeting Date: **JULY 7, 2014**

Subject:

Award a Contract to G&G Specialty Contractors, Inc. for Quieter Home Program Phase 7, Group 11 (32 Historic and Non-Historic Single and Multi-Family Units on 19 Residential Properties Located East and West of the Airport)

Recommendation:

Adopt Resolution No. 2014-0066, awarding a contract to G&G Specialty Contractors, Inc., in the amount of \$1,462,824, for Phase 7, Group 11, Project No. 380711, of the San Diego County Regional Airport Authority's ("Authority") Quieter Home Program.

Background/Justification:

The Quieter Home Program ("Program") provides sound attenuation treatment to residences within the highest noise-impacted neighborhoods surrounding San Diego International Airport ("SDIA"). The Phase 7, Group 11, project includes installation of new acoustical windows, doors, insulation, and ventilation improvements to reduce aircraft-related noise levels inside the homes. This project will provide sound attenuation to 32 historic and non-historic single and multi-family units on 19 residential properties located east and west of SDIA (refer to Attachment A).

To date, the Program has completed 2,851 residences, of which 710 are historic and 2,141 are non-historic; 1,825 residences are located west of SDIA and 1,026 are located east of SDIA.

Project No. 380711 was advertised on May 6, 2014, and bids were opened on June 5, 2014. The following bids were received (refer to Attachment B):

Company	Total Bid
G&G Specialty Contractors, Inc.	\$1,462,824
S&L Specialty Contracting, Inc.	\$1,465,550

The Engineer's estimate is \$1,369,677.

The low bid of \$1,462,824, is considered responsive, and G&G Specialty Contractors, Inc. is considered responsible. Award to G&G Specialty Contractors, Inc. is, therefore, recommended in the amount of \$1,462,824.

Fiscal Impact:

Adequate funds for FY2015 expenditures, for the G&G Specialty Contractors, Inc. contract are included within the adopted FY2015 operating budget in the Authority's Quieter Home Program. Sources of funding include Federal Airport Improvement Program grants and Passenger Facility Charges.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

- A. CEQA. This Board action is a "project" subject to the California Environmental Quality Act ("CEQA"), Pub. Res. Code §21065. The individual projects under the Quieter Home Program are part of a class of projects that are categorically exempt from CEQA: 14 Cal. Code Regs. §15301 – "Existing Facilities: Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination."
- B. California Coastal Act. This Board action is a "development" as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. The individual projects under the Quieter Home Program will consist of treatments to single-family and multi-family dwellings. Improvements to single-family homes are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(a) and 14 Cal. Code Regs. §13250 – "Improvements to Single-Family Residences." The proposed improvements to multi-family residences are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(b) and 14 Cal. Code Regs. §13253 – "Improvements to Structures Other than Single-Family Residences and Public Works Facilities that Require Permits."

Application of Inclusionary Policies:

The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, Policy 5.12 and Policy 5.14. These programs/policies are intended to promote the inclusion of small, local, service disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs/policies named above can be used in any single contracting opportunity.

The Authority's DBE Program, as required by the U.S. Department of Transportation, 49 Code of Federal Regulations (CFR) Part 26, calls for the Authority to submit a triennial overall goal for DBE participation on all federally funded projects. When federal funds are utilized, the Authority is prohibited from using a program that provides a preference such as those used in Policies 5.12 and 5.14. Therefore, the Authority must utilize other means as provided in the DBE Plan to achieve participation.

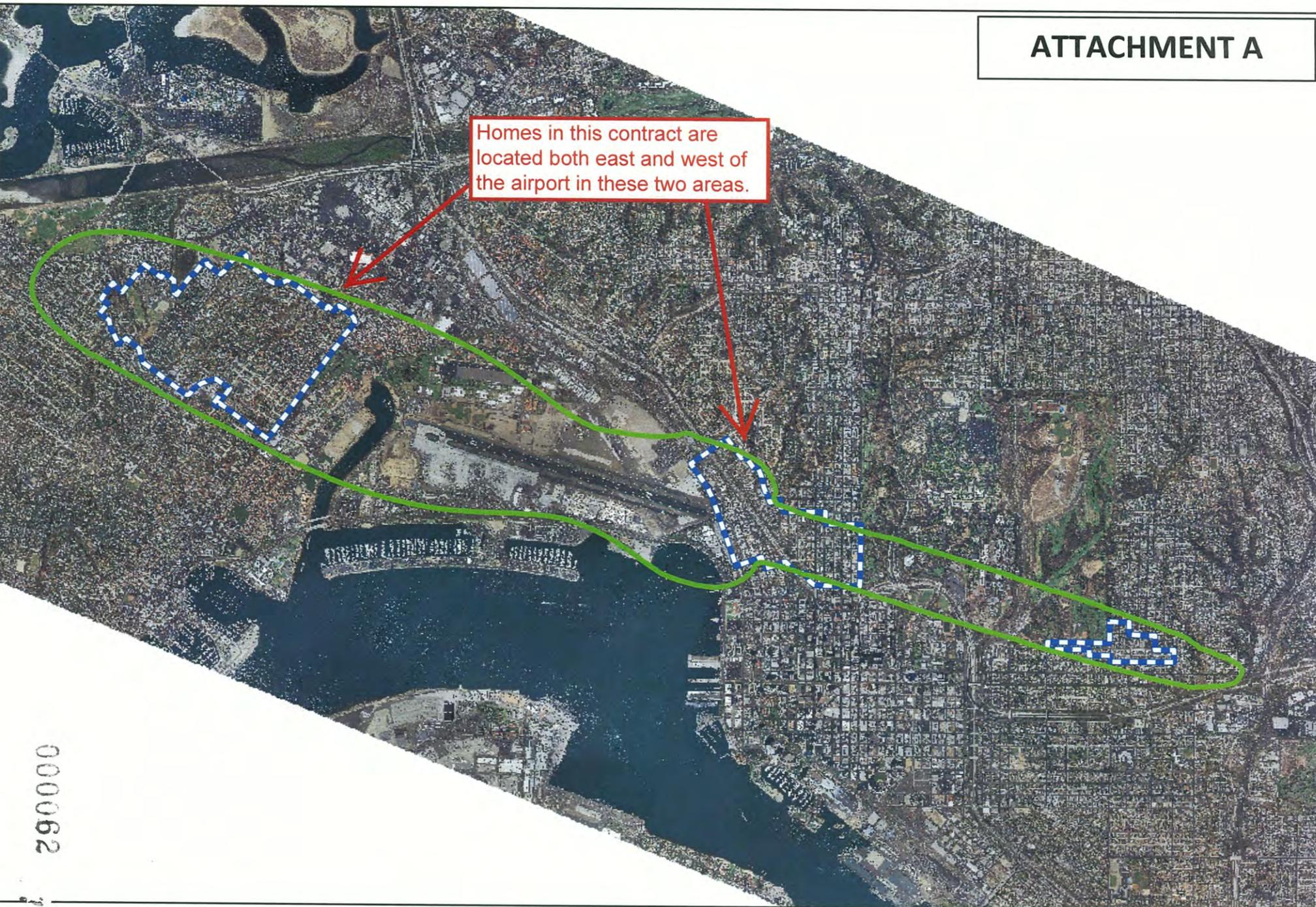
This project utilizes federal funds; therefore, it will be applied toward the Authority's overall DBE goal. G&G Specialty Contractors, Inc. is proposing 6% DBE participation on QHP Phase 7, Group 11.

Prepared by:

KEITH WILSCHETZ
DIRECTOR, AIRPORT PLANNING

ATTACHMENT A

Homes in this contract are located both east and west of the airport in these two areas.



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Map Notes:
 Aff Report Attachment A
 1 inch = 3,898 feet

Land Use - SanGIS 2/07		QHP Status		Noise Contours	
	Single-Family Residential		QHP Completed		67 dB Boundary
	Multi-Family Residential		QHP Ineligible		65 dB CNEL Contour
	Condominiums		County Parcel		Address Point

San Diego County Regional Airport Authority
 Quieter Home Program
 Project 380711

TITLE: QUIETER HOME PROGRAM PROJECT NO. 380711
 BIDS OPENED: June 5, 2014, 2:00 p.m.
 ENGINEER'S ESTIMATE: \$1,369,677.00

CONTRACTOR:					G&G Specialty Contractors, Inc.				S&L Specialty Contracting, Inc.			
ADDRESS:					1221 N. Mondel Drive, Gilbert, AZ 85233				315 S. Franklin Street, Syracuse, NY 13202			
GUARANTEE OF GOOD FAITH:					Hartford Casualty Insurance Company				Hartford Casualty Insurance Company			
Res No.	Bid Item Number	Dwelling Units	Unit of Measure	General Construction (In Figures)	HVAC Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	HVAC Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	
380711.04	Brokaw 4016 Caminito Espejo	1	Lump Sum	29,635.00	7,262.00	2,940.00	39,837.00	30,000.00	9,000.00	3,000.00	42,000.00	
380711.06	Clague 2672 Jonquil Drive	1	Lump Sum	53,824.00	7,897.00	3,040.00	64,761.00	53,000.00	9,000.00	3,000.00	65,000.00	
380711.07	Georggin 2132 Albatross Street, Unit 1	1	Lump Sum	25,169.00	2,403.00	2,290.00	29,862.00	21,000.00	3,000.00	4,000.00	28,000.00	
380711.07	Georggin 2132 Albatross Street, Unit 2	1	Lump Sum	13,897.00	2,403.00	2,190.00	18,490.00	8,000.00	3,000.00	3,000.00	14,000.00	
380711.07	Georggin 2132 Albatross Street, Unit 3	1	Lump Sum	15,785.00	2,403.00	2,190.00	20,378.00	10,000.00	3,000.00	3,000.00	16,000.00	
380711.07	Georggin 2132 Albatross Street, Unit 4	1	Lump Sum	15,955.00	2,403.00	2,190.00	20,548.00	9,000.00	3,000.00	3,000.00	15,000.00	
380711.07	Georggin 2132 Albatross Street, Unit 5	1	Lump Sum	21,306.00	2,403.00	2,190.00	25,899.00	20,000.00	3,000.00	4,000.00	27,000.00	
380711.07	Georggin 2132 Albatross Street, Unit 6	1	Lump Sum	13,472.00	2,403.00	2,190.00	18,065.00	7,000.00	3,000.00	4,000.00	14,000.00	
380711.07	Georggin 2132 Albatross Street, Unit 7	1	Lump Sum	15,447.00	2,403.00	2,190.00	20,040.00	10,000.00	3,000.00	4,000.00	17,000.00	
380711.07	Georggin 2132 Albatross Street, Unit 8	1	Lump Sum	19,681.00	2,403.00	2,270.00	24,354.00	16,000.00	3,000.00	5,000.00	24,000.00	
380711.08	Lewis 3040 Locust Street	1	Lump Sum	37,167.00	7,897.00	3,060.00	48,124.00	40,000.00	10,000.00	4,000.00	54,000.00	
380711.09	Lintott 4231 Montalvo Street	1	Lump Sum	28,920.00	2,403.00	3,210.00	34,533.00	27,000.00	9,000.00	10,000.00	46,000.00	
380711.09	Lintott 4233 Montalvo Street	1	Lump Sum	19,166.00	2,403.00	3,210.00	24,779.00	15,000.00	3,000.00	3,000.00	21,000.00	
380711.09	Lintott 4235 Montalvo Street	1	Lump Sum	20,575.00	7,424.00	3,210.00	31,209.00	16,000.00	3,000.00	3,000.00	22,000.00	
380711.13	Moyer 3120 Xenophon Street	1	Lump Sum	102,173.00	16,454.00	4,310.00	122,937.00	111,000.00	18,000.00	9,000.00	138,000.00	
380711.15	Ocampo-Brito 2052 Albatross Street, Unit 1	1	Lump Sum	30,734.00	4,806.00	2,870.00	38,410.00	29,000.00	8,000.00	7,000.00	44,000.00	
380711.15	Ocampo-Brito 2052 Albatross Street, Unit 2	1	Lump Sum	17,617.00	2,403.00	2,680.00	22,700.00	14,000.00	3,000.00	3,000.00	20,000.00	
380711.15	Ocampo-Brito 2052 Albatross Street, Unit 3	1	Lump Sum	16,337.00	2,403.00	2,680.00	21,420.00	12,000.00	3,000.00	2,000.00	17,000.00	
380711.16	Thet 2960 Poinsettia Drive	1	Lump Sum	47,677.00	9,030.00	2,860.00	59,567.00	45,000.00	11,000.00	3,000.00	59,000.00	
380711.17	Reeb 2305 Evergreen Street	1	Lump Sum	123,062.00	16,927.00	2,860.00	142,849.00	111,000.00	20,000.00	9,000.00	140,000.00	
380711.18	Schroeder 3703 Lotus Drive	1	Lump Sum	49,155.00	7,897.00	4,860.00	61,912.00	48,000.00	10,000.00	3,000.00	61,000.00	
380711.19	Smith 2463 Caminito Venido	1	Lump Sum	26,125.00	7,262.00	3,140.00	36,527.00	26,000.00	9,000.00	3,000.00	38,000.00	
380711.20	Taniguchi 2340 Worden Street	1	Lump Sum	49,014.00	9,030.00	3,940.00	61,984.00	52,000.00	11,000.00	3,000.00	66,000.00	
380708.01	Barber 2235 Palermo Drive	1	Lump Sum	30,030.00	7,424.00	3,260.00	40,714.00	27,000.00	9,000.00	3,000.00	39,000.00	
380708.03	Hoefler 2748 Azalea Drive	1	Lump Sum	31,960.00	16,292.00	3,000.00	51,252.00	23,000.00	20,000.00	3,000.00	46,000.00	
380708.04	Apple 3367 Wisteria Drive	1	Lump Sum	33,102.00	7,424.00	2,800.00	43,326.00	42,000.00	9,000.00	3,000.00	54,000.00	
380708.10	Kovacevich 3120 Shadowlawn Street	1	Lump Sum	42,498.00	7,424.00	3,120.00	53,042.00	40,000.00	9,000.00	3,000.00	52,000.00	
380708.21	Martini 2542 A Street (4 Units)	1	Lump Sum	124,981.00	9,612.00	3,040.00	137,633.00	120,000.00	14,000.00	4,000.00	138,000.00	
380708.23	Benson 4317 Banning Street	1	Lump Sum	31,796.00	7,266.00	3,060.00	42,122.00	31,000.00	9,000.00	3,000.00	43,000.00	
							Subtotal	\$1,357,274.00			Subtotal	\$1,360,000.00
							Allowance for Structural, HVAC, Electrical Repairs	76,000.00			Allowance for Structural, HVAC, Electrical Repairs	76,000.00
							Building and Utility Permits and Fees	27,000.00			Building and Utility Permits and Fees	27,000.00
							Allowance for 150 Required T-Shirts	2,550.00			Allowance for 150 Required T-Shirts	2,550.00
							TOTAL BID	\$1,462,824.00			TOTAL BID	\$1,465,550.00
							Addendum noted (1)				Addendum noted (1)	

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RESOLUTION NO. 2014-0066

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AWARDING A CONTRACT TO G&G SPECIALTY CONTRACTORS, INC., IN THE AMOUNT OF \$1,462,824, FOR PHASE 7, GROUP 11, PROJECT NO. 380711, OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY'S QUIETER HOME PROGRAM

WHEREAS, the San Diego County Regional Airport Authority ("Authority") has established a residential sound insulation program, known as the Quieter Home Program ("Program") to reduce aircraft noise levels in the homes of residents living within the highest noise-impacted neighborhoods surrounding San Diego International Airport; and

WHEREAS, Phase 7, Group 11, of the Program will include installation of new acoustical windows, doors, insulation, and ventilation improvements to reduce aircraft-related noise levels inside the identified homes; and

WHEREAS, Phase 7, Group 11, of the Program provides sound attenuation to 32 historic and non-historic single and multi-family units on 19 residential properties located east and west of the airport; and

WHEREAS, the Authority issued a Bid Solicitation Package for Phase 7, Group 11, on May 6, 2014; and

WHEREAS, on June 5, 2014, the Authority opened sealed bids received in response to the Bid Solicitation Package; and

WHEREAS, the apparent low bidder G&G Specialty Contractors, Inc., submitted a bid of \$1,462,824; and the Authority's staff has duly considered the bid and has determined G&G Specialty Contractors, Inc. is responsible and that its bid is responsive in all material respects; and

WHEREAS, the San Diego County Regional Airport Authority Board ("Board") believes that it is in the best interest of the Authority and the public that it serves to award G&G Specialty Contractors, Inc., the lowest bidder, the contract for Phase 7, Group 11, upon the terms and conditions set forth in the Bid Solicitation Package, the bid and the contract.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby awards a contract to G&G Specialty Contractors, Inc., in the amount of \$1,462,824, for Phase 7, Group 11, Project No. 380711, of the Authority's Quieter Home Program; and

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BE IT FURTHER RESOLVED that the Authority's President/CEO or designee is hereby authorized to execute said contract with G&G Specialty Contractors, Inc.; and

BE IT FURTHER RESOLVED that the Authority and its officers, employees, and agents are hereby authorized, empowered, and directed to do and perform all such acts as may be necessary or appropriate in order to effectuate fully the foregoing; and

BE IT FURTHER RESOLVED that the Board finds that this is a "project" as defined by the California Environmental Quality Act ("CEQA"), Cal. Pub. Res. Code §21065; and is a "development," as defined by the California Coastal Act, Cal. Pub. Res. Code §30106 and that this individual Quieter Home Program project is categorically exempt from the CEQA under Cal. Code Regs. §15301(f), "Existing Facilities," and is exempt from coastal permit requirements under Cal. Pub. Res. Code §§30610(a) and 30610(b) and 14 Cal. Code Regs. §§13250 and 13253.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

000065



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
10

Meeting Date: **JULY 7, 2014**

Subject:

Award a Contract to ThyssenKrupp Airport Systems, Inc. to Replace Passenger Boarding Bridges in Terminal 1 at San Diego International Airport

Recommendation:

Adopt Resolution No. 2014-0068, awarding a contract to ThyssenKrupp Airport Systems, Inc. in the amount of \$1,929,571, for Project No. 104178, Replace Passenger Boarding Bridges in Terminal 1 at San Diego International Airport.

Background/Justification:

This project is a San Diego County Regional Airport Authority ("Authority") Board ("Board") approved project in the FY2015-FY2019 Capital Improvement Program ("CIP").

This project will replace the Passenger Boarding Bridges ("PBBs") at Gates 3, 5, and 16 in Terminal 1 with new PBBs and will replace the PBB at Gate 15 with an Authority refurbished PBB (Attachment A). Based on the airport-wide PBB assessment survey performed, these PBBs require immediate replacement due to their poor condition resulting from age and constant exposure to the elements.

This contract was advertised on April 30, 2014 and sealed bids were opened on May 30, 2014. The following bids were received: (Attachment B)

Company	Total Bid
ThyssenKrupp Airport Systems, Inc.	\$1,929,571
JBT AeroTech, Jetway Systems	\$2,008,996

The Engineer's estimate is \$2,700,000 (Attachment B).

The requirements of Authority Policy 5.14 ("Policy 5.14"), small business, local business and service disabled veteran owned small business goal and preference program, were applied to this bid solicitation.

The low bid of \$1,929,571, is responsive, and ThyssenKrupp Airport Systems, Inc., is considered responsible. Staff recommends award to ThyssenKrupp Airport Systems, Inc., in the amount of \$1,929,571.

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Fiscal Impact:

Adequate funds for the contract with ThyssenKrupp Airport Systems, Inc., are included within the Board approved FY2015-FY2019 Capital Program Budget for Project No. 104178, Replace Passenger Boarding Bridges in Terminal 1. Source of funding for this project is Passenger Facility Charges.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Application of Inclusionary Policies:

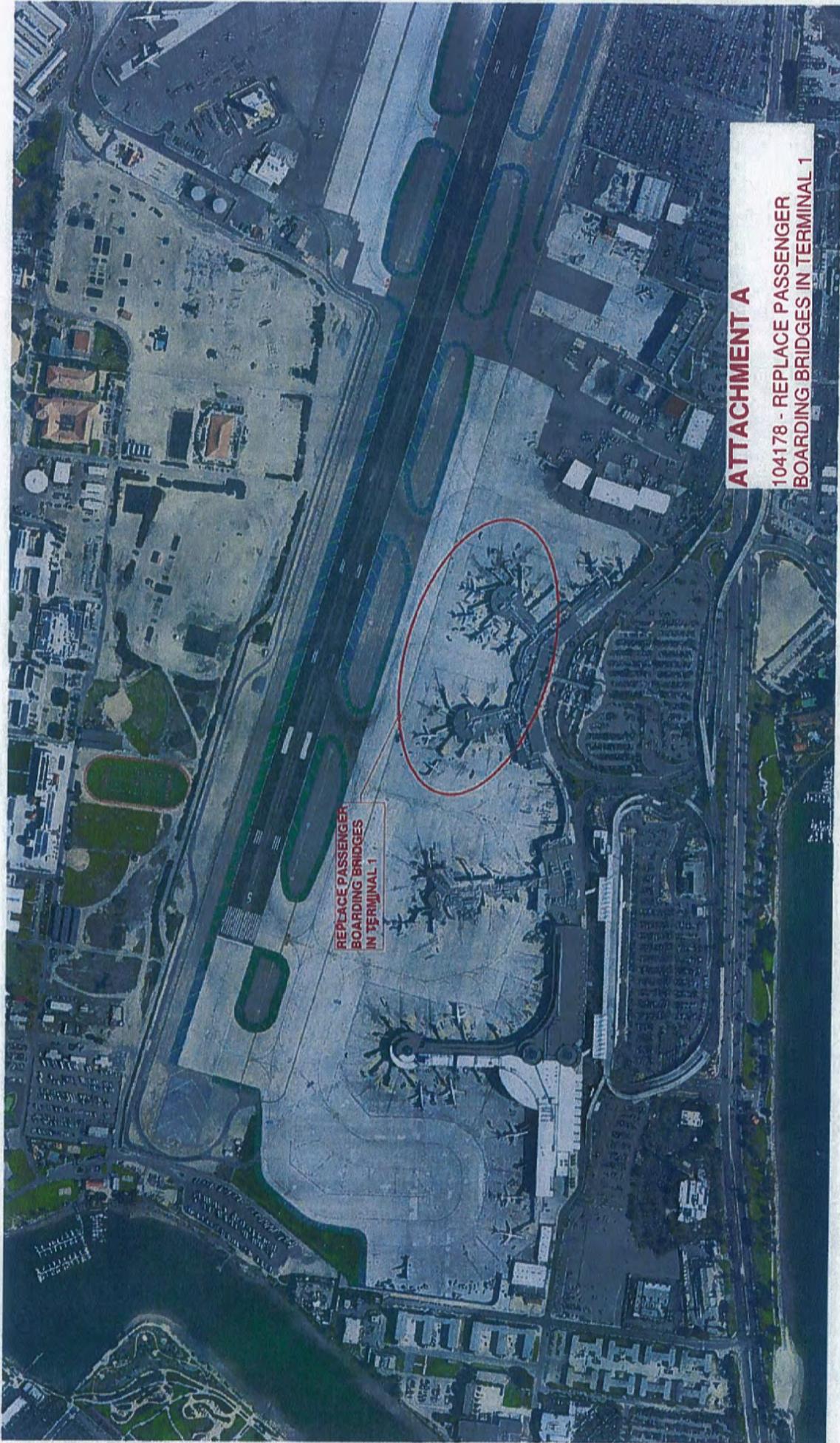
The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, Policy 5.12 and Policy 5.14. These programs/policies are intended to promote the inclusion of small, local, service disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs/policies named above can be used in any single contracting opportunity.

This contract does not utilize federal funds and provides opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.14 was applied. Policy 5.14 establishes separate goals for the participation of: (1) small businesses; (2) local businesses; and, (3) service disabled veteran owned small businesses (SDVOSB). The local business participation goal can only be applied when the overall local business participation of all Authority contracts at the time of solicitation is less than 60%. The maximum preference applied under Policy 5.14 is seven percent (7%): three percent (3%) for small business participation; two percent (2%) for local business participation; and, two percent (2%) for SDVOSB participation. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$100,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid. When bid price is not the primary selection criteria, the preference is only applied to determine which proposers are interviewed for final consideration. Per Policy 5.14, the preference is not applied in the final selection.

In accordance with Policy 5.14, ThyssenKrupp Airport Systems, Inc. did not meet the SBE goal of 5% for a 0% certified small business preference and did not meet the SDVOSB goal of 3% for a 0% SDVOSB participation preference. At the time of the solicitation it was determined that the Authority's overall local business participation exceeded 60% therefore no preference was applied for local business participation.

Prepared by:

IRAJ GHAEMI, P.E.
DIRECTOR, FACILITIES DEVELOPMENT



REPLACE PASSENGER
BOARDING BRIDGES
IN TERMINAL 1

ATTACHMENT A
104178 - REPLACE PASSENGER
BOARDING BRIDGES IN TERMINAL 1

RESOLUTION NO. 2014-0068

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AWARDING A CONTRACT TO THYSSENKRUPP AIRPORT SYSTEMS, INC. IN THE AMOUNT OF \$1,929,571 FOR PROJECT NO. 104178, REPLACE PASSENGER BOARDING BRIDGES IN TERMINAL 1 AT SAN DIEGO INTERNATIONAL AIRPORT

WHEREAS, this project is a San Diego Airport Authority ("Authority") Board ("Board") approved project in the FY2015-FY2019 Capital Project Program (CIP); and

WHEREAS, this project will replace the Passenger Boarding Bridges ("PBBs") at Gates 3, 5, and 16 in Terminal 1 with new PBBs and will replace the PBB at Gate 15 with an Authority refurbished PBB; and

WHEREAS, based on the airport-wide PBB assessment survey performed, these PBBs require immediate replacement due to their poor condition resulting from age and constant exposure to the elements; and

WHEREAS, this contract was advertised on April 30, 2014; and

WHEREAS, on May 30, 2014, the Authority opened sealed bids received in response to the Bid Solicitation Package; and

WHEREAS, the low bidder, ThyssenKrupp Airport Systems, Inc., submitted a bid in the amount of \$1,929,571; and

WHEREAS, the requirements of Authority Policy 5.14 ("Policy 5.14"), small business, local business and service disabled veteran owned small business goal and preference program, were applied to this bid solicitation; and

WHEREAS, Authority's staff has duly considered ThyssenKrupp Airport Systems, Inc.'s bid, and has determined ThyssenKrupp Airport Systems, Inc. is responsible, and that its bid is responsive in all respects; and

WHEREAS, the Board believes that it is in the best interest of the Authority and the public that it serves, for the Board to award ThyssenKrupp Airport Systems, Inc. the contract for Project No. 104178, Replace Passenger Boarding Bridges in Terminal 1, upon the terms and conditions set forth on the Bid Solicitation Package.

000071

NOW, THEREFORE, BE IT RESOLVED that the Board hereby awards a contract to ThyssenKrupp Airport Systems, Inc. in the amount of \$1,929,571 for Project No. 104178, Replace Passenger Boarding Bridges in Terminal 1 at San Diego International Airport.

BE IT FURTHER RESOLVED that the Authority's President/CEO or designee hereby is authorized to execute and deliver such contract to ThyssenKrupp Airport Systems, Inc.; and

BE IT FURTHER RESOLVED that the San Diego County Regional Airport Authority and its officers, employees, and agents are hereby authorized, empowered, and directed to do and perform such acts as may be necessary or appropriate in order to effectuate fully the foregoing resolutions; and

BE IT FURTHER RESOLVED the Board finds this action is not a "project" that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended, 14 Cal. Code Regs. §15378; that this action is not a "project" subject to CEQA Cal. Pub. Res. Code (California Public Resources Code §21065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code §30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

- AYES: Board Members:
- NOES: Board Members:
- ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
11

Meeting Date: **JULY 7, 2014**

Subject:

Award a Contract to Hearne Corporation to Reconfigure Security Checkpoint 2/Refurbish Terminal 1 Rotundas & Baggage Claim Area at San Diego International Airport

Recommendation:

Adopt Resolution No. 2014-0069, awarding a contract to Hearne Corporation in the amount of \$3,829,623 for Project No. 104179, Reconfigure Security Checkpoint 2/Refurbish Terminal 1 Rotundas & Baggage Claim Area at San Diego International Airport.

Background/Justification:

This project is a San Diego County Regional Airport Authority ("Authority") Board ("Board") approved project in the FY2015-FY2019 Capital Improvement Program ("CIP").

This project consists of the following scope: (Attachment A)

1. Reconfigure Security Checkpoint 2 to expand the passenger screening lanes allowing for an Advanced Imaging Technology (AIT) scanner and increased processing rates for security screening
2. Reconfigure the passenger exit lane to enable a more streamlined flow of arriving passengers into the terminal lobby
3. Reconfigure the checkpoint queuing lanes to increase passenger capacity and allow for pre-check queuing
4. Refurbish Terminal 1 East rotunda with new ceiling
5. Refurbish Terminal 1 West rotunda with new ceiling, light fixtures, and flooring
6. Refurbish Terminal 1 baggage claim area with new ceiling, light fixtures, and flooring
7. Reconfigure the fire alarm system for Commuter Terminal, Terminal 1, and Terminal 2

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Page 2 of 3

The Contract was advertised on April 15, 2014 and bids were opened on May 20, 2014. The following bids were received:

Company	Total Bid
Hearne Corporation	\$ 3,829,623
PCL Construction Services, Inc.	\$ 4,260,000
PRAVA Construction Services, Inc.	\$ 5,104,949.84
T.B. Penick & Sons, Inc.	\$ 5,201,723
SOLPAC Construction, Inc. dba Soltek Pacific	\$ 6,270,028
Woodcliff Corporation	\$ 6,650,000

Engineer's estimate is \$4,400,000 (Attachment B)

The requirements of Authority Policy 5.14 ("Policy 5.14"), small business, local business and service disabled veteran owned small business goal and preference program, were applied to this bid solicitation.

The low bid of \$3,829,623, is responsive, and Hearne Corporation, is considered responsible. Staff recommends award to Hearne Corporation, in the amount of \$3,829,623.

Fiscal Impact:

Adequate funds for Hearne Corporation are included within the FY2015- FY2019 Capital Improvement Program Budget for Project No. 104179, Reconfigure Security Checkpoint 2/Refurbish T1 Rotundas and Baggage Claim Area. Source of funding for this project is Revenue Bonds.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy
 Customer Strategy
 Employee Strategy
 Financial Strategy
 Operations Strategy

Environmental Review:

- A. CEQA: This Board action is for a project determined not to have a significant impact on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15301. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Application of Inclusionary Policies:

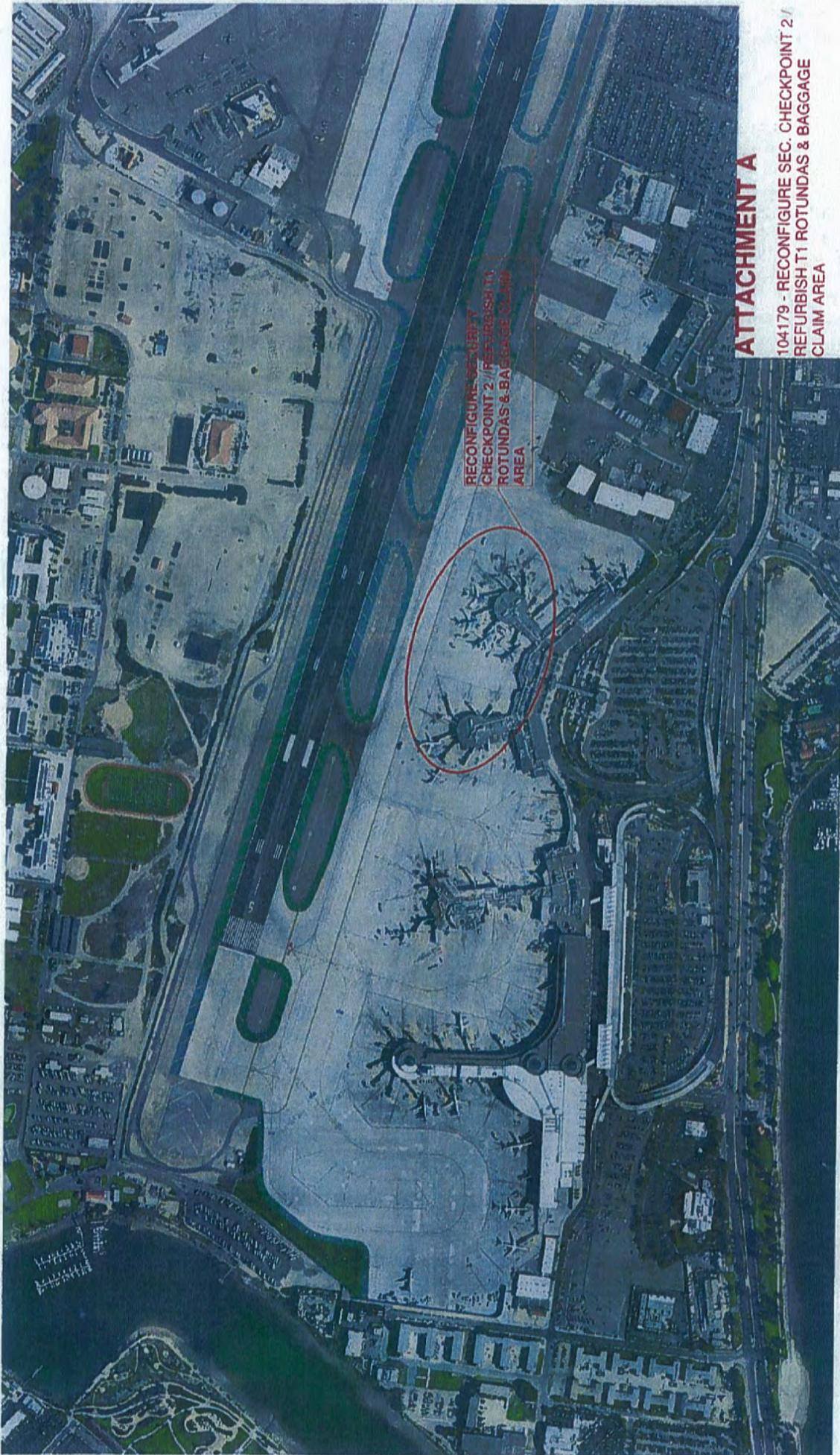
The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, Policy 5.12 and Policy 5.14. These programs/policies are intended to promote the inclusion of small, local, service disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs/policies named above can be used in any single contracting opportunity.

This contract does not utilize federal funds and provides opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.14 was applied. Policy 5.14 establishes separate goals for the participation of: (1) small businesses; (2) local businesses; and, (3) service disabled veteran owned small businesses (SDVOSB). The local business participation goal can only be applied when the overall local business participation of all Authority contracts at the time of solicitation is less than 60%. The maximum preference applied under Policy 5.14 is seven percent (7%): three percent (3%) for small business participation; two percent (2%) for local business participation; and, two percent (2%) for SDVOSB participation. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$100,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid. When bid price is not the primary selection criteria, the preference is only applied to determine which proposers are interviewed for final consideration. Per Policy 5.14, the preference is not applied in the final selection.

In accordance with Policy 5.14, Hearne Corporation partially met the SBE goal of 35% with 0.78% certified small business participation for a 0% certified small business preference and did not meet the SDVOSB goal of 3% for a 0% SDVOSB participation preference. At the time of this solicitation it was determined that the Authority's overall local business participation exceeded 60% therefore no preference was applied for local business participation

Prepared by:

IRAJ GHAEMI, P.E.
DIRECTOR, FACILITIES DEVELOPMENT



ATTACHMENT A

104179 - RECONFIGURE SEC. CHECKPOINT 2 /
REFURBISH T1 ROTUNDAS & BAGGAGE
CLAIM AREA

000076

ATTACHMENT B
Bid Tabulation Form

BID TABULATION
CIP 104179 - Reconfigure Security Checkpoint 2/Refurbish T1 Rotundas & Baggage Claim Area

BIDS OPENED: May 20, 2014 @ 9:30 AM
ENGINEERS ESTIMATE: \$4,600,000.00

Bid Item	Item Description	Low Bidder			2nd Low Bidder			3rd Low Bidder			4th Low Bidder		
		Unit of Measure	Quantity	Unit Cost	Total In Figures	Unit of Measure	Quantity	Unit Cost	Total In Figures	Unit of Measure	Quantity	Unit Cost	Total In Figures
1	Reconfigure SCP 2/Refurbish T1 Rotundas & Baggage Claim Area	Lump Sum	LS	\$ 2,800,000.00	\$ 2,800,000.00	Lump Sum	LS	\$ 3,815,308.36	\$ 3,815,308.36	Lump Sum	LS	\$ 3,833,297.00	
2	Section 10-17- Contractor's Employee Office Trailer	Lump Sum	LS	\$ 3,500.00	\$ 12,075.00	Lump Sum	LS	\$ 14,565.00	\$ 14,565.00	Lump Sum	LS	\$ 11,295.00	
3	Section 10-45- Contractor's Progress Schedule	Lump Sum	LS	\$ 40,000.00	\$ 12,423.00	Lump Sum	LS	\$ 78,750.00	\$ 78,750.00	Lump Sum	LS	\$ 26,215.00	
4	Contractor's Quality Control Program, Section 01-400	Lump Sum	LS	\$ 34,800.00	\$ 16,307.00	Lump Sum	LS	\$ 98,750.00	\$ 98,750.00	Lump Sum	LS	\$ 71,195.00	
5	Contractor Commissioning, Section 01910	Lump Sum	LS	\$ 10,000.00	\$ 13,666.00	Lump Sum	LS	\$ 60,000.00	\$ 60,000.00	Lump Sum	LS	\$ 31,833.00	
6	Section 10-46- Overhead	Day	174	\$ 1,214.00	\$ 211,296.00	Day	174	\$ 1,744.52	\$ 303,546.48	Day	174	\$ 2,862.00	
7	Allowance for Reimbursement of Fees	Allowance	Allowance	\$ 60,000.00	\$ 60,000.00	Allowance	Allowance	\$ 60,000.00	\$ 60,000.00	Allowance	Allowance	\$ 60,000.00	
8	Allowance for Relocation of Utilities & Migration of Unknown Conditions	Allowance	Allowance	\$ 60,000.00	\$ 60,000.00	Allowance	Allowance	\$ 60,000.00	\$ 60,000.00	Allowance	Allowance	\$ 60,000.00	
9	Allowance for Reimbursement of Work Performed on ACS and CCTV	Allowance	Allowance	\$ 40,000.00	\$ 40,000.00	Allowance	Allowance	\$ 40,000.00	\$ 40,000.00	Allowance	Allowance	\$ 40,000.00	
10	Allowance for Reimbursement of Work Performed on Public Address System	Allowance	Allowance	\$ 100,000.00	\$ 100,000.00	Allowance	Allowance	\$ 100,000.00	\$ 100,000.00	Allowance	Allowance	\$ 100,000.00	
11	Allowance for Reimbursement of Work Performed on Relocation & Recalibration of TSA Equipment	Allowance	Allowance	\$ 20,000.00	\$ 20,000.00	Allowance	Allowance	\$ 20,000.00	\$ 20,000.00	Allowance	Allowance	\$ 20,000.00	
12	Allowance for Reimbursement of Work Performed on Fire Alarm System	Allowance	Allowance	\$ 140,000.00	\$ 140,000.00	Allowance	Allowance	\$ 140,000.00	\$ 140,000.00	Allowance	Allowance	\$ 140,000.00	
13	Allowance for Reimbursement of Work Performed on the F.A. System - F.A. Equipment, and T2W Reconfiguration - CT, T1, T2 East, and T2W	Allowance	Allowance	\$ 200,000.00	\$ 200,000.00	Allowance	Allowance	\$ 200,000.00	\$ 200,000.00	Allowance	Allowance	\$ 200,000.00	
14	Allowance for Reimbursement of Work Performed by the Contractor to remove the 3" mortar bed & to provide an in-fill slab in preparation for new finishes	Allowance	Allowance	\$ 90,000.00	\$ 90,000.00	Allowance	Allowance	\$ 90,000.00	\$ 90,000.00	Allowance	Allowance	\$ 90,000.00	
TOTAL BID SCHEDULE A =				\$3,829,623.00	\$ 4,260,000.00			\$5,104,949.84	\$5,104,949.84			\$5,201,723.00	
Addendum No. 1		Acknowledged by Bidder:			No			Yes			Yes		
Addendum No. 2		Acknowledged by Bidder:			No			Yes			Yes		
Notes:		Note 1: Calculation error: Bid Item No. 6 - Total amount should be \$211,296.00 versus \$211,286.00. Therefore, total Bid amount is \$3,829,623.00 versus \$3,629,672.00.											
Policy 5.14 Points and Bid Adjustment Amount Table		Points			Adjusted Bid Amount			Points			Adjusted Bid Amount		
5 or 5%		0			\$3,829,623.00			0			\$ 5,104,949.84		
4 or 4%		0			\$3,829,623.00			0			\$ 5,104,949.84		
3 or 3%		0			\$3,829,623.00			0			\$ 5,104,949.84		
2 or 2%		0			\$3,829,623.00			0			\$ 5,104,949.84		
1 or 1%		0			\$3,829,623.00			0			\$ 5,104,949.84		

ATTACHMENT B
Bid Tabulation Form

BID TABULATION
CIP 104179 - Reconfigure Security Checkpoint 2

BIDS OPENED: May 20, 2014 @ 9:30 AM
ENGINEERS ESTIMATE: \$4,400,000.00

CONTRACTOR:		6th Low Bidder		6th Low Bidder					
ADDRESS:		SOL-PAC CONSTRUCTION, INC.		WOODCLIFF CORPORATION					
		2424 Congress Street San Diego, CA 92110		1648 Sawtelle Blvd, Suite 610 Los Angeles, CA 90025					
GUARANTEE OF GOOD FAITH:		Liberty Mutual Insurance Company		Great American Insurance Company					
BID SCHEDULE A		5		6					
Bid Item	Item Description	Unit of Measure	Quantity	Unit Cost	Total in Figures	Unit of Measure	Quantity	Unit Cost	Total in Figures
1	Reconfigure SCP 2R(Furnish T1 Rotundas & Baggage Claim Area	Lump Sum	LS	LS	\$ 4,557,000.00	Lump Sum	LS	LS	\$ 5,280,000.00
2	Section 1D-17 - Contractor's Employee Office Trailer	Lump Sum	LS	LS	\$ 15,600.00	Lump Sum	LS	LS	\$ 40,000.00
3	Section 1D-45 Contractor's Progress Schedule	Lump Sum	LS	LS	\$ 21,800.00	Lump Sum	LS	LS	\$ 56,000.00
4	Contractor's Quality Control Program, Section 01400	Lump Sum	LS	LS	\$ 82,240.00	Lump Sum	LS	LS	\$ 90,000.00
5	Contractor Commissioning, Section 01910	Lump Sum	LS	LS	\$ 36,000.00	Lump Sum	LS	LS	\$ 19,000.00
6	Section 1D-46; Overhead	Day	174	\$4,762.00	\$ 828,588.00	Day	174	\$2,500.00	\$ 435,000.00
7	Allowance for Reimbursement of Fees	Allowance	Allowance	Allowance	\$ 60,000.00	Allowance	Allowance	Allowance	\$ 60,000.00
8	Allowance for Reimbursement of Utilities & Mitigation of Unknown Conditions	Allowance	Allowance	Allowance	\$ 80,000.00	Allowance	Allowance	Allowance	\$ 80,000.00
9	Allowance for Reimbursement of Work Performed on ACS and CCTV	Allowance	Allowance	Allowance	\$ 40,000.00	Allowance	Allowance	Allowance	\$ 40,000.00
10	Allowance for Reimbursement of Work Performed on Public Address System	Allowance	Allowance	Allowance	\$ 100,000.00	Allowance	Allowance	Allowance	\$ 100,000.00
11	Allowance for Reimbursement of Work Performed on Relocation & Recalibration of TSA Equipment	Allowance	Allowance	Allowance	\$ 20,000.00	Allowance	Allowance	Allowance	\$ 20,000.00
12	Allowance for Reimbursement of Work Performed on Fire Alarm System	Allowance	Allowance	Allowance	\$ 140,000.00	Allowance	Allowance	Allowance	\$ 140,000.00
13	Allowance for Reimbursement of Work Performed on the F.A. System, F.A. Equipment, and Reconfiguration - CT, T1, T2, East, and TZW	Allowance	Allowance	Allowance	\$ 200,000.00	Allowance	Allowance	Allowance	\$ 200,000.00
14	Allowance for Reimbursement of Work Performed by the Contractor to remove the 3" mortar bed & to provide an infill slab in preparation for new finishes	Allowance	Allowance	Allowance	\$ 90,000.00	Allowance	Allowance	Allowance	\$ 90,000.00
TOTAL BID SCHEDULE A =					\$8,270,028.00				\$8,650,000.00
Addendum No.		1		No		Yes		Yes	
Notes:		2		No		Yes		Yes	
Policy 5.14 Points and Bid Adjustment Amount Table		Points		Adjusted Bid Amount		Points		Adjusted Bid Amount	
5 or 5%		0		\$ 6,270,028.00		0		\$ 6,550,000.00	
4 or 4%		\$0.00		\$ 6,270,028.00		\$0.00		\$ 6,550,000.00	
3 or 3%									
2 or 2%									
1 or 1%									

RESOLUTION NO. 2014-0069

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AWARDING A CONTRACT TO HEARNE CORPORATION IN THE AMOUNT OF \$3,829,623 FOR PROJECT NO. 104179, RECONFIGURE SECURITY CHECKPOINT 2 / REFURBISH TERMINAL 1 ROTUNDAS & BAGGAGE CLAIM AREA AT SAN DIEGO INTERNATIONAL AIRPORT

WHEREAS, this project is a San Diego Airport Authority ("Authority") Board ("Board") approved project in the FY2015-FY2019 Capital Project Program ("CIP"); and

WHEREAS, this project will reconfigure Security Checkpoint 2 to expand the passenger screening lanes allowing for an Advanced Imaging Technology (AIT) scanner and increased processing rates for security screening; and

WHEREAS, this project will reconfigure the passenger exit lane to enable a more streamlined flow of arriving passengers into the terminal lobby; and

WHEREAS, this project will also reconfigure the checkpoint queuing lanes to increase passenger capacity and allow for pre-check queuing; refurbish Terminal 1 East rotunda with new ceiling; refurbish Terminal 1 West rotunda with new ceiling, light fixtures, and flooring; refurbish Terminal 1 baggage claim area with new ceiling, light fixtures, and flooring; and reconfigure the fire alarm system for Commuter Terminal, Terminal 1, and Terminal 2; and

WHEREAS, this contract was advertised on April 15, 2014; and

WHEREAS, on May 20, 2014, the Authority opened sealed bids received in response to the Bid Solicitation Package; and

WHEREAS, the low bidder, Hearne Corporation, submitted a bid of \$3,829,623 and the Authority's staff has duly considered the bid and determined Hearne Corporation is responsible, and that its bid is responsive in all respects; and

WHEREAS, the requirements of Authority Policy 5.14 ("Policy 5.14"), small business, local business and service disabled veteran owned small business goal and preference program, were applied to this bid solicitation; and

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WHEREAS, the Board believes that it is in the best interest of the Authority and the public that it serves, for the Board to award Hearne Corporation the contract for Project No. 104179, Reconfigure Security Checkpoint 2/Refurbish T1 Rotundas & Baggage Claim Area, upon the terms and conditions set forth on the Bid Solicitation Package.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby awards a contract to Hearne Corporation in the amount of \$3,829,623 for Project No. 104179, Reconfigure Security Checkpoint 2/Refurbish Terminal 1 Rotundas & Baggage Claim Area at San Diego International Airport.

BE IT FURTHER RESOLVED that the San Diego County Regional Airport Authority and its officers, employees, and agents are hereby authorized, empowered, and directed to do and perform such acts as may be necessary or appropriate in order to effectuate fully the foregoing resolutions; and

BE IT FURTHER RESOLVED that this Board action is not a "project" that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended, 14 Cal. Code Regs. §15378; this Board action is not a "project" subject to CEQA Cal. Pub. Res. Code (California Public Resources Code §21065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code §30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

000080



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
12

Meeting Date: **JULY 7, 2014**

Subject:

Award a Contract to Vasquez Construction Company for Terminal Flight Information Display Systems (FIDS) Upgrade at San Diego International Airport

Recommendation:

Adopt Resolution No. 2014-0070, awarding a contract to Vasquez Construction Company, in the amount of \$246,612, for Project No. 104180, Terminal Flight Information Display Systems (FIDS) Upgrade at San Diego International Airport.

Background/Justification:

This project is a San Diego County Regional Airport Authority ("Authority") Board ("Board") approved project in the FY2015-FY2019 Capital Improvement Program ("CIP").

This project will replace 73 existing Flight Information Display Systems ("FIDS") monitors (Attachment A) at 23 locations at San Diego International Airport to match the FIDS installed in the Green Build. The existing FIDS are approaching the end of their useful life and if not replaced, will require continuous service to operate effectively. Customer service will also be enhanced by providing a consistent FIDS aesthetic across all terminals.

This contract was advertised on April 9, 2014, and bids were opened on May 9, 2014. The following bid was received (See Attachment "B").

Company	Total Bid
Vasquez Construction Company	\$246,612

The Engineer's Estimate is \$240,983 (Attachment "B").

The requirements of Authority Policy 5.14 ("Policy 5.14"), small business, local business and service disabled veteran owned small business goal and preference program, were applied to this bid solicitation.

The sole bid of \$246,612, is responsive, and Vasquez Construction Company, is considered responsible. Staff recommends award to Vasquez Construction Company, in the amount of \$246,612.

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Fiscal Impact:

Adequate funds for the contract with Vasquez Construction Company are included within the Board Approved FY2015-FY2019 Capital Program Budget for Project No. 104180, Terminal Flight Information Display Systems (FIDS) Upgrade. Sources of funding for this project include Passenger Facility Charges.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Application of Inclusionary Policies:

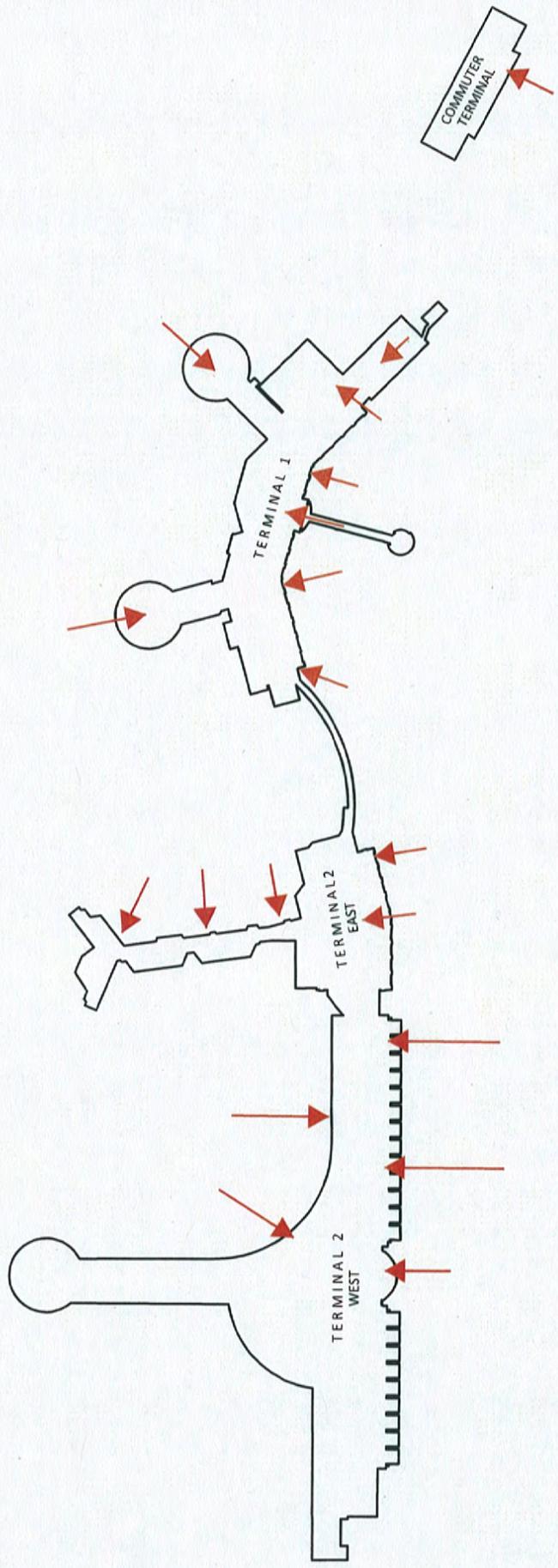
The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, Policy 5.12 and Policy 5.14. These programs/policies are intended to promote the inclusion of small, local, service disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs/policies named above can be used in any single contracting opportunity.

This contract does not utilize federal funds and provides opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.14 was applied. Policy 5.14 establishes separate goals for the participation of: (1) small businesses; (2) local businesses; and, (3) service disabled veteran owned small businesses (SDVOSB). The local business participation goal can only be applied when the overall local business participation of all Authority contracts at the time of solicitation is less than 60%. The maximum preference applied under Policy 5.14 is seven percent (7%): three percent (3%) for small business participation; two percent (2%) for local business participation; and, two percent (2%) for SDVOSB participation. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$100,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid. When bid price is not the primary selection criteria, the preference is only applied to determine which proposers are interviewed for final consideration. Per Policy 5.14, the preference is not applied in the final selection.

In accordance with Policy 5.14, Vasquez Construction Company achieved 84% small business participation, exceeding the small business goal of 30%, for a 3% certified small business preference and did not meet the SDVOSB goal of 3% for a 0% SDVOSB participation preference. At the time of the solicitation it was determined that the Authority's overall local business participation exceeded 60% therefore no preference was applied for local business participation.

Prepared by:

IRAJ GHAEMI
DIRECTOR, FACILITIES DEVELOPMENT



LEGEND:  indicates Flight Information Display (FID) location

BIDS OPENED: May 9, 2014 at 2:00 PM

ENGINEER'S ESTIMATE: \$240,983				1	
ENGINEER'S ESTIMATE				Vasquez Construction Company	
ENGINEER'S ESTIMATE				3009 G Street San Diego, CA 92102	
ENGINEER'S ESTIMATE				The Hanover Insurance Company	
GUARANTEE OF GOOD FAITH:					
Bid - Bid Schedule Project Items					
BID ITEM NO.	TITLE	QUANTITY	UNIT ITEM	UNIT PRICE (In Figures)	TOTAL (In Figures)
1	Terminal Flight Information Display Systems (FIDS) Upgrade	0	LS		\$195,612.00
2	Section TD-46, Overhead	80	Day	575.00	\$46,000.00
3	Allowance for reimbursement of permit fees	5000	Allowance		\$5,000.00
		0	MO		\$0.00
		0	LS		\$0.00
		0	LS		\$0.00
		0	Allowance		\$0.00
		0	LS		\$0.00
		0	SY		\$0.00
		0	SY		\$0.00
		0	SY		\$0.00
		0	LF		\$0.00
		0	LF		\$0.00
		0	LF		\$0.00
		0	EA		\$0.00
		0	LF		\$0.00
		0	SF		\$0.00
		0	LF		\$0.00
		0	LS		\$0.00
		0	LS		\$0.00
		0	LS		\$0.00
		0	LF		\$0.00
		0	LS		\$0.00
		0	CY		\$0.00
Total Bid Schedule:					\$246,612.00
ADDENDUM NO. NOTED BY BIDDERS ON THEIR SUBMITTED BID SCHEDULE:					
1				Yes	Yes
2				Yes	Yes
3				Yes	N/A
4				Yes	N/A
5				Yes	N/A

000085

RESOLUTION NO. 2014-0070

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AWARDING A CONTRACT TO VASQUEZ CONSTRUCTION COMPANY IN THE AMOUNT OF \$246,612 FOR PROJECT NO. 104180, TERMINAL FLIGHT INFORMATION DISPLAY SYSTEMS (FIDS) UPGRADE AT SAN DIEGO INTERNATIONAL AIRPORT

WHEREAS, this project is a San Diego County Regional Airport Authority ("Authority") Board ("Board") approved project in the FY2015-FY2019 Capital Improvement Program ("CIP"); and

WHEREAS, this project will replace 73 existing Flight Information Display Systems ("FIDS") monitors at 23 locations at San Diego International Airport to match the FIDS installed in the Green Build; and

WHEREAS, the existing FIDS are approaching the end of their useful life and if not replaced, will require continuous service to operate effectively; and

WHEREAS, customer service will also be enhanced by providing a consistent FIDS aesthetic across all terminals; and

WHEREAS, this contract was advertised on April 9, 2014; and

WHEREAS, on May 9, 2014, the Authority opened sealed bids received in response to the Bid Solicitation Package; and

WHEREAS, the requirements of Authority Policy 5.14 ("Policy 5.14"), small business, local business and service disabled veteran owned small business goal and preference program, were applied to this bid solicitation; and

WHEREAS, the sole bidder, Vasquez Construction Company met the Authority's overall goal of 14% for Disadvantage Business Enterprise (DBE) Program that was established for this contract; and

WHEREAS, the sole bidder, Vasquez Construction Company submitted a bid of \$246,612; and the Authority's staff has duly considered the bid and determined Vasquez Construction Company is responsible and that its bid is responsive in all material respects; and

WHEREAS, the Board believes that it is in the best interest of the Authority and the public that it serves, for the Board to award Vasquez Construction Company the contract for Project No. 104180, Terminal Flight Information Display Systems (FIDS) Upgrade, upon the terms and conditions set forth on the Bid Solicitation package.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby awards a contract to Vasquez Construction Company in the amount of \$246,612 for Project No. 104180, Terminal Flight Information Display Systems (FIDS) Upgrade at San Diego International Airport.

BE IT FURTHER RESOLVED that the Authority's President/CEO or designee hereby is authorized to execute and deliver such contract to Vasquez Construction Company; and

BE IT FURTHER RESOLVED that the San Diego County Regional Airport Authority and its officers, employees, and agents are hereby authorized, empowered, and directed to do and perform such acts as may be necessary or appropriate in order to effectuate fully the foregoing resolutions; and

BE IT FURTHER RESOLVED that the Board finds that this Board action is not a "project" that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended, 14 Cal. Code Regs. §15378; and is not subject to CEQA. Cal. Pub. Res. Code §21065; and this Board action is not a "development" as defined by the California Coastal Act Pub. Res. Code §30106; and

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

000088



**SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT**

**Item No.
13**

Meeting Date: **JULY 7, 2014**

Subject:

Award of a Construction Contract to Hazard Construction Company for Terminal Link Road

Recommendation:

Adopt Resolution No. 2014-0071, awarding a construction contract to Hazard Construction Company in the amount of \$8,889,727.75, for Project No. 104134, Terminal Link Road, at San Diego International Airport.

Background/Justification:

The Terminal Link Road ("TLR") is a key component of the North Side Development providing access to the Rental Car Center ("RCC") and New Economy Lot buses to the Terminals on the south side of the Airport (See Attachment A). The TLR includes the construction of a perimeter road that begins at the proposed southerly end of Sassafras Street and terminates at a new signalized intersection on Harbor Drive, across from the existing US Coast Guard Facility. The North Side Development project scope also includes the widening of westbound Harbor Drive by one through lane from the new signalized intersection to Winship Lane, construction of a new Triturator facility, demolition of the existing Triturator, and relocation of the existing Jet Blast Deflector ("JBD") to construct the new road.

The scope of work for this contract includes relocation of a segment of the existing JBD, installation of new security perimeter fence and gates, demolition of the existing Triturator, construction of the perimeter road on Airport property, and the widening of westbound Harbor Drive.

The request for bids (RFB) for this contract was advertised on May 16, 2014, and sealed bids were opened on June 16, 2014. The following bids were received (see Attachment B for additional details):

Company	Total Bid
Hazard Construction Company	\$8,889,727.75
West Coast General Corporation	\$8,969,553.96
Granite Construction Company	\$10,284,000.00
USS Cal Builders	\$10,550,415.90
Stronghold Engineering	\$11,732,004.00
Cutting Edge Concrete Services	\$11,785,872.00

Page 2 of 3

The Engineer's estimate is \$10,417,768 (See Attachment B).

The requirements of Board Policy 5.14 ("Policy 5.14"), relating to the small business, local business and service disabled veteran owned small business goal and preference program, were applied to this bid solicitation. Under Policy 5.14, for purposes of determining the lowest responsible bidder, bid amounts are reduced by a maximum of \$100,000 for bidders that meet or exceed the goals established in the bid solicitation.

The lowest bidder, Hazard Construction Company ("Hazard"), submitted a bid in the amount of \$8,889,727.75. Hazard met 14% of the requirements of the Small Business goal of 37% and partially met the 3% Service Disabled Veteran Owned Small Business goal that was established for this Contract. Under Policy 5.14, Hazard is entitled to a \$100,000 contract reduction for purposes of determining the lowest bidder, and as such, remained the lowest responsive and responsible bidder.

The low bid of \$8,889,727.75, is responsive, and Hazard is considered responsible. An award to Hazard Construction Company is, therefore, recommended in the amount of \$8,889,727.75.

Fiscal Impact:

Adequate funds for the contract are included within the FY2015-FY2019 Capital Program Budget in the Project No. 104134, Terminal Link Road. Sources of funding for this project include Airport Revenue Bonds and Cash.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

- A. The terminal link road and utilities in support of the Northside Improvements were evaluated subject to the CEQA, Cal. Pub. Res. Code § 21065 as a project component of the San Diego International Airport Master Plan Final Environmental Impact Report (SCH #2005091105; SDCRAA #EIR-06-01) certified May 1, 2008 and the Northside Improvements Final Supplemental Environmental Impact Report (also SCH #2005091105; SDCRAA #EIR-10-01) certified September 1, 2011.
- B. The terminal link road and utilities in support of the Northside Improvements were approved by the California Coastal Commission on August 14, 2013 in accordance with the California Coastal Act (Coastal Development Permit #6-13-011).

Application of Inclusionary Policies:

The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, Policy 5.12 and Policy 5.14. These programs/policies are intended to promote the inclusion of small, local, service disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs/policies named above can be used in any single contracting opportunity.

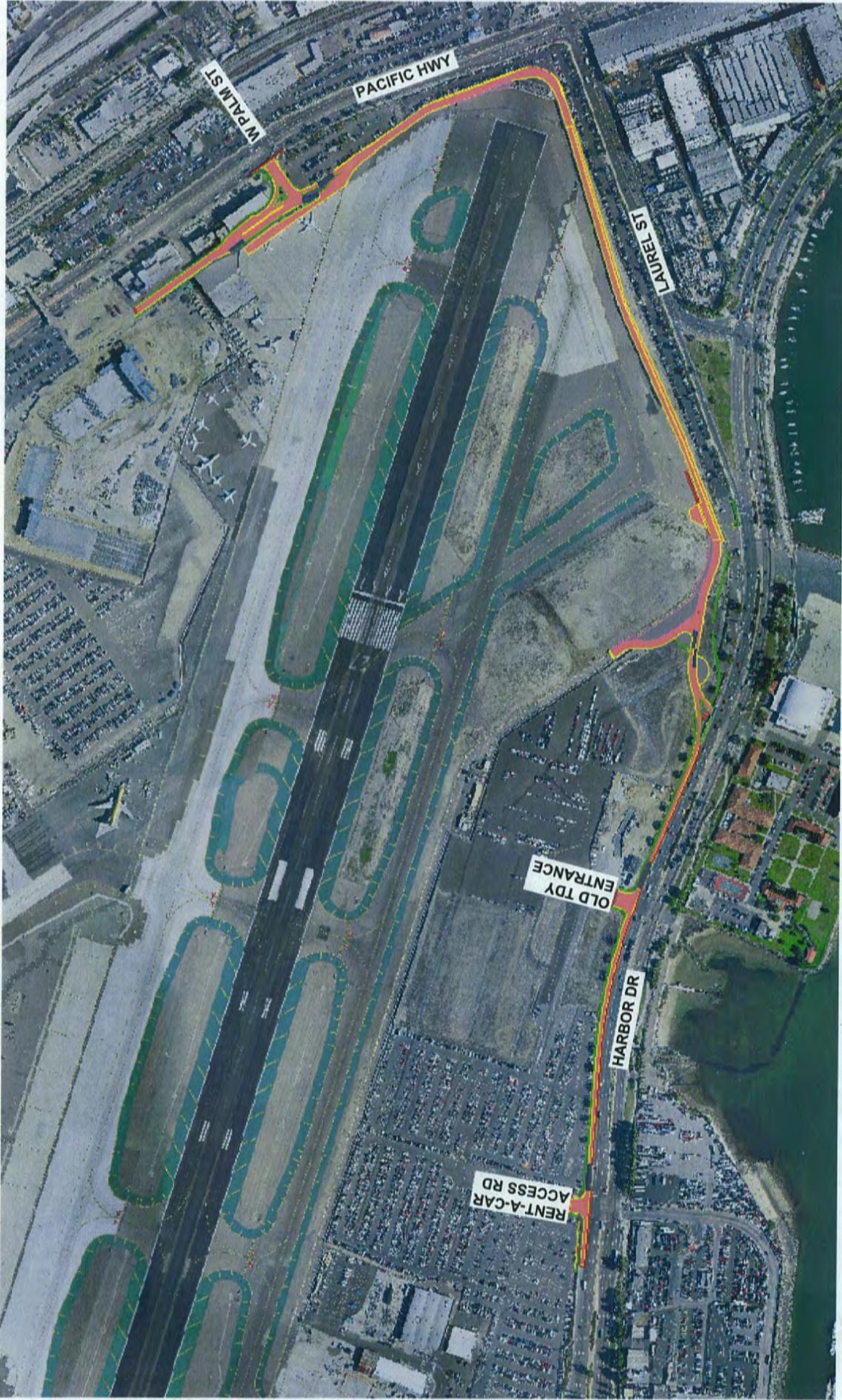
This contract does not utilize federal funds and provides opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.14 was applied. Policy 5.14 establishes separate goals for the participation of: (1) small businesses; (2) local businesses; and, (3) service disabled veteran owned small businesses (SDVOSB). The local business participation goal can only be applied when the overall local business participation of all Authority contracts at the time of solicitation is less than 60%. The maximum preference applied under Policy 5.14 is seven percent (7%): three percent (3%) for small business participation; two percent (2%) for local business participation; and, two percent (2%) for SDVOSB participation. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$100,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid. When bid price is not the primary selection criteria, the preference is only applied to determine which proposers are interviewed for final consideration. Per Policy 5.14, the preference is not applied in the final selection.

In accordance with Policy 5.14, Hazard Construction Company partially met the SBE goal of 37% with 14% certified small business participation for a 1% certified small business preference and partially met the SDVOSB goal of 3% for a 1% SDVOSB participation preference. At the time of the solicitation it was determined that the Authority's overall local business participation exceeded 60%, therefore no preference was applied for local business participation

Prepared by:

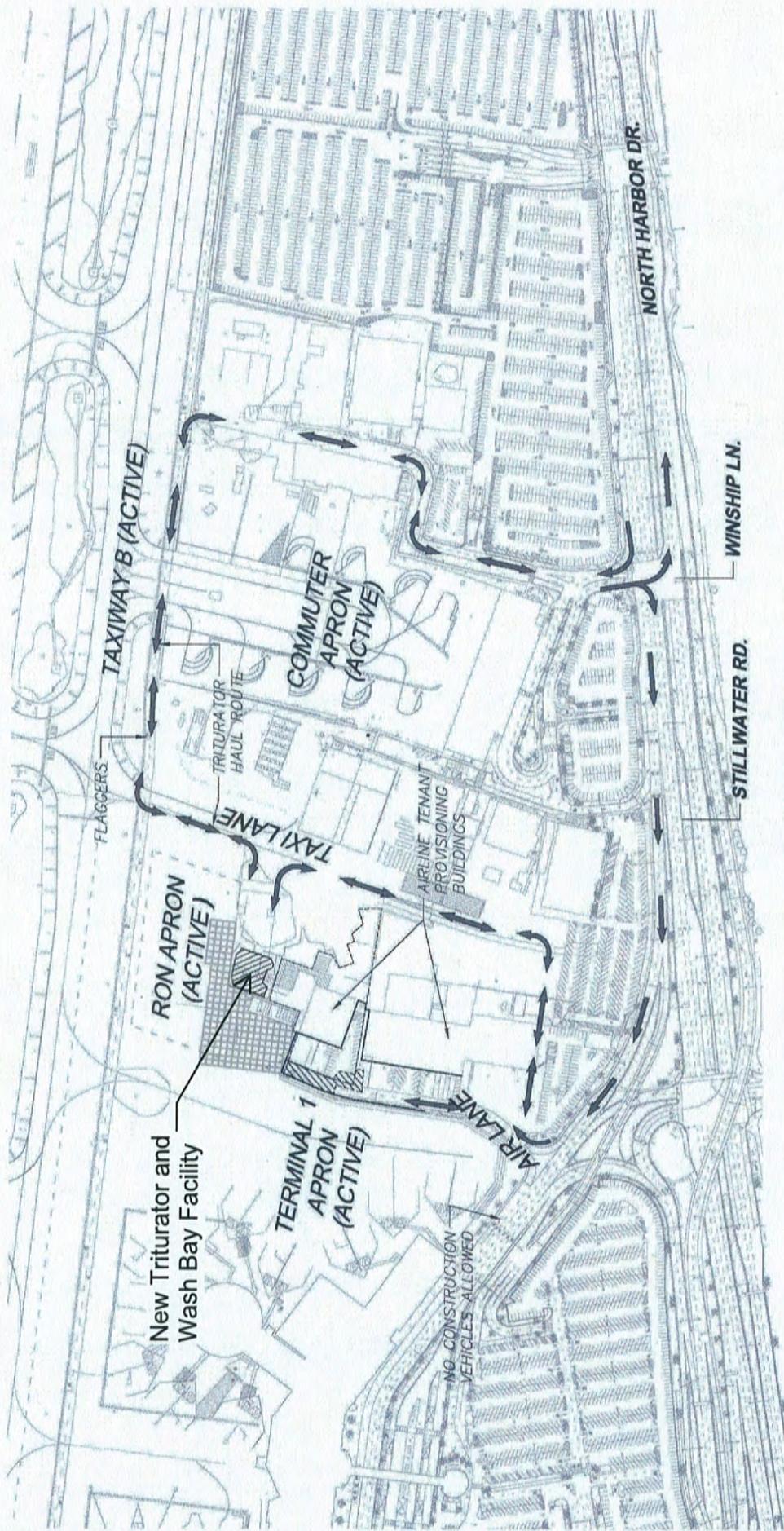
KEITH WILSCHETZ
DIRECTOR, AIRPORT PLANNING

000091



ATTACHMENT A
TERMINAL LINK ROAD

2600092



ATTACHMENT A
TRITURATOR & WASH BAY FACILITY

000093

NO TABULATION
 CP 104114 Terminal Link Road
 BIDD OPENED: June 15, 2014 @ 2:00 PM
 ENGINEER'S ESTIMATE

Item	Description	Unit	Quantity	ENGINEER'S ESTIMATE		1		2		3		4		5		6	
				Unit Cost in \$/CY	Total in \$	Unit Cost in \$/CY	Total in \$	Unit Cost in \$/CY	Total in \$	Unit Cost in \$/CY	Total in \$	Unit Cost in \$/CY	Total in \$	Unit Cost in \$/CY	Total in \$	Unit Cost in \$/CY	Total in \$
51	Demolish Concrete Equipment Pad for Generator	EA	2	1,000.00	\$ 2,000.00	3,000.00	\$ 6,000.00	1,500.00	\$ 3,000.00	850.00	\$ 1,700.00	1,000.00	\$ 2,000.00	3,000.00	\$ 6,000.00	1,500.00	\$ 3,000.00
52	Furnish and Install Concrete Pad for Generator	EA	3	1,800.00	\$ 5,400.00	3,000.00	\$ 9,000.00	1,500.00	\$ 4,500.00	1,800.00	\$ 5,400.00	1,700.00	\$ 5,100.00	3,000.00	\$ 9,000.00	1,700.00	\$ 5,100.00
53	Furnish and Install Concrete above grade	LS	1	82,000.00	\$ 82,000.00	130,000.00	\$ 130,000.00	136,500.00	\$ 136,500.00	136,500.00	\$ 136,500.00	136,500.00	\$ 136,500.00	136,500.00	\$ 136,500.00	136,500.00	\$ 136,500.00
54	Furnish and Install Concrete above grade	LS	1	1,950.00	\$ 1,950.00	20,000.00	\$ 20,000.00	20,000.00	\$ 20,000.00	45,000.00	\$ 45,000.00	45,000.00	\$ 45,000.00	150,000.00	\$ 150,000.00	150,000.00	\$ 150,000.00
55	Furnish and Install Pile in Grade	EA	12	1,200.00	\$ 14,400.00	6,000.00	\$ 7,200.00	3,180.00	\$ 3,816.00	3,180.00	\$ 3,816.00	400.00	\$ 480.00	1,800.00	\$ 2,160.00	1,800.00	\$ 2,160.00
56	Furnish and Install Pile Above Grade	EA	5	400.00	\$ 2,000.00	400.00	\$ 2,000.00	2,250.00	\$ 9,000.00	525.00	\$ 2,100.00	650.00	\$ 2,600.00	3,250.00	\$ 13,000.00	3,250.00	\$ 13,000.00
57	200# Barbed Steel Reinforcing Concrete	LF	440	5.00	\$ 2,200.00	173.00	\$ 865.00	37,200.00	\$ 186,000.00	63.00	\$ 315.00	26,400.00	\$ 132,000.00	31,400.00	\$ 157,000.00	18,000.00	\$ 90,000.00
58	200# Barbed Steel Reinforcing Concrete	EA	1	25,000.00	\$ 25,000.00	15,000.00	\$ 15,000.00	14,000.00	\$ 14,000.00	16,000.00	\$ 16,000.00	15,000.00	\$ 15,000.00	16,000.00	\$ 16,000.00	15,000.00	\$ 15,000.00
59	NOT USED	N/A	0	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
60	175# Communication Machine - Non-Autoclave	EA	1	5,000.00	\$ 5,000.00	5,000.00	\$ 5,000.00	2,825.00	\$ 2,825.00	2,500.00	\$ 2,500.00	3,000.00	\$ 3,000.00	3,000.00	\$ 3,000.00	3,000.00	\$ 3,000.00
61	Underground Ducts and Raceways for Electrical Systems	LF	130	43.00	\$ 5,590.00	40.00	\$ 1,720.00	4,850.00	\$ 205,200.00	53.00	\$ 2,241.00	6,500.00	\$ 276,500.00	50.00	\$ 2,125.00	6,500.00	\$ 276,500.00
62	Furnish and Install Horizontal	EA	2	7,000.00	\$ 14,000.00	4,000.00	\$ 8,000.00	5,250.00	\$ 21,000.00	2,825.00	\$ 11,300.00	3,000.00	\$ 12,000.00	3,000.00	\$ 12,000.00	3,000.00	\$ 12,000.00
63	Demolish Precast Device and Arc Flash	EA	2	31,000.00	\$ 62,000.00	5,000.00	\$ 10,000.00	3,100.00	\$ 6,200.00	3,100.00	\$ 6,200.00	3,100.00	\$ 6,200.00	3,100.00	\$ 6,200.00	3,100.00	\$ 6,200.00
64	Furnish and Install Medium Voltage Pad	EA	2	14,000.00	\$ 28,000.00	20,000.00	\$ 40,000.00	17,200.00	\$ 34,400.00	14,000.00	\$ 28,000.00	14,000.00	\$ 28,000.00	14,000.00	\$ 28,000.00	14,000.00	\$ 28,000.00
65	Furnish and Install Panel Bus	EA	3	3,750.00	\$ 11,250.00	3,500.00	\$ 10,500.00	13,000.00	\$ 39,000.00	3,500.00	\$ 10,500.00	3,500.00	\$ 10,500.00	3,500.00	\$ 10,500.00	3,500.00	\$ 10,500.00
66	Engineered Switchgear and Circuit Breakers	EA	3	2,000.00	\$ 6,000.00	3,500.00	\$ 10,500.00	13,000.00	\$ 39,000.00	3,500.00	\$ 10,500.00	3,500.00	\$ 10,500.00	3,500.00	\$ 10,500.00	3,500.00	\$ 10,500.00
67	Furnish and Install Diesel Engine Generator	EA	1	33,000.00	\$ 33,000.00	60,000.00	\$ 60,000.00	11,825.00	\$ 11,825.00	50,000.00	\$ 50,000.00	50,000.00	\$ 50,000.00	50,000.00	\$ 50,000.00	50,000.00	\$ 50,000.00
68	Autoclave and Commission Existing Generator	EA	2	11,000.00	\$ 22,000.00	10,000.00	\$ 20,000.00	10,000.00	\$ 20,000.00	7,875.00	\$ 15,750.00	7,500.00	\$ 15,000.00	7,500.00	\$ 15,000.00	7,500.00	\$ 15,000.00
69	Furnish and Install Automatic Transfer Switches	EA	2	6,000.00	\$ 12,000.00	6,000.00	\$ 12,000.00	26,000.00	\$ 104,000.00	14,700.00	\$ 58,800.00	14,000.00	\$ 56,000.00	14,000.00	\$ 56,000.00	14,000.00	\$ 56,000.00
70	Furnish and Install Emergency Lighting for ADA	EA	4	4,000.00	\$ 16,000.00	3,500.00	\$ 14,000.00	14,000.00	\$ 56,000.00	3,500.00	\$ 14,000.00	3,500.00	\$ 14,000.00	3,500.00	\$ 14,000.00	3,500.00	\$ 14,000.00
71	Furnish, install, integrate, and commission 175# communication machine with 200# bus system	EA	4	5,000.00	\$ 20,000.00	15,000.00	\$ 60,000.00	16,000.00	\$ 64,000.00	15,000.00	\$ 60,000.00	15,000.00	\$ 60,000.00	15,000.00	\$ 60,000.00	15,000.00	\$ 60,000.00
72	Furnish, install, integrate, and commission 175# communication machine with 200# bus system	EA	2	10,000.00	\$ 20,000.00	20,000.00	\$ 40,000.00	22,818.00	\$ 45,636.00	13,918.00	\$ 27,836.00	13,918.00	\$ 27,836.00	13,918.00	\$ 27,836.00	13,918.00	\$ 27,836.00
73	Furnish, install, integrate, and commission 175# communication machine with 200# bus system	EA	2	6,250.00	\$ 12,500.00	2,000.00	\$ 8,000.00	4,000.00	\$ 16,000.00	2,000.00	\$ 8,000.00	2,000.00	\$ 8,000.00	2,000.00	\$ 8,000.00	2,000.00	\$ 8,000.00
74	Furnish, install, integrate, and commission 175# communication machine with 200# bus system	EA	8	5,000.00	\$ 40,000.00	5,000.00	\$ 40,000.00	4,000.00	\$ 32,000.00	1,700.00	\$ 13,600.00	1,500.00	\$ 12,000.00	1,500.00	\$ 12,000.00	1,500.00	\$ 12,000.00
75	Furnish and Install PDS	LF	3,745	11.00	\$ 41,195.00	4.00	\$ 44.00	14,950.00	\$ 163,825.00	11.21	\$ 41,725.21	12.50	\$ 46,875.00	12.50	\$ 46,875.00	12.50	\$ 46,875.00
76	Commission and integrate PDS into existing 340V system	LF	4,850	3.00	\$ 14,550.00	12.00	\$ 58,200.00	58,200.00	\$ 209,520.00	12.00	\$ 58,200.00	12.00	\$ 58,200.00	12.00	\$ 58,200.00	12.00	\$ 58,200.00
77	Furnish and Install Optical Fiber Cable	LF	1,000	1.50	\$ 1,500.00	16.00	\$ 24,000.00	16,000.00	\$ 24,000.00	5.00	\$ 7,500.00	5.00	\$ 7,500.00	5.00	\$ 7,500.00	5.00	\$ 7,500.00
78	Underground Excavation	CY	15,338	20.00	\$ 306,760.00	20.00	\$ 306,760.00	20,000.00	\$ 400,000.00	13.96	\$ 213,820.88	20.00	\$ 400,000.00	20.00	\$ 400,000.00	20.00	\$ 400,000.00
79	Over Excavation for Subgrade Stabilization	CY	2,188	45.00	\$ 98,460.00	6.00	\$ 13,128.00	13,128.00	\$ 59,822.40	4.20	\$ 9,249.60	15.00	\$ 32,820.00	15.00	\$ 32,820.00	15.00	\$ 32,820.00
80	Demolish of Existing and Install Materials	TON	3,063	45.00	\$ 137,835.00	8.00	\$ 360.00	24,854.00	\$ 1,111,362.00	42.00	\$ 128,544.00	20.00	\$ 900.00	12.00	\$ 540.00	12.00	\$ 540.00
81	Furnish and Pileon Engineer 175# Material	CY	2,825	7.00	\$ 19,775.00	18.00	\$ 50,760.00	25,200.00	\$ 176,400.00	10.00	\$ 28,250.00	10.00	\$ 28,250.00	10.00	\$ 28,250.00	10.00	\$ 28,250.00
82	Subgrade Preparation	SF	63,525	1.80	\$ 114,345.00	0.25	\$ 15,881.25	25,000.00	\$ 45,000.00	0.50	\$ 31,500.00	0.50	\$ 31,500.00	0.50	\$ 31,500.00	0.50	\$ 31,500.00
83	Furnish and Pileon Gravel	LS	1	100,000.00	\$ 100,000.00	75,000.00	\$ 75,000.00	25,000.00	\$ 25,000.00	135,000.00	\$ 135,000.00	135,000.00	\$ 135,000.00	135,000.00	\$ 135,000.00	135,000.00	\$ 135,000.00
84	Furnish and Pileon Gravel	LS	1	3,500.00	\$ 3,500.00	8,375.00	\$ 8,375.00	8,375.00	\$ 8,375.00	3.00	\$ 10,500.00	3.00	\$ 10,500.00	3.00	\$ 10,500.00	3.00	\$ 10,500.00
85	30" Dia. Ducted Pipe in Soil	CY	3	1,500.00	\$ 4,500.00	1,500.00	\$ 4,500.00	4,000.00	\$ 12,000.00	1,500.00	\$ 4,500.00	1,500.00	\$ 4,500.00	1,500.00	\$ 4,500.00	1,500.00	\$ 4,500.00
86	Furnish and Pileon 24" x 24" x 24"	CY	4,820	48.00	\$ 231,360.00	30.00	\$ 144,000.00	147,000.00	\$ 7,003,500.00	28.00	\$ 134,400.00	28.00	\$ 134,400.00	28.00	\$ 134,400.00	28.00	\$ 134,400.00
87	Furnish and Pileon Subgrade	CY	380	60.00	\$ 22,800.00	30.00	\$ 11,400.00	13,000.00	\$ 780,000.00	20.00	\$ 7,600.00	20.00	\$ 7,600.00	20.00	\$ 7,600.00	20.00	\$ 7,600.00
88	Furnish and Pileon Subgrade	TON	2,825	45.00	\$ 127,125.00	25.00	\$ 70,625.00	69,240.00	\$ 3,115,200.00	34.00	\$ 96,460.00	34.00	\$ 96,460.00	34.00	\$ 96,460.00	34.00	\$ 96,460.00
89	Sub-Contract Subgrade Construction	CY	3,810	70.00	\$ 266,700.00	50.00	\$ 190,500.00	190,500.00	\$ 133,350.00	36.00	\$ 127,080.00	36.00	\$ 127,080.00	36.00	\$ 127,080.00	36.00	\$ 127,080.00
90	Sub-Contract Subgrade Construction	SF	15,545	9.00	\$ 139,905.00	5.00	\$ 77,725.00	77,725.00	\$ 695,325.00	3.10	\$ 48,196.50	3.10	\$ 48,196.50	3.10	\$ 48,196.50	3.10	\$ 48,196.50
91	Formwork (Form-Cast)	TON	900	100.00	\$ 90,000.00	100.00	\$ 90,000.00	50,000.00	\$ 4,500,000.00	100.00	\$ 90,000.00	100.00	\$ 90,000.00	100.00	\$ 90,000.00	100.00	\$ 90,000.00
92	Furnish and Pileon 18" x 18" x 18"	TON	8,340	90.00	\$ 750,600.00	75.00	\$ 625,500.00	618,000.00	\$ 5,562,000.00	76.00	\$ 668,400.00	76.00	\$ 668,400.00	76.00	\$ 668,400.00	76.00	\$ 668,400.00
93	Cast in Place Concrete	CY	4,342	15.00	\$ 65,130.00	4.00	\$ 17,370.00	17,370.00	\$ 154,830.00	2.55	\$ 11,122.50	4.00	\$ 17,370.00	4.00	\$ 17,370.00	4.00	\$ 17,370.00
94	NOT USED	N/A	0	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
95	Reinforced concrete	LF	1,894	7.00	\$ 13,258.00	5.00	\$ 34,870.00	4,870.00	\$ 33,846.00	9.00	\$ 17,154.00	7.00	\$ 51,858.00	7.00	\$ 51,858.00	7.00	\$ 51,858.00
96	Contract PCC Payment	SF	13,528	7.00	\$ 94,696.00	6.50	\$ 87,938.00	87,938.00	\$ 7,918,464.00	7.00	\$ 94,696.00	7.00	\$ 94,696.00	7.00	\$ 94,696.00	7.00	\$ 94,696.00
97	Contract 8" with Top and Gravel - Combined	LF	4,912	14.00	\$ 68,768.00	26.00	\$ 127,992.00	88,240.00	\$ 1,235,360.00	15.00	\$ 73,680.00	13.00	\$ 63,856.00	13.00	\$ 63,856.00	13.00	\$ 63,856.00
98	Contract 6" with Gravel Type B-1	LF	3,491	14.00	\$ 48,874.00	18.00	\$ 62,820.00	20,440.00	\$ 285,480.00	10.00	\$ 40,900.00	10.00	\$ 40,900.00	10.00	\$ 40,900.00	10.00	\$ 40,900.00

000095

RED TABULATION
CP 104134 Terminal Link Road
BPT OPENED - June 16, 2014 @ 2:30 PM
ENGINEER'S ESTIMATE

Item	Description	Unit	Quantity	ENGINEER'S ESTIMATE		2	3	4	5	6	
				Unit Cost in \$/PIGMENT	Total in \$/PIGMENT						
101	Contract 8' x 10' Chain Link - 4x4 - 12' High	LF	326	\$ 15.00	\$ 4,890.00	\$ 21.00	\$ 6,846.00	\$ 25.00	\$ 8,154.00	\$ 40.00	\$ 13,044.00
102	Contract 8' x 10' Chain Link - 4x4 - 12' High	LF	26,465	\$ 3.25	\$ 86,112.25	\$ 3.48	\$ 91,898.40	\$ 3.50	\$ 92,632.50	\$ 3.50	\$ 92,632.50
103	Contract PCC Base	EA	15	\$ 1,000.00	\$ 15,000.00	\$ 2,310.00	\$ 34,650.00	\$ 2,500.00	\$ 37,500.00	\$ 5,000.00	\$ 75,000.00
104	Contract PCC Driveway	EA	1	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
105	Contract PCC Curb	EA	1	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
106	Contract Metal Bollards - 12" Dia	EA	43	\$ 240.00	\$ 10,320.00	\$ 477.00	\$ 20,511.00	\$ 450.00	\$ 19,350.00	\$ 450.00	\$ 19,350.00
107	Contract Metal Bollards - 12" Dia	EA	8	\$ 900.00	\$ 7,200.00	\$ 1,631.00	\$ 13,048.00	\$ 2,000.00	\$ 16,000.00	\$ 2,000.00	\$ 16,000.00
108	Contract Concrete Bases - 12" Dia	EA	1,432	\$ 30.00	\$ 42,960.00	\$ 36.00	\$ 51,792.00	\$ 25.00	\$ 35,800.00	\$ 30.00	\$ 42,960.00
109	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 16,616.00	\$ 16,616.00	\$ 25,000.00	\$ 25,000.00	\$ 30,000.00	\$ 30,000.00
110	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 11,393.00	\$ 11,393.00	\$ 17,000.00	\$ 17,000.00	\$ 19,000.00	\$ 19,000.00
111	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 9,700.00	\$ 9,700.00	\$ 14,000.00	\$ 14,000.00	\$ 16,000.00	\$ 16,000.00
112	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 6,400.00	\$ 6,400.00	\$ 9,000.00	\$ 9,000.00	\$ 10,000.00	\$ 10,000.00
113	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 14,700.00	\$ 14,700.00	\$ 21,000.00	\$ 21,000.00	\$ 24,000.00	\$ 24,000.00
114	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00	\$ 40.00
115	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 112.00	\$ 112.00	\$ 120.00	\$ 120.00	\$ 130.00	\$ 130.00
116	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 27.00	\$ 27.00	\$ 27.00	\$ 27.00	\$ 27.00	\$ 27.00
117	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 2,040.00	\$ 2,040.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
118	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 1,481.00	\$ 1,481.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
119	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 43.00	\$ 43.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00
120	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 395.00	\$ 395.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00
121	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00	\$ 7.00
122	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00	\$ 18.00
123	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 152.00	\$ 152.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
124	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 307.00	\$ 307.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00
125	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 61,400.00	\$ 61,400.00	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00	\$ 60,000.00
126	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 21,100.00	\$ 21,100.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
127	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 9,371.00	\$ 9,371.00	\$ 9,000.00	\$ 9,000.00	\$ 9,000.00	\$ 9,000.00
128	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 2,330.00	\$ 2,330.00	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00	\$ 2,300.00
129	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 213,201.12	\$ 213,201.12	\$ 210,000.00	\$ 210,000.00	\$ 210,000.00	\$ 210,000.00
130	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 3,361.00	\$ 3,361.00	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00	\$ 3,300.00
131	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 90.00	\$ 90.00	\$ 90.00	\$ 90.00	\$ 90.00	\$ 90.00
132	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00
133	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 0.64	\$ 0.64	\$ 0.64	\$ 0.64	\$ 0.64	\$ 0.64
134	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 119.00	\$ 119.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00
135	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 948.00	\$ 948.00	\$ 950.00	\$ 950.00	\$ 950.00	\$ 950.00
136	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 38,700.00	\$ 38,700.00	\$ 38,000.00	\$ 38,000.00	\$ 38,000.00	\$ 38,000.00
137	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 31,000.00	\$ 31,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
138	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 2,710.00	\$ 2,710.00	\$ 2,700.00	\$ 2,700.00	\$ 2,700.00	\$ 2,700.00
139	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 998.00	\$ 998.00	\$ 998.00	\$ 998.00	\$ 998.00	\$ 998.00
140	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 1,445.00	\$ 1,445.00	\$ 1,450.00	\$ 1,450.00	\$ 1,450.00	\$ 1,450.00
141	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 948.00	\$ 948.00	\$ 950.00	\$ 950.00	\$ 950.00	\$ 950.00
142	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 798.00	\$ 798.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00
143	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 5,135.00	\$ 5,135.00	\$ 5,100.00	\$ 5,100.00	\$ 5,100.00	\$ 5,100.00
144	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 87.00	\$ 87.00	\$ 87.00	\$ 87.00	\$ 87.00	\$ 87.00
145	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 93.00	\$ 93.00	\$ 93.00	\$ 93.00	\$ 93.00	\$ 93.00
146	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 2,676.00	\$ 2,676.00	\$ 2,600.00	\$ 2,600.00	\$ 2,600.00	\$ 2,600.00
147	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 2,888.00	\$ 2,888.00	\$ 2,900.00	\$ 2,900.00	\$ 2,900.00	\$ 2,900.00
148	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 26.00
149	Install Precast Concrete Slabs - 12' x 12'	EA	1	\$ 45,000.00	\$ 45,000.00	\$ 1,024.00	\$ 1,024.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00

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RESOLUTION NO. 2014-0071

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AWARDING A CONSTRUCTION CONTRACT TO HAZARD CONSTRUCTION COMPANY IN THE AMOUNT OF \$8,889,727.75, FOR PROJECT NO. 104134, TERMINAL LINK ROAD, AT SAN DIEGO INTERNATIONAL AIRPORT

WHEREAS, the Terminal Link Road ("TLR") is a key component of the North Side Development providing access to the Rental Car Center ("RCC") and for New Economy Lot buses to the Terminals on the south side of the Airport; and

WHEREAS, the TLR project includes the construction of a perimeter road that begins at the proposed southerly end of Sassafras Street and terminates at a new signalized intersection on Harbor Drive, across from the existing US Coast Guard Facility; and

WHEREAS, the North Side Development project scope also includes the widening of westbound Harbor Drive by one through lane from the new signalized intersection to Winship Lane, and construction of a new Triturator facility, demolition of the existing Triturator, and relocation of existing Jet Blast Deflector ("JBD") to construct the new road; and

WHEREAS, the scope of work of this contract includes relocation of a segment of the existing JBD, installation of new security perimeter fence and gates, demolition of the existing Triturator, and construction of the perimeter road on Airport property; and

WHEREAS, the Request for Bids for this contract was advertised on May 16, 2014; and

WHEREAS, on June 16, 2014, the Authority opened sealed bids received in response to the Bid Solicitation Package; and

WHEREAS, the requirements of Board Policy 5.14 ("Policy 5.14"), pertaining to small business, local business and service disabled veteran owned small business goal and preference programs, was applied to this bid solicitation; and

WHEREAS, the low bidder, Hazard Construction Company, submitted a bid in the amount of \$8,889,727.75; and

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WHEREAS, Hazard Construction Company met 14% of the requirements of the Small Business goal of 37% and partially met the 3% Service Disabled Veteran Owned Small Business that was established for this Contract; and

WHEREAS, under Policy 5.14, Hazard Construction Company remained the lowest bidder; and

WHEREAS, the Hazard Construction Company submitted a bid of \$8,889,727.75, and the Authority's staff has duly considered the bid, has determined Hazard Construction Company is responsible, and found that the bid is responsive in all material respects; and

WHEREAS, the Board of San Diego County Regional Airport Authority ("Board") believes that it is in the best interest of the Authority and the public that it serves to award Hazard Construction Company the contract for Project No. 104134, Terminal Link Road (Triturator) upon the terms and conditions set forth in the Bid Solicitation Package, Hazard's proposal, and the contract.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby awards a construction contract to Hazard Construction Company in the amount of \$8,889,727.75 for Project No. 104134, Terminal Link Road at San Diego International Airport.

BE IT FURTHER RESOLVED that the Authority and its officers, employees, and agents are hereby authorized and directed to do and perform such acts as may be necessary and appropriate in order to effectuate fully the foregoing resolution; and

BE IT FURTHER RESOLVED that the Board finds that the Terminal Link Road and utilities in support of the Northside Improvements were evaluated subject to the California Environmental Quality Act ("CEQA"), Cal. Pub. Res. Code §21065, as a project component of the San Diego International Airport Master Plan Final Environmental Impact Report (SCH #2005091105; SDCRAA #EIR-06-01) certified May 1, 2008 and the North Side Improvements Final Supplemental Environmental Impact Report (also SCH #2005091105; SDCRAA #EIR-10-01) certified September 1, 2011; and the proposed project was approved by the California Coastal Commission on August 14, 2013 in accordance with the California Coastal Act (Coastal Development Permit #6-13-011).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

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SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
14

Meeting Date: **JULY 7, 2014**

Subject:

Approve and Authorize the President/CEO to Execute a Second Amendment to the Agreement with Siemens Industry, Inc., for Operation and Maintenance of Terminal 2 West In-Line Baggage Handling System

Recommendation:

Adopt Resolution No. 2014-0077, approving and authorizing the President/CEO to execute a Second Amendment to the agreement with Siemens Industry, Inc., for operation and maintenance of Terminal 2 West in-line baggage handling system ("BHS"), increasing compensation by \$643,430.10 for a total not-to-exceed amount of \$2,032,121.10 and extending the term to expire December 31, 2014.

Background/Justification:

On August 1, 2013, the Authority entered into an agreement with Siemens for a term of eleven months, for a total not-to-exceed amount of \$1,310,691.00, in support of the operation and maintenance ("O&M") for the in-line BHS in Terminal 2 West.

On June 30, 2014, pursuant to Authority Policy 5.01(3)(b)(ii), the President/CEO authorized the First Amendment to the agreement with Siemens, increasing the total amount payable by \$78,000.00 for a total not-to-exceed compensation amount of \$1,388,691.00 and extending the term nineteen (19) days to expire July 19, 2014. The First Amendment was issued to cover the gap (June 30 to signature/execution of Second Amendment).

Second Amendment Justification

Siemens designed, constructed and commissioned the BHS for Terminal 2 West (Green Build). As part of that agreement, Siemens is required to obtain final Transportation Security Administration ("TSA") acceptance of the system. TSA provided conditional acceptance of the BHS in March 2013.

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As part of the conditional acceptance, TSA requested changes to the system reports and communications protocols that must be completed prior to receiving final acceptance. Specifically, TSA requires the following of the BHS: 1) accurate reporting of the number of bags processed daily; and 2) remedy the unacceptable percentage of bags being diverted to the checked baggage resolution area for manual processing. It is expected that these modifications will be completed by December 31, 2014. The Authority will work to receive the TSA acceptance prior to December 31, 2014.

The Authority had planned to transition O&M responsibility to a newly established airline consortium on July 1, 2014. Given the delay in acceptance of the BHS, the Authority will retain the O&M agreement with Siemens until TSA final acceptance, after which responsibility for the BHS O&M will be transferred to the airline consortium.

Staff is recommending a Second Amendment to the Agreement to increase the term to expire no later than December 31, 2014 and increase the total amount payable by \$643,430.10 for a total not-to-exceed compensation amount of \$2,032,121.10.

Fiscal Impact:

The BHS Siemens operating expense was assumed to be transferred to a newly established airline consortium starting July 1, 2014 and thus was not included in the recently approved FY2015 budget. Staff will endeavor to absorb the additional expenses through other budget savings in FY2015. In the event the additional expenses cannot be absorbed, a budget amendment will be requested. At least partial recovery of the additional expenses will be pursued from the Green Build Joint Venture.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Application of Inclusionary Policies:

The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, Policy 5.12 and Policy 5.14. These programs/policies are intended to promote the inclusion of small, local, service disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs/policies named above can be used in any single contracting opportunity.

The Authority's DBE Program, as required by the U.S. Department of Transportation, 49 Code of Federal Regulations (CFR) Part 26, calls for the Authority to submit a triennial overall goal for DBE participation on all federally funded projects. When federal funds are utilized, the Authority is prohibited from using a program that provides a preference such as those used in Policies 5.12 and 5.14. Therefore, the Authority must utilize other means as provided in the DBE Plan to achieve participation.

This project utilizes federal funds; therefore, it will be applied toward the Authority's overall DBE goal. At the time of this sole source agreement, July 2013, Siemens Industry, Inc proposed 0% DBE participation on the Operation and Maintenance of Terminal 2 West In-Line Baggage Handling System.

Prepared by:

ANGELA SHAFER-PAYNE
VICE PRESIDENT, OPERATIONS

RESOLUTION NO. 2014-0077

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A SECOND AMENDMENT TO THE AGREEMENT WITH SIEMENS INDUSTRY, INC. FOR OPERATION AND MAINTENANCE OF TERMINAL 2 WEST IN-LINE BAGGAGE HANDLING SYSTEM, INCREASING COMPENSATION BY \$643,430.10 FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$2,032,121.10 AND EXTENDING THE TERM TO EXPIRE DECEMBER 31, 2014

WHEREAS, on August 1, 2013, the Authority entered into an agreement with Siemens Industry, Inc. ("Siemens") for a term of eleven months, for an amount not-to-exceed \$1,310,691.00, in support of the operation and maintenance ("O&M") for the in-line baggage handling system ("BHS") in Terminal 2 West; and

WHEREAS, on June 30, 2014, pursuant to Authority Policy 5.01(3)(b)(ii), the President/CEO authorized the First Amendment to the agreement with Siemens, increasing the total amount payable by \$78,000.00 for a total not-to-exceed compensation amount of \$1,388,691.00 and extending the term nineteen (19) days to expire July 19, 2014; and

WHEREAS, Siemens designed, constructed and commissioned the BHS for Terminal 2 West ("Green Build"); and

WHEREAS, as part of that agreement, Siemens is required to obtain final Transportation Security Administration ("TSA") acceptance of the system; and

WHEREAS, TSA provided conditional acceptance of the BHS in March 2013; and

WHEREAS, as part of the conditional acceptance, TSA requested changes to the system reports and communications protocols that must be completed prior to receiving final acceptance; and

WHEREAS, it is expected that these modifications will be completed by December 31, 2014; and

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WHEREAS, the Authority had planned to transition O&M responsibility to a newly established airline consortium on July 1, 2014; and

WHEREAS, given the delay in acceptance of the BHS, the Authority will retain the O&M agreement with Siemens until TSA final acceptance, after which responsibility for the BHS O&M will be transferred to the airline consortium; and

WHEREAS, additional funds and time are needed to continue O&M of the BHS.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute a Second Amendment to the agreement with Siemens Industry, Inc., for operation and maintenance of Terminal 2 West in-line baggage handling system, increasing compensation by \$643,430.10 for a total not-to-exceed amount of \$2,032,121.10 and extending the term to expire December 31, 2014; and

BE IT FURTHER RESOLVED that the Authority and its officers, employees, and agents hereby are authorized to do and perform all such acts as may be necessary or appropriate in order to effectuate fully the foregoing; and

BE IT FURTHER RESOLVED that the Board finds that this Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (Cal. Pub. Res. Code § 21065); and is not a "development" as defined by the California Coastal Act (Cal. Pub. Res. Code § 30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

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SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
15

Meeting Date: **JULY 7, 2014**

Subject:

Construction of Terminal 2 Parking Plaza

Recommendation:

Adopt Resolution No. 2014-0078, providing direction to staff for Construction of a Terminal 2 Parking Plaza, and approving the Addendum to the 2008 Final Environmental Impact Report.

Background/Justification:

This report provides the Board with an overview of issues pertaining to the proposed construction of a Parking Plaza (Plaza) in front of Terminal 2, as shown below. Board approval is requested to construct the Plaza, which was identified as part of the San Diego International Airport Master Plan and was analyzed in the 2008 *Final Environmental Impact Report* as consisting of up to five (5) floors and 5,000 parking spaces. The initial construction now recommended by staff would include three (3) floors and 3,000 parking spaces; however, additional parking up to five (5) floors and 5,000 parking spaces might ultimately be constructed in two or more phases.



1. History

The May 2008 *Airport Master Plan* (AMP) for San Diego International Airport (SDIA) and its corresponding 2008 *Final Environmental Impact Report* (FEIR) identified the airport projects needed to meet the airport's needs through the year 2015. (Due to the subsequent downturn in the economy, which slowed growth in airport operations and passengers at SDIA, it is now anticipated that these projects will meet the airport's needs through about 2020-2022.) Included in those documents was an analysis of two alternatives. The only difference was that one alternative included a parking structure in front of Terminal 2 and the other did not. Both alternatives included 10 new gates, a dual-level curb and Remain Overnight (RON) aircraft parking positions that were later called collectively "The Green Build." Both alternatives also included several projects on the north side of SDIA, including among other things relocating and reconfiguring SAN Park Pacific Highway, new general aviation (GA) facilities, reconstructing Taxiway C and a new apron, hold pads, and a new taxiway east of Taxiway D.

Each alternative also included general land use designations on the north side of the airport, which later led to the approval of a Rental Car Center (RCC) and its enabling projects.

One of the FEIR alternatives was called, "Proposed Airport Implementation Plan (with Parking Structure," while the other was called, "Proposed Airport Implementation Plan (without Parking Structure)." Both alternatives were fully analyzed under CEQA, with appropriate mitigation measures identified for each. Upon certification of the FEIR, this approach provided flexibility to the Board to either construct the parking structure at that time or defer its construction to a later date.

The FEIR provides a comprehensive analysis and disclosure of potential environmental effects associated with implementation of various improvement projects identified in the AMP. On May 1, 2008, the Airport Authority Board voted to certify the FEIR and to adopt the Airport Master Plan. At that time the Board chose to defer construction of the approved parking structure.

Every component of the 2008 AMP has either been constructed (e.g. Green Build) or is underway (north side improvements), with two exceptions. The exceptions are the parking structure in front of Terminal 2 and a future north side cargo area to replace the existing cargo facilities. Staff is working with the cargo operators to implement new cargo facilities on a schedule that meets their needs.

Many new facilities that were approved in the 2008 AMP are already operational (Green Build) and have produced exceptional customer service for both the Authority's passengers and tenants. It is anticipated that the Rental Car Center (RCC), new General Aviation center, and other north side facilities will also provide excellent customer service. In fact, the RCC is not only intended to improve the experience for future rental car patrons, but also will remove approximately 10% to 15% of all traffic on N. Harbor Dr. which is equivalent to almost 20% of airport traffic, reducing traffic congestion and benefiting non-airport motorists as well.

2. Proposed Parking Plaza Elements

The parking structure approved in the AMP consisted of up to five (5) floors and 5,000 parking spaces. For the reasons described below, the initial construction now recommended by staff would include three (3) floors and 3,000 parking spaces; however, additional parking up to five (5) floors and 5,000 parking spaces might ultimately be constructed in two or more phases.

The initial phase would include:

- **Approximately 3,000 Parking Stalls**
- **Three (3) Floors**
- **Smart Parking Technology.** Smart Parking Technology will assist motorists in finding an available parking space. This Technology not only enhances customer service, but also reduces vehicle emissions and improves air quality since it eliminates unnecessary vehicle circulation inside the airport.
- **Aesthetically Pleasing Design.** Staff will coordinate closely with internal and external stakeholders throughout the design process to ensure that the plaza is aesthetically pleasing. For example, the Airport Authority's Art Committee will be solicited for art opportunities inside and outside of the Plaza.

Any subsequent construction would include smart parking technology and similar care and attention to the aesthetics of design.

3. Technical Considerations

At the May 7, 2013 Airport Authority Board meeting, a presentation was provided by the consulting firm of LeighFisher Associates, discussing the ongoing need for additional parking in front of Terminal 2¹. The presentation concluded:

- 7,000 total spaces are required within walking distance of the terminals by 2035
- 3,000 spaces are needed for Terminal 2 customers immediately
- A parking structure is required to provide these spaces

The presentation further concluded that this recommendation supports the Authority strategies because a parking structure would:

- Achieve the highest level of internal and external customer satisfaction
- Enhance the financial position of the Airport Authority
- Operate the airport in a safe, secure, environmentally sound, effective and efficient manner

¹ A copy of the LeighFisher Associates studies and presentations are part of the record of this item.

The current capacity of the Terminal 2 close-in surface parking lot is 1,400 parking spaces. As stated above, LeighFisher Associates concluded that there is a current need for 3,000 parking spaces in front of the terminal, leaving a current deficiency of 1,600 spaces. The initial construction of the Plaza as proposed would displace the current 1,400 stall close-in surface parking lot. Therefore, a 3,000 stall plaza would add (3,000 – 1,400) = 1,600 new parking stalls.

The surface lot immediately to the west of the close-in lot (unaffected by a new parking plaza but also available to Terminal 2 passengers) provides 745 additional spaces, for a future total of 3,745 Terminal 2 parking spaces, as summarized below.

	<u>Terminal 2 Parking Supply</u>		
	<u>Existing</u>	<u>Add/(Reduce)</u>	<u>Result</u>
Surface	2,145	(1,400)	745
Plaza (Phase 1)	0	3,000	3,000
Total	2,145	1,600	3,745

This current close-in parking deficiency causes traffic congestion on N. Harbor Dr. from airport passengers who choose to get dropped off when they depart and then picked up again when they return, either by taxi or family/friend. Additional parking capacity would provide the opportunity for many of these people to drive themselves and park. Moreover, this would directly reduce the trips—and corresponding traffic congestion—to/from the airport. That is because if passengers can drive to the airport and park, they generate only one round trip on the surface streets, but when they are dropped off and subsequently picked up by a third party or commercial vehicle, that passenger generates two round trips on the surface streets.

The 2008 FEIR states that the traffic on N. Harbor Drive would essentially be the same with or without a 5,000-space parking structure (107,500 daily trips with a structure; 106,700 daily trips without a structure; in year 2035). A subsequent analysis of a 3,000-space structure conducted by LeighFisher Associates concludes that a structure would reduce Harbor Drive traffic by 140 to 320 trips per day upon its opening. The reduction primarily results from passengers who would otherwise be dropped off and later picked up by a third party (which generates two round trips), versus driving themselves and parking in the garage (which generates only one round trip). Further, the Airport Development Plan (ADP) is investigating the possibility of building an airport by-pass road that would remove all airport traffic from N. Harbor Drive, including traffic from the parking plaza.

Air passengers regularly express frustration that there is insufficient parking in front of the SDIA terminals. This is reflected in SDIA's quarterly air passenger satisfaction surveys, which shows that passengers regularly rate satisfaction of SDIA parking well below the rest of the airport. The 2013 survey results indicate satisfaction with airport parking at 51% and satisfaction of the rest of the airport's functions at 79%.

Finally, it is likely that any major reconstruction of the aging Terminal 1 facilities will require the multi-year loss of the entire Terminal 1 surface parking lot during construction activities; much like the Terminal 2 parking lot was closed during the recent construction of the Green Build. A parking structure in front of Terminal 2 would help to mitigate that anticipated parking loss when Terminal 1 eventually is reconstructed.

4. CEQA Review: 2008 FEIR and Addendum

The Authority agreed to prepare four items in the Findings of Fact/Mitigation Monitoring and Reporting Program included in the FEIR:

1. A mitigation plan to address the project's significant impacts (completed in May 2008);
2. An assessment of the costs for fair share contribution toward funding (completed in June 2010);
3. If mutual concurrence on mitigation is reached, the Authority agreed to enter into an agreement with the City of San Diego, which has jurisdiction over improvements to street segments surrounding SDIA; and
4. Construction plans and specifications.

The mitigation plan is provided in the FEIR which is located on the SDCRAA website (www.san.org). Several key traffic mitigation measures are near-term City street improvements that have been implemented or will be implemented by the Authority, City of San Diego or other agencies, including:

- Washington Street intersection: the Authority improved the intersection of Pacific Highway and Washington Street to add one lane northbound and one lane southbound. This improvement assists MCRD and Airport traffic entering and exiting both facilities and eliminated the backups that regularly occurred onto Washington Street during MCRD graduation days.
- Sassafras Street intersection and lanes: the Authority is improving the intersection of Pacific Highway and Sassafras Street for access to the Rental Car Center. The City provided an additional northbound lane on Sassafras Street between Pacific Highway and Kettner Street and an additional southbound lane is proposed.
- Additional westbound lane on North Harbor Drive: the Authority is providing right-of-way and constructing an additional westbound lane on North Harbor Drive from the U.S. Coast Guard entrance to the entrance to Terminal 1, and installing a traffic signal at the Coast Guard intersection with North Harbor Drive. This improvement will assist westbound North Harbor Drive traffic as well as future rental car shuttles and Coast Guard ingress/egress.

- Intersection improvements at Grape/North Harbor Drive: The City is providing North Embarcadero improvements provided a designated third left turn lane from North Harbor Drive to Grape Street.
- Addition of fourth lanes on Hawthorn and Grape Streets: As depicted in the local community plans, an additional fourth lane may be added by the City after the removal of street parking on Hawthorn and Grape Streets from North Harbor Drive to Interstate 5.

Further, the Authority is investing in improvements to the north side of the Airport that significantly improve traffic conditions on Laurel Street and North Harbor Drive adjacent to the airport. Specifically, a RCC is being constructed that will shift airport-related traffic from North Harbor Drive and its feeder streets (Laurel, Hawthorn and Grape Streets) to Sassafras Street and the Sassafras Street ramps to/from I-5. An on-airport Terminal Link Road is also being constructed to serve a consolidated rental car shuttle bus and economy parking lot shuttle bus to remove vehicle trips from Pacific Highway, Laurel Street, and North Harbor Drive.

A remote "FlyAway" type transit service is not included in the mitigation plan, however, it is considered in a subsequent SDIA Transit Plan, which is unrelated to the FEIR. Authority staff is proposing to travel to Washington, D.C. with other stakeholder agencies, including the City of San Diego and SANDAG, to help lobby for funds to improve the multi-modal and mass transit networks to the Airport.

As noted above, the up to 5,000 space parking garage and associated environmental effects were reviewed in the 2008 FEIR, and appropriate mitigation adopted. The treatment of the parking garage in the 2008 FEIR and the current circumstances under which the project would be undertaken was reviewed by the consulting firm URS, under the direction of staff. That review was to provide facts to inform the Board for its determination of whether further CEQA review was required for the approval of the construction of a Terminal 2 parking structure, particularly Section 21166 of CEQA and Section 15162 of the State CEQA Guidelines, and to ensure that it remains applicable for construction of a Terminal 2 parking structure and that an Addendum is the appropriate documentation of the results. The review determined that an Addendum is in fact the proper form of documentation. The results of that review are document in an Addendum to the FEIR dated June 30, 2014. The Addendum is attached to this staff report.

Per state CEQA regulations, an Addendum to the FEIR shall be considered, along with the final EIR, by the decision making body prior to making a decision on the project (CEQA Section 15164 (d)).

CEQA regulations further state that an Addendum to the EIR need not be circulated for public review but can be included in or attached to the final EIR (CEQA Section 15161 (c)). The FEIR has been available at the Authority offices and on the Authority website since 2008; the Addendum to the FEIR has also been posted on the Authority website.

The Addendum assumed the same sized parking structure analyzed in the 2008 FEIR, which was five (5) floors and 5,000 parking stalls. The Addendum focused on two potential environmental impacts--Aesthetics and Traffic--because these were the environmental impacts that had the greatest potential for change from the original analysis. All other environmental topic areas evaluated in the 2008 FEIR were reviewed through use of an Environmental Review Checklist which is attached as Appendix A to the Addendum. The conclusions are:

- The currently proposed Project, a five-story parking structure adjacent to Terminal 2, is addressed as a component of the AMP and the potential aesthetic impacts of the project are consistent with the AMP FEIR's conclusions on visual quality impacts to scenic vistas, scenic resources, or the visual character or quality of the site.
 - There is no substantial change in the project requiring major EIR revisions.
 - There is no substantial change in circumstances requiring major EIR revisions.
 - There is no new information showing new or greater significant effects.
 - There is no new information showing ability to reduce significant effects identified in the previous EIR.

- The currently proposed Project, a five-story parking structure adjacent to Terminal 2, is addressed in the 2008 FEIR as a component of the AMP and the potential traffic impacts presented in the FEIR are not materially changed by the availability of new traffic-related information. Based on the substantial evidence presented above, the specific findings regarding the FEIR traffic impacts analysis are as follows:
 - There is no substantial change in the project requiring major EIR revisions
 - There is no substantial change in circumstances requiring major EIR revisions
 - There is no new information showing new or greater significant effects.
 - There is no new information showing ability to reduce significant effects identified in the previous EIR.

- The currently proposed Project, a five story parking structure adjacent to Terminal 2, is addressed in the 2008 FEIR as a component of the AMP. With respect to the environmental topics addressed in the Environmental Review Checklist:
 - There is no substantial change in the project requiring major EIR revisions.
 - There is no substantial change in circumstances requiring major EIR revisions.
 - There is no new information showing new or greater significant effects.
 - There is no new information showing ability to reduce significant effects identified in the previous EIR.

The Addendum concludes, in summary, based on substantial evidence specific to the proposed parking structure, that there would not be any new significant impacts nor a substantial increase in the severity of any previously disclosed significant impacts. No major changes to the AMP FEIR are required and the preparation of a Supplemental or Subsequent EIR is not warranted.

5. Need, Financial Feasibility, and Fiscal Impact

As described above, the LeighFisher Associates study indicates an immediate need for a 3,000 stall Plaza. Therefore, staff recommends that the Board authorize the eventual development of a Plaza having up to 5,000 stalls in 5 levels, but direct staff to proceed immediately with an initial phase of 3,000 stalls in 3 levels.

Not only would this initial construction meet immediate needs, it would be financially prudent, as outlined below.

An initial 3,000 stall parking plaza is estimated to cost between \$80 million and \$88 million. To determine the project's financial feasibility, an analysis was conducted with two Scenarios:

- Scenario 1 - project costs of \$80 million and high parking plaza utilization rates:
 - The project is financially feasible and annually generates average net incremental revenue of:
 - \$8 million if financed 100% with debt; or
 - \$15.5 million if financed 100% with Airport cash
 - Has a Net Present Value of \$90.6 million if 100% debt financed
 - Has a Net Present Value of \$104.6 million if 100% cash funded

- Under the Scenario 2 with project costs of \$88 million and low parking plaza utilization rates:
 - The project is financially feasible and annually generates average net incremental revenue of:
 - \$2.6 million if financed 100% with debt; or
 - \$10.9 million if financed 100% with Airport cash
 - Has a Net Present Value of \$26.7 million if 100% debt financed
 - Has a Net Present Value of \$42.1 million if 100% cash funded

The Plaza was included in the Board approved FY 2015 – FY 2019 Capital Program Budget at an estimated cost of \$82,080,000 but was not funded. The Authority has sufficient capacity to use either debt or cash reserves to fund the 3,000 stall initial phase. Incremental revenue generated from the parking plaza would significantly benefit future capital project funding needs.

6. Stakeholder Coordination

The Airport Authority is reaching out to stakeholders, including local public agency representatives, elected officials and/or their staffs, business and community leaders, and community planning groups for meetings regarding the future parking plaza infrastructure project. These meetings are intended to foster cooperation and mutual understanding about the various aspects of the project, including environmental entitlements, customer benefits, traffic considerations, technical work, construction impacts, aesthetics and integration of art.

The outreach list includes, but is not limited to:

- County of San Diego
- City of San Diego
- Other cities in the region
- SANDAG
- Port of San Diego

Other non-governmental entities include:

- San Diego Regional Chamber of Commerce
- San Diego Regional Economic Development Corporation
- South County Regional Economic Development Council
- Airport Authority Advisory Committee
- Community Planning Groups (near and around the airport)

Some of these briefings have already taken place and others are calendared or will be scheduled over the next several weeks to cultivate stakeholder dialogue, understanding and awareness of this project during the planning process.

As stated above, Authority staff proposes to travel to Washington, D.C. with other stakeholders to help lobby for funds to improve the multi-modal and mass transit networks to the Airport. It should be noted however, that the Authority is subject to restrictions on the use of its revenue. Federal law and grant agreements required to receive federal airport improvement (AIP) grants strictly limit the ability of airport operators, such as the Authority, to utilize airport revenues for general economic or community benefits.

Airport revenues are defined broadly to include virtually every source of funds that a commercial airport receives. For example, airport revenue includes not only revenue from air carriers and airport tenants and lessees, but also proceeds from the sale of airport property, revenue generated by off-airport property such as remote airport parking lots and off-airport duty free shops, and even royalties from mineral extraction on airport property.

Airport revenues may not be used for purposes other than the capital or operating costs of the airport, the local airport system (where on body operates two or more local airports), or other local facilities owned or operated by the airport owner or operator that are directly and substantially related to the air transportation of passengers or property. [49 U.S.C. §§ 47107(b) and 47133]. The Federal Aviation Administration (FAA) interprets narrowly the terms "directly and substantially related to the transportation of air passengers or property." Under applicable federal law and regulations, the Authority may not provide funds for activities that are not directly or substantially related to the transportation of air passengers or property. The FAA has addressed specifically and in several different contexts, the question of whether airport revenues may be used to pay for or support surface transportation facilities or services which serve in part, but not exclusively, at an airport. Under federal statutes and FAA decisions, these restrictions on the use of airport revenue prevent the Authority from funding such street or transit infrastructure that do not directly and substantially serve the Airport, as opposed to being generally available to non-airport users.

7. Significant Upcoming Tasks

- Prepare Programmatic Document
- Obtain California Coastal Commission Approval
- Board meeting for approval of design delivery method and construction contract
- Begin Construction
- Plaza Opening

It is anticipated that 36 months will be required after Board direction is received to open the parking plaza.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

- A. A parking structure was evaluated subject to the CEQA, Pub. Res. Code Section 21065 as a project component of the San Diego International Airport Master Plan Final Environmental Impact Report (SCH #2005091105; SDCRAA #EIR-06-01) certified May 1, 2008 and the Northside Improvements Final Supplemental Environmental Impact Report (also SCH #2005091105; SDCRAA #EIR-10-01) certified by the San Diego County Regional Airport Authority on September 1, 2011. An Addendum to the AMP FEIR was prepared that, among other things, concludes that there would not be any new significant impacts nor a substantial increase in the severity of any previously disclosed significant impacts, and that no subsequent or supplemental EIR is required under CEQA.

- B. Once a preliminary design for the parking structure has been prepared, an application for a coastal development permit will be submitted to the California Coastal Commission in accordance with the California Coastal Act.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

JEFFREY WOODSON
VICE PRESIDENT, DEVELOPMENT

RESOLUTION NO. 2014-0078

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY APPROVING CONSTRUCTION OF A
PARKING STRUCTURE ADJACENT TO TERMINAL
TWO AT SAN DIEGO INTERNATIONAL AIRPORT
AND MAKING FINDINGS REGARDING AN
ADDENDUM TO THE 2008 MASTER PLAN EIR

WHEREAS, on May 1, 2008, the San Diego County Regional Airport Authority (SDCRAA) approved the Airport Master Plan (AMP) for San Diego International Airport (SDIA) and certified a Final Environmental Impact Report (FEIR) for the AMP; and

WHEREAS, the AMP identified the airport improvement projects needed to meet SDIA's needs through the year 2015 and beyond; and

WHEREAS, the FEIR evaluated, at a project level, the improvements needed to meet SDIA's needs through the year 2015, and the FEIR evaluated, at a programmatic level, the improvements needed beyond 2015; and

WHEREAS, the new facilities resulting from the 2008 AMP that are already operational (Green Build) have produced exceptional customer service for both passengers and tenants and it is anticipated that the Rental Car Center (RCC), new General Aviation Center; and other north side improvements will do the same; and

WHEREAS, the Authority now proposes to construct a parking structure at Terminal 2 (Project), as provided for in the 2008 AMP and analyzed in the FEIR; and

WHEREAS, the proposed Project consists of up to 5,000 parking stalls, up to five (5) Floors, ancillary features, smart parking technology and an aesthetically pleasing design, consistent with the planned parking structure at Terminal 2 that was identified in the 2008 AMP and FEIR; and

WHEREAS, the 2008 FEIR was reviewed by the consulting firm URS for adequacy in relation to the proposed Project; and

WHEREAS, the results of that review are documented in an Addendum to the FEIR, dated June 30, 2014; and

WHEREAS, the Addendum analyzes the potential environmental impacts of the Project, and concludes that there are no new significant impacts nor a substantial increase in the severity of any previously disclosed significant impacts which would require the preparation of a subsequent or supplemental EIR pursuant to Cal. Pub. Res. Code § 21166 of the California Environmental Quality Act (CEQA) and Guidelines for CEQA § 15162, specifically:

- (1) Substantial changes are not proposed in the Project which would require major revisions to the FEIR to evaluate new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and
- (2) Substantial changes have not occurred with respect to the circumstances under which the Project is undertaken which would require major revisions to the FEIR to evaluate new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and
- (3) There is no new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the FEIR was certified, which would require major revisions to the FEIR to evaluate new significant environmental effects or a substantial increase in the severity of previously identified significant effects, or to identify new mitigation measures or alternatives or mitigation measures or alternatives previously found not to be feasible; and

WHEREAS, the Airport Authority is reaching out to stakeholders, including stakeholder agency representatives, elected officials and business and community leaders, to offer briefings on the Project; and

WHEREAS, some of these meetings have already taken place and others are calendared over the next several weeks to ensure stakeholder communication and awareness of this Project during the planning process; and

WHEREAS, a notice of public hearing was duly posted, published, and mailed for consideration of the FEIR, Addendum and the proposed Project at the Board meeting of July 7, 2014, and on said date the public hearing was opened, held, and closed.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby finds and determines that the Project was evaluated pursuant to CEQA as a project component of the San Diego International Airport Master Plan Final Environmental Impact Report (SCH #2005091105; SDCRAA #EIR-06-01) certified on May 1, 2008, for which findings were duly made and mitigation measures were duly adopted.

BE IT FURTHER RESOLVED that the Board finds and determines, based on substantial evidence in the Addendum and its appendices, the staff report, written and oral testimony, and other evidence in the record of proceedings, that the FEIR and the Addendum are adequate for the purposes of analyzing the environmental impacts of the proposed Project pursuant to CEQA.

BE IT FURTHER RESOLVED that the Board finds and determines that none of the criteria in Cal. Pub. Res. Code § 21166 of CEQA or of the Guidelines for CEQA §15162 have been met, which would require the preparation of a subsequent or supplemental EIR.

BE IT FURTHER RESOLVED that the Board receives, adopts, and approves the Addendum to the 2008 Final Environmental Impact Report for the San Diego International Airport Master Plan, dated June 30, 2014.

BE IT FURTHER RESOLVED that the Board approves the construction of the proposed Project in one, two or more phases, with initial construction of 3,000 parking stalls and three (3) stories and an aggregate total of up to 5,000 parking stalls and five (5) stories at final build out.

BE IT FURTHER RESOLVED that the Board directs that the design, construction and operation of the proposed Project shall be conducted in accordance with the mitigation measures adopted for the AMP and the associated Mitigation Monitoring and Reporting Plan.

BE IT FURTHER RESOLVED that the Board directs staff to prepare and submit an application for a coastal development permit to the California Coastal Commission in accordance with the California Coastal Act; and

BE IT FURTHER RESOLVED that the Board directs staff to commence steps towards the design and construction of the Project.

BE IT FURTHER RESOLVED that the Authority and its officers, employees, and agents are hereby authorized and directed to do and perform such acts as may be necessary and appropriate in order to effectuate fully the foregoing resolution.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

**ADDENDUM TO THE FINAL ENVIRONMENTAL IMPACT REPORT
FOR THE SAN DIEGO INTERNATIONAL AIRPORT MASTER PLAN
(STATE CLEARINGHOUSE NO. 2005091105)**

June 2014

1. INTRODUCTION

The *San Diego International Airport Master Plan Final Environmental Impact Report* (FEIR) provides a comprehensive analysis and disclosure of potential environmental effects associated with implementation of various improvement projects identified in the Airport Master Plan (AMP) for the San Diego International Airport (SDIA). Many elements of the AMP have been completed or are underway. An additional AMP project which was evaluated in the FEIR, the Terminal 2 Parking Structure (Project), is currently proposed for construction. The purposes of this Addendum are (1) to document the review that the San Diego County Regional Airport Authority (SDCRAA) has undertaken to assess the Project in relation to the FEIR and current conditions, and (2) to substantiate the conclusion, based on substantial evidence presented in this Addendum and attachments, that there are no substantial changes to the Project, no substantial changes in circumstances, and no new information indicating that there would be new significant impacts or a substantial increase in the severity of any previously disclosed significant impacts which would require major revisions to the FEIR. Because no major changes to the AMP FEIR are required pursuant to this framework, the preparation of a Supplemental or Subsequent EIR is not required pursuant to the California Environmental Quality Act (CEQA); codified as Public Resources Code, Section 21000 et seq.

California Environmental Quality Act Requirements

CEQA requires public agencies to analyze and consider the environmental consequences of their decisions to approve development projects over which they exercise discretion. CEQA achieves this objective by requiring agencies to prepare Environmental Impact Reports (EIRs) for projects with the potential to cause significant impacts on the physical environment. EIRs are public documents that assess environmental effects related to the planning, construction, and operation of a project, and indicate ways to reduce or avoid possible environmental damage. An EIR also discloses growth-inducing impacts, effects found not to be significant, significant cumulative impacts, and significant impacts that cannot be avoided, if any. The purpose of an EIR is to inform. EIRs are not policy documents that recommend project approval or denial.

As lead agency, the SDCRAA prepared an FEIR (State Clearinghouse # 2005091105) that was certified in 2008 for the Airport Master Plan in compliance with CEQA and CEQA Guidelines (California Code of Regulations, Section 15000 et seq., as amended). The FEIR included both Program- and Project-level analyses. The FEIR evaluated, at a Program level, the potential short-term and long-term, direct, indirect, and cumulative environmental impacts associated with the

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SAN DIEGO INTERNATIONAL AIRPORT MASTER PLAN

airport uses designated by the Airport Land Use Plan in the AMP. In addition, the FEIR provided a Project-level analysis for the Airport Implementation Plan that included specific improvements proposed in the AMP for near-term construction and operation to meet aviation demand through 2015 at the San Diego International Airport (SDIA). The currently proposed Terminal 2 Parking Structure was addressed in the FEIR at the Project-level analysis, while also being accounted for in the Program-level analysis as part of the overall Land Use Plan proposed for the airport. The Program-level analysis in the FEIR considered additional improvements to meet aviation demand beyond 2015, with such additional improvements being subject to further planning efforts and related environmental documents, although the Program-level analysis in the FEIR did include those additional improvements in the evaluation of potential environmental impacts through the year 2030.

Section 21166 of CEQA (the statute) sets forth the requirements for how a lead agency is to consider changes to a proposed project or its circumstances or the availability of new information that occurs after an EIR for the project has been completed, and Section 15162 of the State CEQA Guidelines reiterates those requirements, along with additional guidance.

Section 21166 of CEQA states:

When an environmental impact report has been prepared for a project pursuant to this division, no subsequent or supplemental environmental impact report shall be required by the lead agency or by any responsible agency, unless one or more of the following events occurs:

- (a) Substantial changes are proposed in the project which will require major revisions of the environmental impact report.*
- (b) Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions in environmental impact report.*
- (c) New information, which was not known and could not have been known at the time the environmental impact report was certified as complete, becomes available.*

Section 15162 of the State CEQA Guidelines indicates that:

- (a) When an EIR has been certified or a negative declaration adopted for a project, no subsequent EIR shall be prepared for that project unless the lead agency determines, on the basis of substantial evidence in the light of the whole record, one or more of the following:*
 - (1) Substantial changes are proposed in the project which will require major revisions of the previous EIR ... due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;*

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- (2) *Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous EIR ... due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or*
- (3) *New information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete ... shows any of the following:*
- (A) *The project will have one or more significant effects not discussed in the previous EIR;*
 - (B) *Significant effects previously examined will be substantially more severe than shown in the previous EIR;*
 - (C) *Mitigation measures or alternatives previously found not to be feasible would in fact be feasible, and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative; or*
 - (D) *Mitigation measures or alternatives which are considerably different from those analyzed in the previous EIR would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.*

Section 15164 of the State CEQA Guidelines states that an Addendum to an EIR should be prepared “if some changes or additions are necessary but none of the conditions described in Section 15162 calling for preparation of a subsequent EIR have occurred.” When an Addendum is prepared, the decision-making body must consider the Addendum with the EIR prior to making a decision on the Project. Although, pursuant to State CEQA Guidelines Section 15164(c), an addendum to an EIR need not be circulated for public review, this Addendum to the San Diego International Airport AMP FEIR, along with the FEIR itself, is available for public review:

- on the Airport Authority website at www.san.org
- at the San Diego County Regional Airport Authority offices located in the Commuter Terminal at San Diego International Airport, 3225 North Harbor Drive, San Diego, CA during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday.

2. PROJECT BACKGROUND AND PROJECT DESCRIPTION

A. Project Background

The AMP FEIR was certified on May 1, 2008, by the SDCRAA Board. Since that time, SDCRAA has steadily followed through with implementation of the AMP, including

ADDENDUM TO THE FEIR FOR THE SAN DIEGO INTERNATIONAL AIRPORT MASTER PLAN

construction and operation of improvements contemplated in the Airport Implementation Plan to meet 2015 aviation demands, and has also completed further planning and completion of environmental documents for airport improvements to meet longer term demands. The following summarizes the AMP progress to date.

The Green Build

The Green Build, completed in August 2013, is the largest improvement project in SDIA's history. The Green Build includes many of the improvements identified in the Airport Implementation Plan, which was addressed in the Project-level analysis of the AMP FEIR. The Green Build is helping to meet the airport's current and future demand for travel, improving customer service, and serving as an economic stimulus for the San Diego region. A \$1 billion project, completion of The Green Build provided the following improvements at San Diego International Airport:

- 10 new gates to reduce terminal congestion and provide expanded, more comfortable passenger waiting areas
- New aircraft parking and replacement Remain-Over-Night aircraft parking apron
- New apron and aircraft taxi lane
- Enhanced curbside check-in, allowing passengers to print boarding passes, check baggage and view gate information at an easy-to-use curbside kiosk before entering the terminal
- Dual-level roadway to relieve curb-front traffic congestion by separating arriving and departing passengers
- More security lanes to improve flow of passengers through the terminal
- Expanded concession area providing more dining and shopping options
- Nation's largest airport USO Center

Completion of the Green Build improvements has been instrumental in helping to accommodate increasing aviation demands at the airport, providing more efficient airport operations and better passenger service and experience. In conjunction with implementation of the AMP, through The Green Build and otherwise, SDCRAA has successfully implemented several programs for reducing the airport's environmental impacts, including, but not limited to, designing the project to meet at Leadership in Energy and Environmental Design (LEED) Platinum certification which was awarded in 2014 as the first-ever Platinum airport terminal in the world, and implementation of the airport's Air Quality Management Plan.

Construction and operation of the Terminal 2 Parking Structure is one of the few major improvements within the Airport Implementation Plan that remains to be implemented, which,

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similar to The Green Build improvements completed to date, is intended and designed to meet the near-term (2015) aviation demands anticipated for the airport.

North Side Improvements

The North Side Improvements at SDIA include improvements identified in the AMP FEIR as part of the Land Use Plan, which were addressed in the FEIR at a Program-level analysis. As contemplated in the AMP FEIR, those improvements underwent additional planning subsequent to certification of the FEIR in 2008, and an additional environmental document was completed. Specifically, a Supplemental EIR (SEIR; August 2011) for CEQA compliance and a related Environmental Assessment (September 2013) for NEPA compliance were prepared for the projects primarily in the northeast portion of SDIA. The North Side Development includes a number of improvements, some of which have been constructed, and some of which are still to be constructed:

- Receiving and Distribution Center – a 21,000-square-foot central delivery location for food, beverage, retail, and other goods. The center helps reduce traffic on surrounding roadways by centralizing all truck deliveries. Airport vehicles are then used to deliver materials via airport roadways. This eliminates 50 to 75 truck trips on Harbor Drive each day.
- Rental Car Center – a facility to house many of the rental car companies serving SDIA in a single building. This will dramatically reduce rental car traffic on Harbor Drive and the number of shuttle buses circulating around the airport.
- Fixed-Base Operator (FBO) Complex – a larger, more environmentally friendly facility to replace the existing FBO complex and maximize airfield space. The FBO complex provides hangars, fueling and other services for general aviation aircraft.
- Roadway Improvements – several projects that will improve traffic and access to the north side of the airport. These include expansion of the Washington Street entrance roadway at Pacific Highway; widening of Sassafras Street north of Pacific Highway; and a new terminal link roadway for rental car and parking shuttle buses, which will remove traffic from Laurel Street and North Harbor Drive.

The construction timeline for the North Side Improvements is as follows:

- 2012 - Construction began for the receiving and distribution center and Washington Street entrance roadway and intersection; receiving and distribution center completed in November 2012
- 2013 - Washington Street roadway improvement completed; construction began on fixed-based operator building and rental car center; SAN Park Pacific Highway relocated farther north to allow for development of rental car center

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- 2014 - Fixed-based operator building will be completed; Sassafras Street improvements will be completed; work begins for terminal link roadway
- 2016 - Rental car center will be completed; terminal link roadway will be completed

As evidenced above, implementation of the SDIA AMP, as approved in 2008, has steadily progressed over the past six years with major improvements completed or in progress for enabling the airport to meet increasing aviation demands in an effective and timely manner. Implementation of the proposed Terminal 2 Parking Structure is an integral part of that ongoing program as envisioned and addressed in the SDIA AMP FEIR.

B. Project Description

The proposed Project for the purposes of this Addendum is the construction of the multi-level parking structure adjacent to Terminal 2 that is described in Section 4.1.2.5 (page 4-5) of the AMP FEIR and addressed at a Project-level analysis in the FEIR. The parking structure would be located directly south of the existing Terminal 2 and north of Harbor Drive (Figure 1, Project Location).

As noted above, being part of the Airport Implementation Plan presented and addressed in the FEIR, the multi-level parking structure is intended and designed to accommodate future growth of passengers expected through 2015. The Project will address the public parking deficiency at Terminal 2 that was anticipated in the FEIR upon completion of Terminal 2 West which was part of the Green Build [NOTE: Please confirm the accuracy of this insertion.] by converting existing surface parking to the proposed parking structure (Figure 2, Site Plan). This area is relatively small and constrained, thus the only available mechanism for providing the required parking in the immediate vicinity of the terminal is through construction of a multi-level parking structure. As described in the AMP FEIR and is still the case for the current proposal, the parking structure will be constructed up to 5 levels to provide up to 5,000 parking spaces, for a net total of 4,300 additional parking in the terminal area. The parking structure is expected to be up to 50 feet in height to accommodate up to 5 levels of parking spaces and an additional 15 feet to account for ancillary features such as elevator infrastructure and potential installation of photovoltaic panels (Figure 3, Parking Structure Massing).

Vehicle access would be provided to a second-level departure curb as contemplated in the AMP EIR. The second-level departure curb was constructed as an adjacent stand-alone facility as part of the Green Build. A commercial vehicle curb accommodating shuttles, buses, taxis, and share-ride vans is located on the first level. Existing elevated pedestrian walkways would connect the second level of the parking structure with the upper level Terminal 2 ticketing facilities. The proposed parking structure would be constructed directly adjacent and abutting to the second-level departure curb and connect via elevated pedestrian walkways and elevators to Terminal 2.

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The parking structure will be accessed from North Harbor Drive via an expanded roadway loop, that has already been constructed and that itself was included in the FEIR. The parking structure would be located in the center of that roadway loop. Vehicles approaching the terminal area would be directed to parking or passenger pick-up and drop-off well in advance of decision points in the roadway. Roadways considered in the AMP FEIR and since constructed as part of the AMP will eliminate the need for vehicles to utilize the first-level arrival curbside roadway to enter structures or surface parking areas.

Design and construction of the parking structure will accommodate existing major utilities located beneath the proposed footprint (see Figure 2). This could include re-routing utilities or constructing the structure in a design that would bridge over these major utilities. Construction of the parking structure will be performed in accordance to all applicable mitigation measures in the AMP FEIR.

3. ENVIRONMENTAL REVIEW OF THE PROJECT

The following analysis addresses the currently proposed Project (Terminal 2 Parking Structure) in light of the CEQA evaluation criteria described above in Section 1, relative to whether there is any basis under those CEQA criteria to require a supplemental or subsequent EIR for the project. Based on the Project description presented above in Section 2.B., there is substantial evidence to support the conclusion that no substantial changes have occurred relative to the location, function, and basic design characteristics of the proposed Project since the FEIR was certified; hence, no further analysis is provided herein regarding the criterion in Section 1 of whether there have been substantial changes in the project that require major revisions to the FEIR.

Based on the Project description, and the analysis in the FEIR, the potential impacts on aesthetics and traffic related to the Project are considered to be most relevant to the Addendum analysis.

The discussion presented in this section focuses on potential environmental impacts related to aesthetics and traffic. For purposes of this Addendum, all other environmental topic areas evaluated in the FEIR were reviewed through use of an Environmental Review Checklist. The Environmental Review Checklist provided as Appendix A to this Addendum follows the basic format of a typical CEQA Initial Study environmental analysis checklist, but has been tailored to address each such environmental topic relative to the CEQA criteria presented above in Section 1.

The information and findings for each of the two key environmental topic areas are summarized in the analyses that follow.

Given the size and location of the proposed parking structure, the FEIR anticipated that it would be visible from off-airport public view locations. The evaluation of aesthetic impacts below

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considers whether there have been substantial changes in circumstances under which the Project will be undertaken; specifically, what changes have occurred in the existing visual/aesthetic setting of the Project area subsequent to the FEIR analysis and also what changes have occurred in certain planning documents, such as the Port Master Plan, used in the FEIR analysis of aesthetic impacts. The analysis then considers whether any such changes in circumstances would result in new or substantially more severe significant impacts to aesthetic or visual resources from the Project, beyond what was identified in the FEIR.

The evaluation below related to potential traffic impacts responds to the availability of new information that was not known, and could not have been known, in 2008 when the FEIR was certified. Specifically, data regarding future regional traffic anticipated to occur around the airport, as well as throughout the county, is derived from the regional traffic model developed and maintained by the San Diego Associations of Governments (SANDAG). SANDAG periodically updates the regional traffic model based on changes in conditions over time and more current traffic projection data. For the AMP FEIR, long-term traffic volumes were obtained from the SANDAG Series 10 model. That version of the regional traffic model has been updated twice since then, with the current version being SANDAG Series 12. Given that the AMP FEIR includes an analysis of potential long-term impacts that may result from airport-related traffic (i.e., in the year 2030), including with and without AMP-related changes in traffic, an evaluation was completed to assess whether the differences future traffic volumes in the SANDAG Series 12 traffic model compared to the SANDAG Series 10 traffic volumes would result in new significant traffic impacts or a substantial increase in the severity of previously identified significant traffic impacts. Additionally, the traffic impacts evaluation presented below addresses whether existing traffic volumes around the airport have substantially changed subsequent to certification of the FEIR in 2008. Specifically, the traffic volumes for existing conditions addressed in the FEIR are based on 2005 data, and there is now more current traffic volume information available from 2013 traffic counts. As further explained below, the additional evaluation of potential traffic impacts based on new data focuses on those roads and intersections, as specifically identified in the FEIR traffic analysis, that are in proximity to, and are most likely to be affected by, the proposed parking structure. In addition to the availability of new information, the additional evaluation presented below takes into consideration changes in circumstances, such as completion of AMP improvements that would tie into the proposed parking structure (i.e., dual-level roadway nearby).

A. Aesthetics

Existing Environmental Setting

Section 5.13.4 of the AMP FEIR provides a summary of the environmental setting, including the Project site and surrounding area at the time FEIR was prepared. Subsequent to the certification

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of the FEIR, certain AMP improvements have been constructed. New facilities most applicable to the Project are Terminal 2 West and the adjacent dual-level roadway with upper-level lanes that are dedicated to departing passengers, who walk across a sky bridge to reach the terminal, and lower-level lanes that are dedicated to arriving passengers.

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The AMP FEIR addressed the laws, plans, policies, and guidelines that the Project is subject to relative to aesthetics. This regulatory framework forms the basis for determining how the Project could affect visual resources. The FEIR also evaluated neighborhood character, landform, and light and glare issues. The visual resources assessment presented key views and assessed the potential for significant impacts to these views using a weighting factor system (low – minor adverse change, medium – moderate adverse change which would result in a less than significant visual impact, and high – major adverse change which would result in a significant visual impact that required mitigation measures). The FEIR’s 23 key views were assessed with “low” to “medium” changes: no significant impacts were identified for the key views, and no mitigation was necessary. The FEIR concluded that the proposed buildings would be similar to existing buildings in terms of height, mass, scale, materials, and architectural style and that the improvements of the Airport Land Use Plan would not conflict with the current character of the area. The FEIR also concluded that landform impacts would be minimal, and that potential impacts from increased overall nighttime lighting would be minimized by light fixtures that direct light downward. The conclusion of the FEIR is that construction and operation of the Airport Land Use Plan would not have a project-specific or cumulative significant impact on visual resources and no mitigation was necessary.

Proposed Project

As described on page 5.13-7 of the AMP FEIR, existing visual resources within the SDIA area consist of natural and human-made features. Natural visual features include the San Diego Bay, the Pacific Ocean, and distant views of the Point Loma peninsula. The human-made features include Spanish Landing Park, the downtown skyline, and historic structures located on the east side of the Marine Corps Recruit Depot (MCRD) San Diego. The FEIR evaluated potential impacts from 23 key view locations, 13 of which are located around the project sites (Key Views 1 through 8, and 19 through 23; refer to Figures 5.13-1 through 5.13-10 and Figures 5.13-20 through 5.13-24, respectively, of the AMP FEIR). The analysis of potential impacts at these view locations includes general consideration of the types of uses envisioned in the Airport Land Use Plan. The FEIR analysis provides a more detailed discussion of impacts related to improvements proposed under the Airport Implementation Plan.

The SDIA is in an urbanized area, surrounded by existing commercial, industrial, and military uses; Spanish Landing Park; the San Diego Bay; and roadways, roadway ramps. Scenic vistas in

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the area are focused toward the south of the SDIA toward the bay, the downtown skyline, and the Point Loma peninsula rather than toward the airport. Views of the SDIA from passing motorists, pedestrians, and cyclists along Harbor Drive are intermittent due to intervening mature trees partially lining Harbor Drive and from roadway ramps. The proposed parking structure maximum footprint (see Figure 2) extends closer to Harbor Drive than the building footprint analyzed in the FEIR. Views toward the parking structure would be predominantly from motorists traveling along Harbor Drive. Project visibility for such viewers would be limited by the screening described above and the combination of the speed of travel and focus on driving. Additionally, the Project's height and scale would be the same as that analyzed in the FEIR. As such, the location of the structure slightly closer to Harbor Drive would not be visibly different. Therefore, the visual quality of the view from Harbor Drive to the airport would essentially be the same as that analyzed in the FEIR.

The Port Master Plan (October 2012) guides the land use and policies for areas adjacent to SDIA. The Port Master Plan, Planning District 2, Lindberg Field / Harbor Island, Precise Plan (Port Master Plan, Figure 8) identifies two areas of scenic views near the SDIA: southerly views from both Spanish Landing toward the San Diego Bay, and from Harbor Island, also toward the bay. These views are to the south, in the opposite direction as the Project site and therefore are not within the viewshed of these scenic views. Implementation of the Project would not significantly alter the nature and character of this existing view. As such, the conclusion remains that the potential impact would be less than significant.

The proposed parking structure would be the same height and in the same location as the parking structure analyzed in the FEIR. Although the building footprint could be slightly different than that illustrated in the FEIR, the overall visual impact of the proposed structure would be the same: the building would replace a surface parking lot, would have the same visual mass, and would be designed to complement existing airport structures, most particularly Terminal 2 West. Views of the parking structure from areas to the west (Liberty Station and the former Naval Training Center) would be partially or totally screened by the terminal building or by intervening trees. The significance of potential impacts to this view is rated low (FEIR Table 5.13-1) because the viewscape is of airport-related uses. Likewise, views of the Project site from areas to the south are partially to fully blocked by mature trees and/or roadway ramps, and the significance of potential impacts to this view is rated low to medium. Therefore, the visual character or quality of the Project site and its surroundings would not be substantially degraded by construction of the parking garage, and impacts would be less than significant.

Findings

The currently proposed Project, a five-story parking structure adjacent to Terminal 2, is addressed as a component of the AMP and the potential aesthetic impacts of the Project, as

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summarized above, are consistent with the AMP FEIR's conclusions on visual quality impacts to scenic vistas, scenic resources, or the visual character or quality of the site. The Project conforms to the existing regulatory framework including the Port Master Plan, California Coastal Act, and City of San Diego Community Plans and policies as it pertains to visual resources. The Project also is consistent with view corridor preservation analysis in the AMP FEIR. The comparison of anticipated plan conformance and aesthetic resources impacts of the Project with the impacts disclosed in the FEIR support the required CEQA findings below. Specifically, none of the conditions defined in Section 21166 of CEQA and in Sections 15162 of the State CEQA Guidelines that would require preparation of a subsequent or supplemental EIR have been met.

No Substantial Change in Circumstances Requiring Major EIR Revisions. Substantial evidence in the record indicates that there are no substantial changes in the circumstances, as related to aesthetic and visual impacts, under which the proposed Project would be undertaken that would require major changes to the certified FEIR to account for new significant impacts or a substantial increase in the severity of previously identified impacts.

No New Information Showing New or Greater Significant Effects. This Addendum has analyzed all available relevant information to determine whether there is new information that was not available at the time the FEIR was certified indicating that a new significant effect not reported in the certified FEIR may occur. There is no substantial new information that there would be substantially greater significant aesthetic effects than those identified in the certified FEIR.

No New Information Showing Ability to Reduce Significant Effects Identified in Previous EIR. Since the Project would not result in significant impacts with respect to plan conformance and aesthetics or visual resources, no alternatives or alterations to the Project are necessary.

B. Traffic

Existing Environmental Setting

Section 5.3.4 of the AMP FEIR contains a summary of the environmental setting at the time the FEIR was prepared. Subsequent to the certification of the FEIR, certain AMP improvements have been constructed. New facilities most applicable to the Project are Terminal 2 West and the adjacent dual-level roadway with upper-level lanes that are dedicated to departing passengers, who walk across a sky bridge to reach the terminal, and lower-level lanes that are dedicated to arriving passengers.

Final Environmental Impact Report

Section 5.3, Traffic and Circulation, of the AMP FEIR describes the general approach and methodology, regulatory framework, significance criteria, and traffic and circulation impacts

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associated with the Airport Implementation Plan (with Parking Structure), which assumed that all components of the Airport Implementation Plan would be constructed, including a “new five-level parking structure with approximately 5,000 spaces and associated vehicle circulation serving Terminal Two.” Airport trip generation and terminal distribution resulting from the Airport Implementation Plan were estimated (FEIR Tables 5.3.18 and 5.3.19, respectively) to determine potential traffic impacts, with “existing” condition year 2005 and future conditions for the years 2010, 2015, and 2030.

Street segment and intersection impacts were identified by comparing traffic conditions under the Proposed Airport Implementation Plan (With Parking Structure) against traffic conditions under the No Project Alternative. Street segments that would experience significant impacts in the year 2030 include segments of Sassafras Street, Kettner Boulevard, North Harbor Drive, Grape Street, Hawthorn Street, Laurel Street, and India Street.

The FEIR presents measures to mitigate impacts on street segments and intersections. Mitigation measures for street segments are presented in the FEIR Section 5.3.8.1, Street Segments, Proposed Airport Implementation Plan (with Parking Structure) (page 5.3-132) and Proposed Airport Land Use Plan (page 5.3-145). Mitigation measures for intersections are presented in the FEIR Section 5.3.8.2, Intersections, Proposed Airport Implementation Plan (with Parking Structure) (page 5.3-163 and 5.3-170) and Proposed Airport Land Use Plan (page 5.3-166).

The FEIR concluded that although “mitigation measures would reduce traffic impacts to a level of less than significant, the roadway segments, intersections, arterial roadways, and freeway ramps and operations are within the legal authority, responsibility, and jurisdiction of the City of San Diego or Caltrans, not SDCRAA. As such, SDCRAA lacks the legal authority to ensure that these other agencies will implement the mitigation measures necessary to render the traffic impacts less than significant. If these agencies do not implement the mitigation measures identified and adopted by SDCRAA, it is possible that the traffic impacts of the Project will remain significant after Project implementation.”

Proposed Project

The location of the proposed parking structure, the number of parking spaces, the basic design, and function, as currently proposed, are substantially the same as that described in the FEIR. The FEIR used traffic volumes from 2005 to characterize existing conditions in the traffic analysis.

Comparison of 2005 (Existing Conditions) Traffic Volumes to 2013 Traffic Volumes

To determine if the 2005 traffic volumes used to characterize existing conditions have substantially changed since the certification of the FEIR, a comparison was made to traffic volumes used in the 2013 SDIA Airport Development Plan (ADP) Traffic Study, which were counted in May 2013, provided as Appendix B, Traffic Volumes Memorandum. For those street

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segments and intersections where an increase in traffic volumes was identified between 2005 and 2013, the resultant Level of Service (LOS)¹ for the affected facility was assessed to determine whether it would operate at an acceptable LOS. AM and PM peak hour intersection volumes from 2005 and 2013 were compared (see Appendix B, Tables 1 and 2, respectively). Of the intersections compared, AM peak hour intersection volumes were on average 2.17 percent higher in 2013 compared to 2005, with the most apparent increases at the intersections along Harbor Drive between Harbor Island Drive and Rental Car Road. PM peak hour intersection volumes were on average 15.48 percent higher in 2013, with increases at the intersections along North Harbor Drive between Spanish Landing and Laurel Street. While AM and PM peak hour intersection volumes have increased at several intersections, all intersections where increases occur were calculated to operate at LOS C or better under Year 2013 conditions, which is considered an acceptable level of service. Therefore, no new significant impacts are expected to occur.

A comparison of street segment Average Daily Traffic (ADT) volumes between 2005 and 2013 also was made (see Appendix B, Table 3). Under that comparison, the traffic volumes were lower in 2013 by an average of 4.23 percent, although the ADT volumes along some segments have increased. While volumes have increased along several segments of North Harbor Drive, all segments where increases occur were calculated to operate at LOS D or better, which was also the case in the SDIA Master Plan FEIR analysis (i.e., no significant impacts under either scenario). Therefore, no new or substantially more severe significant impacts are expected to occur from implementation of the currently proposed Project.

Comparison of 2010 (No Project Alternative) Traffic Volumes to 2013 Traffic Volumes

The AMP FEIR includes evaluation of environmental effects associated with the No Project Alternative, which provides a general indication of future environmental impacts and conditions projected to occur in the absence of SDIA AMP improvements. Inasmuch as traffic volumes at intersections and street segments around the airport would have increased between 2005 and 2013 even if there were no AMP improvements, a comparison was made between the forecasted Year 2010 No Project Alternative traffic volumes and the 2013 SDIA ADP Traffic Study volumes described above. Although the FEIR also includes traffic volume projections for 2015 under the No Project Alternative, a comparison between the 2010 No Project Alternative traffic volumes and the 2013 traffic volumes is considered to be more conservative, given that the 2015 No Project Alternative projections would be higher than those of 2010.

¹ Level of service (LOS) is the term used to denote the different operating conditions which occur on a given roadway segment or intersection under various traffic volume loads. It provides an index to the operational qualities of a roadway segment or an intersection. Level of service designations range from A to F, with LOS A representing the best operating conditions and LOS F representing the worst operating conditions.

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Similar to the 2005-2013 traffic volumes comparison above, AM and PM peak hour intersection volumes from the 2010 No Project Alternative and 2013 SDIA ADP Traffic Study were compared (see Appendix B, Tables 1 and 2, respectively). Of the intersections compared under this scenario, AM peak hour intersection traffic volumes were on average 11.71 percent lower in 2013 compared to the traffic volumes anticipated in the FEIR to occur by 2010 under the No Project Alternative, although the volumes at some intersections have increased. However, all intersections were calculated to operate at LOS C or better, which was also the case in the AMP FEIR analysis (i.e., no significant impacts under either scenario). PM peak hour intersection traffic volumes would be on average 19.37 percent lower in 2013 compared to the traffic volumes anticipated in the FEIR to occur by 2010 under the No Project Alternative, with no increases shown at any intersection. Based on the above comparison between 2013 traffic volumes and the traffic volumes projected in the FEIR for the No Project Alternative in 2010, no new or substantially more severe significant impacts are expected to occur.

A comparison of street segment Average Daily Traffic (ADT) volumes between the 2010 No Project Alternative and 2013 traffic volumes also was made (see Appendix B, Table 3). Under that comparison, the traffic volumes were lower in 2013 by an average of 12.04 percent, although the volumes along some segments have increased. While volumes have increased along several segments of North Harbor Drive, all segments where increases occur were calculated to operate at LOS D or better, which was also the case in the SDIA Master Plan FEIR analysis (i.e., no significant impacts under either scenario). Therefore, no new or substantially more severe significant impacts are expected to occur from implementation of the currently proposed project.

Comparison of SANDAG Series 10 and Series 12 Long-Term (2030) Traffic Volumes

The FEIR used long-term traffic volumes obtained from the SANDAG Series 10 (Year 2030) traffic model to determine potential significant impacts to the surrounding roadway network due to the SDIA Master Plan. To determine if the forecast volumes have changed substantially since the document was certified, a comparison was made to the most recent available SANDAG Series 12 (Year 2035) traffic model volumes (Appendix B, Table 4). The forecasted Series 12 volumes are lower as compared to Series 10 volumes by an average of 36.47 percent. Therefore, the use of the Series 10 Year 2030 traffic volumes can be considered conservative; no new significant impacts are identified. Additionally, although significant impacts to street segment operations in 2030 were identified in the AMP FEIR for the following segments of North Harbor Drive: Terminal 1 to Winship Lane; Winship Lane to Rental Car Road; Rental Car Road to Laurel Street; and, Laurel Street to Hawthorn Street, the use of the Series 12 data would result in lower future traffic volumes on those segments (Appendix B, Table 4). As such, use of the Series 12 Year 2030 traffic volumes would not result in new significant impacts or a substantial increase in the severity of previously identified significant impacts.

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Findings

The currently proposed Project, a five-story parking structure adjacent to Terminal 2, is addressed in the 2008 FEIR as a component of the AMP and the potential traffic impacts presented in the FEIR are not substantially increased by the availability of new traffic-related information. Based on the substantial evidence presented above, the specific findings regarding the FEIR traffic impacts analysis are as follows:

No Substantial Change in Circumstances Requiring Major EIR Revisions. Substantial evidence in the record indicates that there are no substantial changes in the circumstances, as related to existing and future traffic volumes, under which the proposed Project will be undertaken that require major changes to the certified FEIR to account for new significant impacts or a substantial increase in severity of previously identified significant impacts.

No New Information Showing New or Greater Significant Effects. This Addendum has analyzed all available relevant information to determine whether there is new information that was not available at the time the FEIR was certified indicating that a new significant effect not reported in the certified FEIR may occur. There is no substantial new information that there would be substantially greater significant traffic impacts than those identified in the certified FEIR.

No New Information Showing Ability to Reduce Significant Effects Identified in Previous EIR. Since the Project would not result in new significant traffic impacts or a substantial increase in the severity of previously identified significant traffic impacts, for which mitigation measures presented in the FEIR would reduce those impacts to less than significant, no alternatives or alterations to the Project are necessary.

C. Other Environmental Topics

As noted above, all other environmental topic areas which were evaluated in the FEIR were reviewed for the Project through use of an Environmental Review Checklist, provided as Appendix A to this Addendum, which addresses each such other environmental topic relative to the CEQA criteria presented in Section 1.

Findings

Based on the Project Description and Background in Section 2 above, and the information in Appendix A, and otherwise in this Addendum, the findings are as follows:

No Substantial Change in Project Requiring Major EIR Revisions. Substantial evidence in the record indicates that there are no substantial changes proposed in the Project, that would require major changes to the certified FEIR due to the involvement of new significant

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environmental effects or a substantial increase in the severity of previously identified significant effects related to any of the other environmental topics.

No Substantial Change in Circumstances Requiring Major EIR Revisions. Substantial evidence in the record indicates that there are no substantial changes in the circumstances, as related to any of the environmental topics, under which the proposed Project would be undertaken that would require major changes to the certified FEIR to account for new significant impacts or a substantial increase in the severity of previously identified impacts.

No New Information Showing New or Greater Significant Effects. This Addendum has analyzed all available relevant information to determine whether there is new information that was not available at the time the FEIR was certified indicating that a new significant effect not reported in the certified FEIR may occur. There is no substantial new information that there would be substantially greater significant effects related to the other environmental topics than those identified in the certified FEIR.

No New Information Showing Ability to Reduce Significant Effects Identified in Previous EIR. Since the Project would not result in significant impacts with respect to the other environmental topics, no alternatives or alterations to the Project are necessary.

4. CONCLUSION

The information and analysis in this Addendum has been undertaken, pursuant to the provisions of CEQA and the CEQA Guidelines, to provide decision makers with a factual basis for determining whether any substantial modifications to the Project, substantial changes in circumstances, or receipt of new information not available during preparation of the FEIR would require additional review or preparation of a subsequent or supplemental EIR.

Based on substantial evidence provided herein, as further supported by the attached appendices, implementation of the proposed Terminal 2 Parking Structure project is adequately addressed by the SDIA AMP FEIR, and none of the conditions warranting preparation of a supplemental or subsequent EIR, as set forth in CEQA Section 21166 and State CEQA Guidelines Section 15162 exist. Pursuant to Section 15164 of the State CEQA Guidelines, preparation of an Addendum to the AMP FEIR fully satisfies the CEQA review requirements for the project.

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Figures:

- Figure 1: Project Location
- Figure 2: Site Plan
- Figure 3: Parking Structure Massing

Appendices:

- Appendix A: Environmental Review Checklist
- Appendix B: Traffic Volumes Memorandum

FIGURES
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Source: Eagle Aerial 2013

PROJECT LOCATION

URS

Figure 1

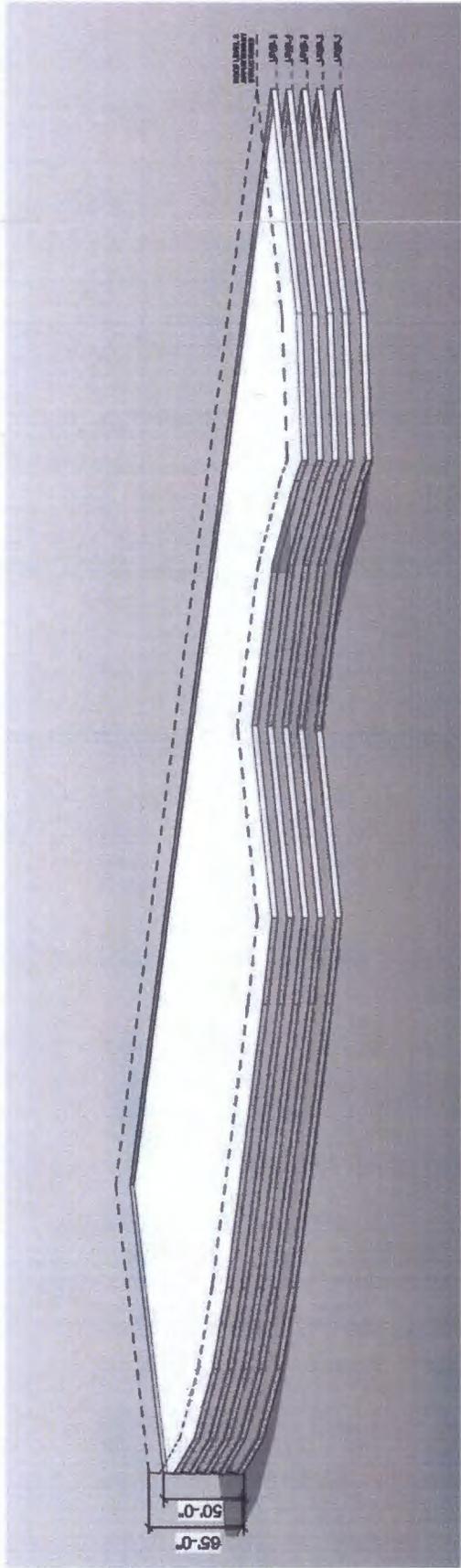


Source: Eagle Aerial 2013

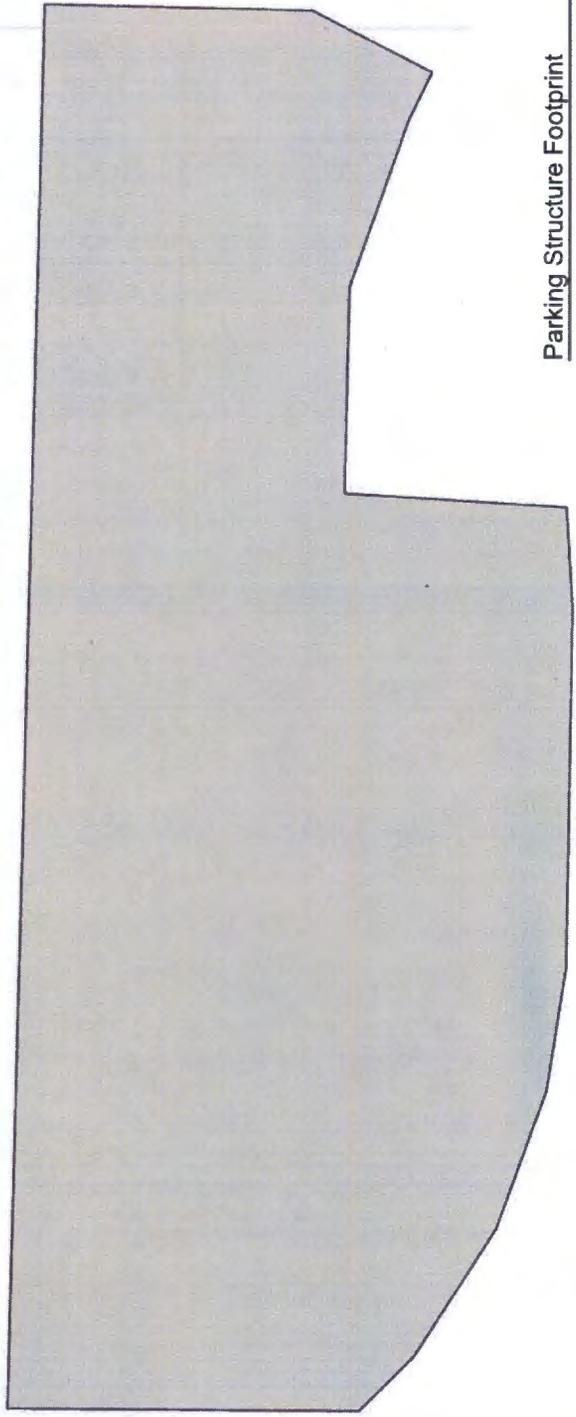
SITE PLAN

URS

Figure 2



Parking Structure 3D View



Parking Structure Footprint

Source: Tucker Sadler 2014
 Scale: Not to Scale



Figure 3

PARKING STRUCTURE MASSING

APPENDIX A: ENVIRONMENTAL REVIEW CHECKLIST
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**APPENDIX A: ENVIRONMENTAL REVIEW CHECKLIST
ADDENDUM TO THE FINAL ENVIRONMENTAL IMPACT REPORT
FOR THE SAN DIEGO INTERNATIONAL AIRPORT MASTER PLAN**

	Yes	No
I. AESTHETICS		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.13, Aesthetics, of the AMP FEIR addresses potential impacts to aesthetic resources from implementation of the AMP. That section cross-references Section 5.12, Light Emissions, of the EIR relative to light and glare impacts. The proposed parking structure would be the same height and in the same general location as that described in the EIR. The maximum building footprint could encompass a slightly different area than that presented in the Airport Implementation Plan (FEIR Figure 4.2) and may be located somewhat closer to Harbor Drive.

a. Would the project have a substantial adverse effect on a scenic vista?

As described on page 5.13-7 of the AMP FEIR, existing visual resources within the SDIA area consist of natural and human-made features. Natural visual features include the San Diego Bay, the Pacific Ocean, and distant views of the Point Loma peninsula. The human-made features include Spanish Landing Park, the downtown skyline, and historic structures located on the east side of the Marine Corps Recruit Depot (MCRD) San Diego. The EIR evaluated potential impacts from 23 key view locations, 13 of which are located around the project sites (Key Views 1 through 8, and 19 through 23; refer to Figures 5.13-1 through 5.13-10 and Figures 5.13-20 through 5.13-24, respectively, of the AMP FEIR). The analysis of potential impacts at these view locations includes general consideration of the types of uses envisioned in the Airport Land Use Plan. The FEIR analysis provides a more detailed discussion of impacts related to improvements proposed under the Airport Implementation Plan.

The SDIA is in an urbanized area, surrounded by existing commercial, industrial, and military uses; Spanish Landing Park; the San Diego Bay; and roadways, roadway ramps. Scenic vistas in the area are focused toward the south of the SDIA toward the bay, the downtown skyline, and the Point Loma peninsula rather than toward the airport. Views of the SDIA from passing motorists, pedestrians, and cyclists along Harbor Drive are intermittent due to intervening mature trees partially lining Harbor Drive and from roadway ramps. Although the proposed parking structure could possibly be closer to Harbor Drive than the building footprint analyzed in the FEIR, the Project's height and scale would be relatively the same, and the visual quality of the view from Harbor Drive to the airport would essentially be the same as that analyzed in the FEIR.

APPENDIX A: ENVIRONMENTAL CHECKLIST
ADDENDUM TO THE FEIR FOR THE
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The Port Master Plan (October 2012) guides the land use and policies for areas adjacent to SDIA. The Planning District 2, Lindberg Field / Harbor Island, Precise Plan (Port Master Plan, Figure 8) identifies two areas of scenic views near the SDIA: views from Spanish Landing toward the San Diego Bay, and views from Harbor Island also toward the bay. These views are to the south, in the opposite direction as the project site.

The Project would not have a substantial effect on a scenic vista, and impacts would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

b. Would the project substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?

The project site is an existing surface parking lot and is devoid of any trees, rock outcroppings, or other such scenic resources. There are no historic buildings at, or adjacent to, the project site. The nearest designated state scenic highways to the project site are the portion of State Route 163 that runs through Balboa Park and State Route 75 (Silver Strand Highway and San Diego - Coronado Bridge). These scenic highways are too far from the project site to allow views of the new parking structure.

The City of San Diego Progress Guide and General Plan Update designates North Harbor Drive in the project area as a Scenic Highway. Views of the project site from this roadway are dominated by existing airport improvements in the foreground. Implementation of the Project would not significantly alter the nature and character of this existing view. As such, the conclusion remains that the potential impact would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

c. Would the project substantially degrade the existing visual character or quality of the site and its surroundings?

As summarized above, the AMP FEIR provides a general program level of consideration of visual impacts associated with the Airport Land Use Plan and a more detailed evaluation of impacts associated with improvements under the Airport Implementation Plan.

The proposed parking structure would be the same height and in the same location as the parking structure analyzed in the FEIR. Although the building footprint could be slightly different than that illustrated in the FEIR, the overall visual impact of the proposed structure would be the same: the building would replace a surface parking lot, would have the same visual mass, and would be designed to complement existing airport structures, most particularly Terminal 2 West. Views of the parking structure from areas to the west (Liberty Station and the former Naval Training Center) would be partially or totally screened by the terminal building or by intervening trees. The significance of potential impacts to this view is rated low (FEIR Table 5.13-1) because the viewscape is of airport-related uses. Likewise, views of the project site from areas to the south are partially to fully blocked by mature trees and/or roadway ramps, and the significance of potential impacts to this view is rated low to medium. Therefore, the visual character or quality of the project site and its surroundings would not be substantially degraded by construction of the parking garage. Impacts would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is

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undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

d. Would the project create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?

As cross-referenced in Section 5.13 of the AMP FEIR, Section 5.12, Light Emissions, addresses potential lighting and glare impacts associated with development at SDIA. The AMP FEIR analysis of impacts associated with new development, such as that associated with the Airport Implementation Plan, indicates light and glare associated with the SDIA project site is presently generated by building and exterior sources to protect and secure people, property, and the air transportation system. Implementation of the Airport Implementation Plan, as addressed within the AMP FEIR, would result in greater amounts of light emanating from interior and exterior sources. The addition of the currently proposed improvements to the Airport Implementation Plan would materially alter the essence and conclusions of the AMP FEIR analysis. Additionally, inclusion of the following measures from the AMP FEIR as components of the Project would reduce impacts to a less than significant level.

- The light fixtures specified for the project design must comply with the standard of the Illuminating Engineer Society for full cutoff capability.
- Exterior lighting must be designed and located as to avoid intrusive effect on runway operations, so as not to result in an air safety hazard. Lighting fixtures must use shielding, if necessary, to prevent spill lighting on adjacent off-site uses.

Relative to construction-related impacts, page 5.12-3 of the AMP FEIR indicates that construction activities could create light or glare impacts during both daylight and no-daylight hours if safety and security lights were not positioned correctly. With the following measure as a component of the Project during construction, those impacts would be reduced to a less than significant level.

- During construction activities, the construction contractor shall ensure that temporary construction-related lighting shall be arranged so that direct rays would not shine on or produce glare for adjacent street traffic, or community, biological, or scientific resources.

The impacts analysis concludes on page 5.12-4 of the AMP FEIR that, because the AMP project includes improvements (i.e., features and measures incorporated into the project to reduce environmental impacts) to ameliorate the effects of light and glare from additional illumination at SDIA resulting from the Project and from construction activities, there would be a less than significant impact due to light emissions.

The AMP FEIR analysis summarized above is fully applicable to the Project and adequately addresses potential light and glare impacts. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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	Yes	No
II. AGRICULTURE AND FOREST RESOURCES		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.21, Effects Not Found to be Significant, of the AMP FEIR, specifically page 5.21-2, provides a discussion regarding agricultural land. The following summarizes the basis for such a conclusion that new development at SDIA would not affect agricultural and forestry resources.

a. Would the project convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to nonagricultural use?

SDIA is underlain by artificial fill and bay deposits, neither of which is identified in the Soil Candidate Listing for Prime Farmland and Farmland of Statewide Importance by the United States Department of Agriculture. Further, SDIA is designated as 'Urban Land' and 'Made Land' by the United States Department of Agriculture. Urban Land is land that is primarily covered by buildings, streets, and sidewalks, and, hence, it is unavailable for agricultural activity. Made Land consists of smooth, level areas that have been filled with excavated and transported soil material, paving material, and soil material dredged from lagoons, bays, and harbors, which also is unavailable for agricultural activity. As such, implementation of the Project would have no impact on farmland. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

b. Would the project conflict with existing zoning for agricultural use, or a Williamson Act contract?

No agricultural resources or operations exist within the project limits or adjacent areas. The project site is not zoned for agricultural use but is designated for airport uses; and no Williamson Act contracts apply to the project site. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

c. Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?

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The project site is not zoned for forest land, timberland, or Timberland Protection. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

d) Would the project result in the loss of forest land or conversion of forest land to non-forest use?

No forest land exists within the project limits or adjacent areas. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

e. Would the project involve other changes in the existing environment that, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?

No agricultural or forest land resources or operations exist within the project limits or adjacent areas. No further analysis is warranted. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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	Yes	No
III. AIR QUALITY		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.5, Air Quality, of the AMP FEIR addresses potential impacts to air quality from implementation of the AMP. Section 5.16, Human Health Risk Assessment (HHRA), of the AMP FEIR addresses potential human health risk impacts from implementation of the AMP, including as related to emissions of hazardous air pollutants. The following evaluates the extent to which that analysis applies to the Project.

a. Would the project conflict with or obstruct implementation of the applicable air quality plan?

The analysis and conclusions of the AMP FEIR relative to air quality impacts related to operational emissions are considered to be applicable to, and adequate for, the improvements included in the Project. Implementation of the Project would not substantially increase the amounts of construction-related emission addressed in the FEIR. This is because implementation of the Project is anticipated to occur after the peak construction period assumed in the FEIR.

The AMP FEIR analysis addresses construction-related emissions associated with the proposed development of improvements anticipated to occur within five years after approval of the AMP (2008). The improvements included the projects originally assumed within the Airport Implementation Plan, which comprise the vast majority of the projects in the AMP. The FEIR analysis concludes that construction emission would be less than applicable threshold of significance, although emission of oxides of nitrogen (NO_x), particulate matter of a size 10 microns or less in diameter (PM₁₀), and particulate matter of a size 2.5 microns or less in diameter (PM_{2.5}) would come within 10 percent of significance thresholds. As indicated in Table 5.5-46 of the FEIR, the highest levels of air pollutant emissions are expected to occur within the second, third, and fourth years after approval of the AMP, with a notable drop in construction emissions starting in the fourth year and a major drop in emission in the fifth year. Construction of the parking structure would not occur until sometime after the completion of other major improvements. As such, the FEIR analysis of construction-related emissions is considered to already provide a conservative estimate of potential air quality impacts; therefore, construction-related impacts on an applicable air quality plan would be less than significant.

The FEIR includes a delineation of the federal, state, and local regulatory framework applicable to the AMP, including the Airport Land Use Plan. The FEIR indicates that implementation of the Airport Land Use Plan, which includes the parking structure, would result in exceedance of the threshold of significance for emission loads of NO_x in 2030 compared to the No Project Alternative. As indicated in Sections 5.5.6.5 and 5.5.6.6 of the FEIR, implementation of either the Airport Land Use Plan or the No Project Alternative would exceed the threshold of significance for concentrations of NO₂, PM₁₀, and PM_{2.5}. All the exceedances are attributable primarily to emission from aircraft operations, which,

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for the most part, are not within the control of SDCRAA, and form the associated ground support equipment (GSE) operations.

Regarding operational emissions related to the Airport Implementation Plan, as described in Section 5.5.6.1 of the FEIR, the estimated emission loads and concentrations for 2015 and 2030 are generally comparable to those of the Airport Land Use Plan and the No Project Alternative. Conclusions regarding significant air quality impacts associated with the Airport Land Use Plan, understanding that the improvement within the Airport Improvement Plan are a subset of, and comprise the vast majority of, the land uses and improvements contemplated in the Airport Land Use Plan. The emissions and associated exceedances identified in the FEIR for both the Airport Implementation Plan and the Airport Land Use Plan are driven primarily by aircraft operations and associated GSE operations. The conclusion of the FEIR analysis, presented on page 5.5-41 of the FEIR, indicates that implementation of the Project, including the Airport Implementation Plan and the Airport Land Use Plan, would not conflict with or obstruct implementation of an applicable air quality plan; however, significant impacts from NO_x emissions were identified as being unavoidable. That conclusion would not change with the implementation of the Project. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on air quality or a substantial increase in the severity of previously identified significant air quality impacts requiring major revisions of the certified FEIR.

b. Would the project violate any air quality standard or contribute substantially to an existing or projected air quality violation?

The AMP FEIR analysis indicates that concentrations of ambient air pollutant emission associated with implementation of the Airport Land Use Plan and Airport Implementation Plan would not exceed National Ambient Air Quality Standards, but would exceed California Ambient Air Quality standards for NO_x, PM₁₀, PM_{2.5}. Such exceedances would occur in the future even if the parking structure were not constructed, based on anticipated increases in aircraft operations. Implementation of the Project would not result in a violation of air quality standards or contribute substantially to an existing or projected air quality violation. The Project would not materially change the air pollutant emission and concentrations, and the associated significance conclusions, presented in the FEIR. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on air quality or a substantial increase in the severity of previously identified significant air quality impacts requiring major revisions of the certified FEIR.

c. Would the project result in a cumulatively considerable net increase of any criteria pollutant for which the project region is a non-attainment area for an applicable federal or state ambient air quality standard (including releasing emissions that exceed quantitative thresholds for ozone precursors)?

As indicated in Section 5.5.8 of the AMP FEIR, the estimated amounts emissions from NO_x, volatile organic compounds (VOC), and carbon monoxide (CO) emission from aircraft and GSE associated with the SDIA are well within the amounts contained in the current Ozone State Implementation Plan (SIP) and CO Maintenance Plan for San Diego County. Therefore, the emission associated with planned improvements to SDIA, including the proposed parking structure, in combination with all the emissions from other sources in the area, are fully accounted for and are not expected to impeded the area's progress toward attaining National Ambient Air Quality Standards and California Ambient Air Quality Standards for these pollutants. The Project would not materially change the cumulative air quality impacts conclusions of the FEIR analysis: impacts would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes

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occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on air quality requiring major revisions of the certified FEIR.

d. Would the project expose sensitive receptors to substantial pollutant concentrations?

As described in the AMP FEIR (page 5.5-11), sensitive receptors in proximity to the SDIA include school and residential areas of Liberty Station, Spanish Landing Park and the recreation area along Navy Lagoon, Marine Corps Recruit Depot, and the U.S. Coast Guard. Other receptors were placed along the airport property boundary about 1,000 feet apart as a means of identifying areas of highest pollutant concentrations whether or not the public had access. The FEIR air quality analysis estimates future concentrations at these receptors assuming build out of the uses included in the Airport Land Use Plan, with the highest concentrations for the modeling years 2015 and 2030 (FEIR Tables 5.5-30 and 5.5-4, respectively). Such exceedances also would occur under the Airport Implementation Plan and the No Project Alternative. These conclusions and supporting analysis would not be materially changed by the Project; impacts would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on air quality or a substantial increase in the severity of previously identified significant air quality impacts requiring major revisions of the certified FEIR.

As described in the Section 5.16 of the AMP FEIR, the level of significance for acrolein as determined by the HHRA is above the CEQA threshold of significance and cannot be mitigated to levels below significant and are thus unavoidable. Acrolein is a possible non-cancer health hazard usually limited to eye irritation formed during the combustion of fossil fuels, wood, tobacco, and from the heating of cooking oils. The implementation of mitigation measures described in the AMP FEIR will further reduce the potential impacts on the health of nearby receptors. Included in these mitigation measures is development of the multi-level parking structure and associated features which will enhance traffic circulation, lessen stop and go driving, and reduce excess motor vehicle idling. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on air quality or a substantial increase in the severity of previously identified significant air quality impacts requiring major revisions of the certified FEIR.

e. Would the project create objectionable odors affecting a substantial number of people?

Given the basic nature and location of the project site, construction and operation of a parking structure would not create objectionable odors affecting a substantial number of people. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on air quality requiring major revisions of the certified FEIR.

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	Yes	No
IV. BIOLOGICAL RESOURCES		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.8, Biotic Communities / Endangered and Threatened Species, of the AMP FEIR addresses potential impacts to biotic resources including listed species and Section 5.9, Wetlands, of the AMP FEIR addresses potential impacts to wetland resources from implementation of the AMP. The following evaluates the extent to which those analyses apply to the Project.

a. Would the project have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?

As indicated on page 5.8-1 of the AMP FEIR, the vast majority of SDIA is developed or highly disturbed and devoid of any sensitive biotic resources. One exception is the California least tern nesting area in the southeast portion of SDIA. The proposed parking structure is in the southwestern portion of the airport and, as such, potential impacts to the California least tern nesting area would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on biological resources requiring major revisions of the certified FEIR.

b. Would the project have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?

As indicated on page 5.9-2 of the AMP FEIR, there are currently no wetlands (i.e., riparian habitat) at SDIA. (It should be noted that although the FEIR notes the presence of a small disturbed wetlands area within the former NTC parcel, that disturbed wetlands no longer exists.) There is no other sensitive natural community at SDIA. As such, no impact to wetlands would occur from the Project. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on biological resources requiring major revisions of the certified FEIR.

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- c. Would the project have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marshes, vernal pools, coastal wetlands, etc.) through direct removal, filling, hydrological interruption, or other means?**

As noted above, there are no wetlands near the currently proposed improvements; hence, no impact would occur. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on biological resources requiring major revisions of the certified FEIR.

- d. Would the project interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of wildlife nursery sites?**

As noted above, the vast majority of SDIA is developed or highly disturbed, with the exception of one area in the southeastern portion of the airport (i.e., the California least tern nesting area. This area does not support any movement of species. No impact would occur from the Project. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on biological resources requiring major revisions of the certified FEIR.

- e. Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?**

As noted above, the vast majority of SDIA is developed or highly disturbed, with the exception of one area in the southeastern portion of the airport. Those areas do not support any resources that are subject to local policies or ordinances such as a tree preservation policy or ordinance. No impact would occur from the Project. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on biological resources requiring major revisions of the certified FEIR.

- f. Would the project conflict with the provisions of an adopted habitat conservation plan; natural communities conservation plan; or any other approved local, regional, or state habitat conservation plan?**

As indicated on page 5.8-6 of the AMP FEIR, SDIA is not within an adopted habitat management plan or natural communities conservation plan. Although the airport is within the municipal limits of the City of San Diego, and the City is a participating jurisdiction in the San Diego Multiple Species Conservation Program (MSCP), State Tidelands along San Diego Bay are specifically excluded from the MSCP. These State Tidelands are addressed in the San Diego Bay Integrated Natural Resources Management Plan, which was prepared by the U.S. Navy and the Port of San Diego; however, that plan does not focus on "developed fill areas" such as SDIA, nor does it provide applicable guidance for the development of SDIA or the former Teledyne Ryan leasehold. As such, no impact would occur. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on biological resources requiring major revisions of the certified FEIR.

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	Yes	No
V. CULTURAL RESOURCES		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.7, Historic, Architectural, Archaeological, Paleontological, and Cultural Resources, of the AMP FEIR addresses potential impacts to such resources from implementation of the AMP. The following evaluates the extent to which that analysis applies to the Project.

a. Cause a substantial adverse change in the significance of a historical resource as defined in State CEQA §15064.5?

As shown on Figure 5.711 of the AMP FEIR, none of the architectural resources evaluated for significance are not within or adjacent to the project site. Development of the parking structure would not impact historic resources. No impact is expected to occur. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on cultural resources requiring major revisions of the certified FEIR.

b. Cause a substantial adverse change in the significance of an archaeological resource pursuant to State CEQA §15064.5?

As indicated on page 5.7-10 of the AMP FEIR, no archaeological sites have been identified within the SDIA Master Plan project area. The current topography of the project area has been achieved through decades of dredging and placement of fill soils in an area of bay and mudflats. Based on this, archaeological resources would not be anticipated in the project area; no impact is expected to occur. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on cultural resources requiring major revisions of the certified FEIR.

c. Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?

As indicated on page 5.7-10 of the AMP FEIR, the SDIA Master Plan area is built on what was originally mudflats and bay. Decades of dredging and placement of fill soils have built up the airport area to its current topography. Based on this, there is no potential for paleontological resources within the project area and no impact is anticipated to occur. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the

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circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on cultural resources requiring major revisions of the certified FEIR.

d. Disturb any human remains, including those interred outside of formal cemeteries?

As noted above, the current topography of the project area has been achieved through decades of dredging and placement of fill soils in an area of bay and mudflats. Based on this, human remains would not be anticipated in the project area. No impact is expected to occur. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on cultural resources requiring major revisions of the certified FEIR.

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	Yes	No
VI. GEOLOGY AND SOILS		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.14, Geology and Soils, of the AMP FEIR addresses potential impacts related to these environmental factors from implementation of the AMP. The following evaluates the extent to which that analysis applies to the Project.

- a. **Would the project expose people, or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:**
 - i. **Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.**

As indicated on page 5.14-7 of the AMP FEIR, there are no active or potentially active faults known to underlie SDIA and adjacent areas; however, several designated Earthquake Fault Zones occur in proximity to the south and east, raising the possibility that unknown faults may underlie the project site. The potential for seismically-induced ground rupture is considered less than significant because: 1) the probability of a seismic event of sufficient magnitude to induce surface rupture occurring within the SDIA Airport Land Use Plan area is considered low; 2) project-specific geotechnical investigations required for all development projects would include a fault evaluation study for all proposed structures intended for human occupancy (as previously defined), and would either verify that active faults are not present or that adequate buffers occur, or would identify additional measures to address associated potential impacts (e.g., relocating structures to provide appropriate buffers); and 3) said geotechnical investigations would identify design and construction measures to address potential ground rupture effects for additional proposed facilities such as utilities and pavement, including efforts such as the use of engineered fill (e.g., proper composition and placement methodology), appropriate subgrade design and reinforced concrete, and shorter pipeline lengths with flexible joints. Assuming that the results of the described geotechnical investigation, as well as appropriate elements of regulatory/industry standards such as Uniform Building Code (UBC), Greenbook, and/or American Society for Testing and Materials (ASTM) are incorporated into project design and construction, potential impacts related to seismically induced ground rupture would be avoided or reduced below a level of significance. The analysis and conclusions summarized above apply equally to improvements contemplated in the Airport Implementation Plan and in the Airport Land Use Plan; hence, are considered sufficient for the Project. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under

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which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

ii. Strong seismic ground shaking?

As described on pages 5.14-7 and 5.14-8 of the AMP FEIR, estimated ground acceleration (shaking) levels within and around SDIA could potentially result in significant impacts to proposed facilities such as structures, foundations, or utilities, depending on site- and event-specific factors such as event duration, motion frequency, and underlying soil/geologic conditions. The project design for new development at SDIA, including the Project, however, would incorporate measures to accommodate projected seismic loading, pursuant to the recommendations in the required site-specific geotechnical investigation, as well as existing regulatory/industry standards such as the UBC, Greenbook, and/or ASTM International. Specific measures from the noted standards (and/or other pertinent sources) that may be used in the project design to accommodate seismic loading include proper fill composition, depth, moisture content, and compaction (pursuant to ASTM requirements); use of properly reinforced concrete and masonry; anchoring (or other means for securing applicable structures); and use of appropriate pipeline materials and/or flexible joints. Assuming that the results of the described geotechnical investigation, as well as appropriate elements of regulatory/industry standards, are incorporated into project design and construction, potential impacts related to seismically induced ground acceleration would be avoided or reduced below a level of significance. The analysis and conclusions summarized above apply equally to improvements contemplated in the Airport Implementation Plan and in the Airport Land Use Plan; hence, are considered sufficient for the Project. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

iii. Seismic-related ground failure, including liquefaction?

As indicated on page 5.14-8 of the AMP FEIR, SDIA and vicinity are within an area considered to have a generally high potential for liquefaction. The project design for any new development at SDIA, including the Project, would incorporate measures to address potential liquefaction and related effects, pursuant to recommendations in the required site-specific geotechnical investigation and the previously noted regulatory/industry standards. In the event certain standard measures to remediate liquefaction effects such as ground modification (e.g., dynamic compaction) or the use of deep foundations are determined to be infeasible, additional equally effective measures would be employed as described in the AMP FEIR. Assuming that the results of the required geotechnical investigation, as well as appropriate elements of regulatory/industry standards, are incorporated into project design and construction, potential impacts related to seismically induced liquefaction and related effects would be avoided or reduced below a level of significance. The analysis and conclusions summarized above apply equally to improvements contemplated in the Airport Implementation Plan and in the Airport Land Use Plan; hence, are considered sufficient for the Project. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

iv. Landslides?

As indicated on page 5.14-9 of the AMP FEIR, SDIA and adjacent areas exhibit generally level and low-lying topography, which is not subject to a significant risk from landslides. No impacts would occur. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is

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undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

b. Would the project result in substantial soil erosion or the loss of topsoil?

As indicated on page 5.14-10 of the AMP FEIR, construction activities associated with all new development at SDIA would increase the potential for soil erosion and sedimentation; however, as cross-referenced to Section 5.6, Hydrology and Water Quality, of the AMP FEIR, such activities would be subject to National Pollution Discharge Elimination System (NPDES) control requirements, as administered through SDIA Stormwater Management Plans (SWMP). Those measures would serve to reduce erosion and sedimentation impacts to a level that is less than significant. The analysis and conclusions summarized above apply equally to improvements contemplated in the Airport Implementation Plan and in the Airport Land Use Plan; hence, are considered sufficient for the Project. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

c. Is the project located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in an on-site or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?

See discussions above regarding liquefaction and landslide hazards. Page 5.14-9 of the AMP FEIR addresses other geotechnical issues such as expansive soils, corrosive soils, and compressible materials. The subject analysis concludes that, with implementation of measures recommended in the required project-specific geotechnical investigations, potential impacts would be reduced to a level that is less than significant. The analysis and conclusions summarized above apply equally to improvements contemplated in the Airport Implementation Plan and in the Airport Land Use Plan; hence, are considered sufficient for the Project. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

d. Is the project located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?

See above.

e. Would the project have soils that are incapable of supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?

SDIA and adjacent areas use the City's sanitary sewer system, not septic tanks or other alternative wastewater disposal system. No impact would occur. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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	Yes	No
VII. GREENHOUSE GAS EMISSIONS		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.19, Greenhouse Gas Emissions, of the AMP FEIR addresses potential impacts related to these environmental factors from implementation of the AMP. The following evaluates the extent to which that analysis applies to the Project.

a. Would the project generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?

There were no CEQA guidelines for determining significance criteria for greenhouse gas (GHG) emissions at the time the FEIR was prepared. GHG emissions were calculated for the FEIR analysis through the use of input data such as activity levels or material throughput rates (e.g., fuel usage, vehicle miles traveled) that were applied to appropriate emission factors (e.g., in units of GHG emissions per gallons of fuel). The input parameters used in the assessment of GHG emissions were similar to those used in support of the emissions inventory of criteria pollutants (e.g., CO, NO_x, VOC), which were addressed in Section 5.5, Air Quality, of the FEIR. As such, the land use and development assumptions used in the air quality analysis also are reflected in the GHG analysis, which includes the proposed parking structure. The GHG emissions associated with the Project, therefore, are accounted for in the FEIR. Impacts associated with GHG emissions resulting from Project implementation would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

b. Would the project conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?

Subsequent to the completion of the FEIR, the SDCRAA and the California Attorney General entered into a Memorandum of Understanding (MOU) calling for the implementation of specific measures to control GHG emissions associated with the SDIA, including those addressed in the AMP. The GHG control measures identified in the MOU are as follows:

1. Reduction in aircraft on-the-ground energy usage
 - a. Landside power and preconditioned air (PCA) at all new gates
 - b. Retrofit existing gates with landside power and PCA

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- c. Provision of landside power at all new cargo facilities and hangars
 - d. Retrofit all existing cargo facilities and hangars with landside power
 - e. Cargo and general aviation aircraft use of landside power
 - f. Aircraft movements
2. Reduction of landside energy usage
 - a. Replacement of existing tow vehicles with electric or alternative fuel aircraft pushback tractors
 - b. Replacement of shuttles with electric or alternative fuel vehicles
 3. Use of green materials and sustainable design
 - a. Use of cool roofs (or solar panels) and cool pavements
 - b. Construct all new facilities to meet LEED (Leadership in Energy and Environmental Design certification (or equivalent) with a target of Silver or better
 4. Use of green construction methods and equipment
 - a. Use of construction equipment running on alternative fuels or particulate traps
 5. Coordination and encouragement of tenants to address GHG
 - a. Recycling
 - b. Sale of unleaded mogas (motor gasoline)
 - c. Reduction of carbon footprint

The MOU was one of the first of its kind for airports in California, and the provisions of the MOU were integrated into the subsequent development of an Air Quality Management Plan (AQMP) for SDIA. The AQMP provides a comprehensive program for implementation of the GHG control measures recommended in the MOU, as well as measures for the control and reduction of criteria pollutants. The AQMP complements several other environmental initiatives that SDCRAA has planned or in place for SDIA, such as the Airports Council International North America (ACI-NA) Sustainability Initiative and the SDCRAA Sustainability Policy. These environmental initiatives, along with various state and regional environmental initiatives, provide additional measures for the control and reduction of GHG. Section 5 of the AQMP lists tasks that specifically address the GHG control measures described in the MOU and outlines the recommended means and timeframes for implementing those measures. The following summarizes the recommended tasks related to implementation of the MOU measures, many of which have been completed or are ongoing.

MOU Measure 1a-e – Reduction in Aircraft On-the-ground Energy Usage

- Meet with airlines and cargo operators regarding the MOU and plans to implement landside power and PCA.
- Design landside power and PCA, if applicable, into all improvements at terminals, cargo facilities, and general aviation facilities.
- Incorporate landside power and PCA into the design of the Terminal 2 West expansion.
- Lease agreements, other enforceable agreements, and the airport's operation manual should include statements that the landside power and PCA shall be used as soon as possible upon arrival at the gate, unless there are safety considerations.
- Engineering staff will be updated on any recondition or refurbishing project that would require the incorporation of landside power and PCA.
- Track and quantify GHG emission reductions associated with landside power and PCA.

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MOU Measure 1f – Aircraft Movements

- Coordinate with Air Transport Associations (ATA), airlines, and the Federal Aviation Association (FAA) regarding practical measures that can be implemented to reduce GHG emissions associated with aircraft movements.
- Select alternatives to reduce aircraft movement emissions by 20 percent by 2015.
- Prepare a report for the public identifying and evaluating GHG emissions associated with aircraft movement at SDIA by January 1, 2010. Implement recommended actions addressed in the report. Continue to track and quantify GHG emission reductions associated with aircraft movement and submit in annual report.

MOU Measure 2a – Replacement of Existing Tow Vehicles with Electric or Alternative Fuel Aircraft Pushback Tractors

- Meet with ATA, airlines, and the FAA regarding pushback tractors and conversion to electric or alternative fuels.
- Conduct annual GSE surveys to determine the number of vehicles that are reaching the end of their useful lives and to make sure that each vehicle is properly permitted.
- Work with airlines and ATA to research the commercial availability and safety of electric and alternative fuel pushback tractors as well as the necessary operations associated with such procedures.
- Determine viability of electric or alternative fuel pushback tractors for use at SDIA.
- Work with federal, state, and local agencies to take advantage of funding programs that can be used to offset the cost to install electric recharging and alternative fuel fueling stations.
- If electric or alternative fuel pushback tractors are not viable or a reasonable alternative is not available, the SDCRAA shall confer with the Attorney General's office for a deferral of this MOU specific measure.

MOU Measure 2b – Replacement of Shuttles with Electric or Alternative Fuel Vehicles

- Develop incentive program regarding conversion of airport shuttles.
- Meet with shuttle operators regarding the conversion of alternative fuels and incentive programs.
- Shuttle operators will submit written requests or concerns regarding the incentive program to the SDCRAA.
- Work with SANDAG, Clean Energy, San Diego County Air Pollution Control District, and other stakeholders to develop necessary infrastructure to support alternative fuels.
- Track and quantify GHG emission reductions associated with shuttle conversion to alternative fuels.

MOU Measures 3a and b – Use of Green Materials and Sustainable Design

- Meet with planning and engineering staff to detail that these requirements are being met at SDIA.
- Incorporate sustainable technologies into capital projects.
- Track and quantify GHG emission reductions associated with the use of green materials and sustainable design.

MOU Measure 4 – Use of Green Construction Methods and Equipment

- Meet with planning and engineering staff to reaffirm use of green construction methods and equipment.

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- Develop specifications for construction methods and equipment.
- Enforce any non-compliance with the construction specifications.
- Document carbon dioxide equivalents (CO₂e) being reduced for each project by use of green construction methods compared to traditional means.

MOU Measure 5 – Coordination and Encouragement of Tenants to Address GHG

- Meet with planning and engineering staff on a semi-annual basis to discuss the recycling program and ways to increase the recycling efforts.
- Develop an educational program for recycling at the airport.
- Meet with tenants and other stakeholders to promote recycling at the airport.
- Meet with general aviation operators to evaluate alternatives to leaded avgas (aviation gasoline) and the potential number of aircraft that can utilize unleaded avgas.
- Document recycling efforts, type, and quantity of recycled materials, and amount (CO₂e) being reduced compared to baseline scenario in which waste was landfilled.

For each category of MOU measures, the AQMP identifies the obstacles to implementation that must be considered relative to further defining the feasibility, means and methods, and timing of the specific tasks summarized above. The FEIR evaluation of GHG includes those associated with the Project. With the subsequent completion of the MOU and AQMP described above, which set forth numerous measures for the control and reduction of GHG emissions at SDIA, the GHG associated with the parking structure, as well as for the airport overall, would be less than those presented in the FEIR. Impacts would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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	Yes	No
VIII. HAZARDS AND HAZARDOUS MATERIALS		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.15, Hazards and Hazardous Materials, of the AMP FEIR addresses potential impacts related to hazardous materials from implementation of the AMP. The following evaluates the extent to which those analyses apply to the Project.

a. Would the project create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?

As indicated on page 5.15-4 of the AMP FEIR, a variety of hazardous materials typically associated with the operation of a commercial airport, including those of airport tenants, are used at SDIA. Such use and activities are strictly regulated by numerous federal, state, and local safety regulations. Because the Airport Land Use Plan, which includes the type of use proposed for the airport under the Project, would not involve the generation, use, or storage of hazardous materials in quantities or types that are substantially different from those that are currently associated with the airport, the Project would not create additional long-term risks to the public or the environment from these substances. Potential impacts would, therefore, be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact or a substantial increase in the severity of previously identified significant impacts requiring major revisions of the certified FEIR.

b. Would the project create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?

As indicated above, a variety of hazardous materials are used at SDIA, and such use is strictly regulated by numerous federal, state, and local safety regulations. The Airport Land Use Plan, which includes the types of uses proposed for the airport under the Project, would not involve the generation, use, or storage of hazardous materials in quantities or types that are substantially different from those that are currently associated with the airport. Development of new facilities at the airport would be subject to current safety management requirements and design standards that serve to minimize, if not avoid, the potential for the occurrence of, and significant hazards from, upset and accident conditions. Potential impacts would, therefore, be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no

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substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

c. Would the project emit hazardous emissions or involve handling hazardous or acutely hazardous materials, substances, or waste within 0.25 mile of an existing or proposed school?

There are no existing or proposed schools within 0.25 mile of the project site. The nearest school is Explorer High Tech High, which is approximately 0.60 mile northwest of the project site. There would be no impact on schools. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

d. Is the project located on a site that is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?

As described on page 5.15-5 and shown in Figure 5.15-1 of the AMP FEIR, there are 15 sites and facilities at and near SDIA that are known, or have the potential, to contain hazardous wastes or environmental contamination. Relative to the Project, this includes two sites and facilities in the western portion of the airport near the project site. As more fully described on pages 5.15-8 through 5.15-10 of the AMP FEIR, the eight sites/facilities include the following:

Name	General Location	Description
Former NTC Inactive Landfill - Site No. 1	Southwest sector of airport, north of Harbor Dr., east of Navy Lagoon, and west of Terminal 2 West	52-acre site formerly used by NTC and MCRD from the 1940s to 1971 as a municipal landfill for consumer waste, burn ash, and construction debris. The site was remediated in 2009 and is the location of Terminal 2 West, a surface parking lot, and an airplane tarmac .
Former Rental Car Facility Fuel Farm - Site No. 2	Southwest sector of airport, north of Harbor Dr. and south of Terminal 2 West	2-acre site formerly used as a rental car facility and contained underground storage tanks. The building and tanks have been removed and the site is now covered by an asphalt roadway and parking lot. Residual soil/groundwater contamination remains in place.

Figure 5.15-2 of the AMP FEIR shows the location of the development uses proposed for the airport relative to the two sites/facilities described above. As indicated on page 5.15-11 of the AMP FEIR, since such sites/facilities occur at or near the proposed development area, "plans are already in place or under development to avoid or mitigate any potential impacts associated with these sites." Potential impacts would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

e. For a project located within an airport land use plan area or, where such a plan has not been adopted, within 2 miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?

The Project would occur within the SDIA boundary. Development of the parking structure, which was generally contemplated in the Airport Land Use Plan, is subject to numerous design and operational requirements, particularly those set forth by the FAA, specifically intended and designed to address potential safety hazards. As described on page 5.2-15 of the AMP FEIR, the Airport Land Use Compatibility Plan (ALUCP) for SDIA, which aims to protect public health and safety from noise and other hazards related to the operation of SDIA, indicates that the Airport Land Use Plan would be

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compatible with the goal of the ALUCP. A similar analysis for the Airport Implementation Plan is provided on page 5.2-19 of the AMP FEIR and finds, for essentially the same reasons as indicated above for the Airport Land Use Plan, the potential impacts would be less than significant. The Project would be consistent with the Airport Land Use Plan and has the same basis for conclusions as the Airport Implementation Plan. As such, potential airport-related safety impacts would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- f. For a project located within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?**

The project is not within the vicinity of a private airstrip. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- g. Would the project impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?**

Page 5.15-11 of the AMP FEIR states that there are no potential hazards to public safety or impairment to emergency response or evacuation plans associated with the Airport Land Use Plan, based largely on the fact that the Project would not involve the generation, use, or storage of hazardous materials in quantities or types that are substantially different from those that currently exist. Page 5.15-13 of the AMP FEIR states that same conclusion for the Airport Implementation Plan for essentially the same reason. The Project is a type of use proposed in the Airport Land Use Plan. Potential impacts associated with the Project would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- h. Would the project expose people or structures to the risk of loss, injury, or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?**

The project site is within an existing urban industrial environment dominated by concrete and asphalt, well removed from wildlands. There is no fire hazard relative to wildlands. No impact would occur. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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	Yes	No
IX. HYDROLOGY AND WATER QUALITY		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.6, Hydrology and Water Quality, of the AMP FEIR addresses potential impacts related to surface hydrology and water quality from implementation of the AMP. Section 5.14, Geology and Soils, of the AMP FEIR includes a discussion of groundwater from implementation of the AMP. The following evaluates the extent to which those analyses apply to the Project.

a. Would the project violate any water quality standards or waste discharge requirements?

As indicated on page 5.6-10 of the AMP FEIR, all future development is subject to the Airport Stormwater Management Plan (SWMP). This would include improvements in the Project area. The SWMP incorporates the terms of the General Industrial Storm Water Permit, which satisfies construction general permit requirements. The SWMP requires that all municipal activities, inclusive of new development, provide for Best Management Practices (BMPs); therefore, impacts relative to construction, grading, and erosion and sedimentation would be less than significant. No further analysis is warranted.

The Airport Land Use Plan encompasses the former General Dynamics Facility, the Landmark Aviation Fixed Base Operator General Aviation Facilities site, and the TDY complex. While these sites have the potential for existing soil contamination, as described in Section 5.15 of the AMP FEIR, any improvements to these areas, including those associated with the Project, would require additional coordination with review agencies to limit potential for surface, aquifer, and ground water contamination. Such coordination and follow-up would address water quality standards and serve to reduce potential water quality impacts to a level that is less than significant. No further analysis is warranted.

With regard to urban runoff associated with future use of the site, as discussed on page 5.6-10 of the AMP FEIR, the Airport Land Use Plan, which includes the types of uses proposed for the Project, would be implemented by the SDCRAA. Such implementation would include provisions to meet the requirements of the SDIA SWMP, which would result in a less than significant impact on urban runoff. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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- b. Would the project substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (i.e., the production rate of pre-existing nearby wells would drop to a level that would not support existing land uses or planned uses for which permits have been granted)?**

As indicated on page 5.14-5 of the AMP FEIR, shallow, unconfined groundwater has been reported at depths of between 5 and 12 feet below the surface at SDIA. Groundwater levels within SDIA are generally static due to the proximity of the bay and lack of substantive withdrawals (i.e., through wells and/or pumping), although aquifer levels can vary locally in accordance with mean high tide elevations and diurnal tidal fluctuations. Overall groundwater movement in the site and vicinity is west and south toward San Diego Bay, although this movement also may vary locally.

With the possible exception of temporary construction-related dewatering of shallow groundwater, if required for development of the proposed improvements, approval and implementation of the Project would not involve withdrawal of groundwater. Development of the project site could add a very minor amount of new impervious surface area, which would reduce on-site surface water infiltration and groundwater recharge. This impact would be less than significant, given that the vast majority of the site is already, and has long been, paved. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- c. Would the project substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner that would result in substantial erosion or siltation on-site or off-site?**

There are no streams or rivers at or near the project site. The development area is flat and is currently used for surface parking. Implementation of the Project may involve some minor rerouting of surface flows, based on the location and orientation of the new structure, but is not expected to result in any appreciable change in surface drainage patterns. Potential impacts to surface drainage patterns would be less than significant, and no further analysis is warranted.

Regarding the potential for the project to result in substantial erosion or siltation, please see the discussion above in Section VI (b.) of this Initial Study. As indicated, potential impacts would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- d. Would the project substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner that would result in flooding on-site or off-site?**

As indicated above, there are no streams or rivers at the project site, and the vast majority of the site has been previously developed. Implementation of the Project would not result in a substantial increase in the rate or amount of surface runoff that would result in flooding. Potential impacts to surface drainage volumes would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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- e. Would the project create or contribute runoff water that would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?**

See discussions above in Sections VIII (a.), (c.), and (d.). Potential impacts to surface drainage volumes would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- f. Would the project otherwise substantially degrade water quality?**

See discussion above in Section VIII (a). Potential impacts to water quality would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- g. Would the project place housing within a 100-year flood plain, as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?**

The Project does not entail the construction of housing. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- h. Would the project place within a 100-year flood plain structures that would impede or redirect flood flows?**

As indicated on page 5.6-9 of the AMP FEIR, virtually all of SDIA is mapped as Zone X, "areas determined to be outside the 500-year floodplain." As shown on Figure 5.6-2 of the AMP FEIR, approximately 8.9 acres of the former TDY property is within the mapped 100-year floodplain and could experience up to one foot of flooding during a 100-year storm. The project site is not within this 100-year flood plain; therefore there would be no impact. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- i. Would the project expose people or structures to a significant risk of loss, injury, or death involving flooding, including flooding as a result of the failure of a levee or dam?**

There are no levees or dams at or near SDIA that pose a potential for flooding at the project site; no impact would occur. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- j. Would the project contribute to inundation by seiche, tsunami, or mudflow?**

SDIA is not near any confined water bodies posing a seiche hazard, nor is it near hillside areas posing a mudflow hazard. As indicated on page 5.6-9 of the AMP FEIR, tsunamis associated with seismic activity are a potential flood hazard; however, the highest recorded tsunami in San Diego Bay was approximately 5 feet from peak to trough, which would not affect SDIA. As such, potential impacts would be less than significant. Therefore, the Project does not require substantial revisions of

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the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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	Yes	No
X. LAND USE AND PLANNING		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.2, Land Use Planning, of the AMP FEIR addresses potential impacts related to land use plans and land use compatibility from implementation of the AMP. The following evaluates the extent to which that analysis applies to the Project.

a. Would the project physically divide an established community?

The Project would all occur within the boundaries of the airport and would be comparable to, and compatible with, the other airport-related uses that currently exist. Relative to the Project, existing off-airport uses adjacent to the western portion of the airport include the Spanish Landing Park, Harbor Island Marina, and Harbor Island to the south; MCRD to the west and north, and Liberty Station to the west. Implementation of the Project would not physically divide an established community; there would be no impact. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

b. Would the project conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?

The AMP FEIR analyzed the compatibility of the Airport Land Use Plan, which includes the type of use associated with the Project, with numerous land use plans, policies, and regulations. Those plans, policies, and regulations include the California Tidelands Trust; the California Coastal Act; the SDIA Airport Land Use Compatibility Plan; the San Diego Port Master Plan / California Coastal Act; the City of San Diego Strategic Framework element; City of San Diego Community Plans including those for the Peninsula, Uptown, Midway-Pacific Highway Corridor, and Downtown Community Plan Areas; North Bay Redevelopment Plan, Naval Training Center (NTC) Redevelopment/Reuse Plan; NTC Precise Plan and Local Coastal Program; San Diego Airport Approach Overlay Zone; and City of San Diego Airport Environs Overlay Zone (AEOZ). The AMP FEIR evaluation related to each of these land use plans, policies, and regulations found that approval of the then proposed Airport Land Use Plan would not result in any significant conflicts. The AMP FEIR analysis of the land use plan compatibility of the Airport Implementation Plan also concluded that no significant conflicts would occur, in most cases because the improvements proposed in the Airport Implementation Plan were consistent with the Airport Land Use Plan. In other cases, since the proposed uses were airport-

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related; since SDIA has long been an airport and was accounted for in applicable planning documents; and since all new development would be subject to airport-related development standards, the conclusion was that no significant land use conflicts would occur. That analytical framework and basis for conclusions also would apply to the improvements associated with the Project. Potential impacts would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

c. Would the project conflict with any applicable habitat conservation plan or natural communities conservation plan?

The project involves development proposed in the western portion of SDIA, which is in a highly urbanized setting that is devoid of biological resources. As discussed above in Section IV (f.), the Project is not located within any habitat conservation plan or natural communities' conservation plan. There would be no impact related to such a plan. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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	Yes	No
XI. MINERAL RESOURCES		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.21, Effects Not Found to be Significant, of the AMP FEIR, specifically page 5.21-2, provides a discussion of mineral resources. The following summarizes that discussion, as applicable to the Project.

- a. Would the project result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?**

SDIA is underlain by artificial fill and bay deposits and is designated as 'Urban Land' and 'Made Land' by the United States Department of Agriculture. SDIA is not listed as a mineral resource recovery site. As such, SDIA does not contain a known mineral resource of value to the region or residents of California. Implementation of the Project would have no impact on mineral resources. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact on mineral resources requiring major revisions of the certified FEIR.

- b. Would the project result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan?**

See above.

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	Yes	No
XII. NOISE		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.1, Noise, of the AMP FEIR addresses potential impacts related to noise, including from aircraft, surface traffic (i.e., motor vehicles on nearby roadways), and construction from implementation of the AMP. The following evaluates the extent to which that analysis applies to the Project.

a. Would the project result in exposure of persons to or generation of noise levels in excess of standards established in a local general plan or noise ordinance or applicable standards of other agencies?

With regard to potential impacts from aircraft noise, the AMP FEIR states: "Aircraft noise analysis is limited to the Proposed Airport Implementation Plan as the land uses within the Proposed Airport Land Use Plan would have a less than significant impact on airfield operations. Specifically, while additional cargo facilities are included with the North Area projects, aircraft operations, including nighttime cargo operations, are not forecasted to increase for a given year due to the Proposed Airport Land Use Plan." (See pages 5.1-6 and 5.1-14 of the AMP FEIR). The Project is consistent with the land use assumptions of the Airport Land Use Plan; hence, the AMP FEIR conclusion that potential aircraft noise impacts would be less than significant is still valid and applicable. No further analysis of this aspect of noise impacts is warranted.

With regard to potential impacts from surface traffic noise, the AMP FEIR analysis includes traffic from the near-term development of uses under the Airport Implementation Plan as well as from the longer-term build out of uses under the Airport Land Use Plan. As indicated on page 5.1-28 of the AMP FEIR, comparison of peak hour L_{eq} noise level increases for AMP build out with peak hour L_{eq} for the No Project Alternative (i.e., the comparison basis for assessing the potential for significant impacts) indicates a maximum increase of 0.7 dBA, which is less than significant. Relative to impacts measured in terms of Community Noise Equivalent Level (CNEL), the completion of the AMP improvements is assessed as having a less than significant noise impact because it would only incrementally increase daily noise (compared to the No Project Alternative) by 0.7 CNEL. At only one location would the increase compared to the existing condition be in excess of 3.0 dBA L_{eq} , and this location is adjacent to an industrial facility (Solar Turbine) and commercial uses. The land use for the Project is similar to that assumed in the AMP FEIR for the Airport Land Use Plan; however, the amount of development currently proposed is less than originally assumed. Specifically, the Airport Land Use Plan in the AMP FEIR anticipates the multi-level parking structure that would provide approximately 5,000 parking spaces on five levels (see Section 4.1.2.5). As such, traffic generation associated with the current proposal would be less than that estimated in the AMP FEIR, and the associated increases in surface traffic noise levels also would be less than calculated in the AMP

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FEIR. The surface traffic noise impacts associated with implementation of the Project would, therefore, be less than significant. No further analysis of this aspect of noise impacts is warranted.

With regard to potential impacts from construction noise, Section 5.1.4 of the AMP FEIR provides an estimate of construction noise levels based on a typical mix of construction equipment. This mix of equipment includes pile drivers, which typically have the highest noise levels and the greatest potential to result in noise impacts on nearby noise sensitive uses. As indicated in Table 5-1.16 on page 5.1-31 of the AMP FEIR, the maximum noise levels produced by pile drivers would be approximately 69.2 dB at a distance of 1,000 feet from the source. The nearest residences to the project site are multi-family units approximately .5 mile to the west in the Liberty Station development. The threshold of significance for construction noise is 75 dB in residential areas. As such, the maximum noise level estimated for construction activities would not exceed 75 dB in residential areas. It also should be noted that the construction noise would be lower than the aircraft noise and highway noise that occurs in the residential areas near the construction zones. Due to the louder noise levels and more frequent events that occur with aircraft operations and surface vehicle traffic and in consideration of the logarithmic quantities of noise measured in decibels (see Section B.1.1 of Appendix B of the AMP FEIR), aircraft and highway noise would continue to be the determinative sources in the noise environment. Thus, the ambient noise levels would not be expected to increase due to the construction activity. Based on the above, the construction work associated with the improvements contemplated under the Project would cause less than significant impacts in regard to noise. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

b. Would the project result in exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?

As indicated on page 5.1-30 of the AMP FEIR, construction work would not be expected to result in excessive ground-borne vibration to home sites. This is considered particularly true for the improvements contemplated under the Project, given that the distant to the nearest residence is approximately 0.5 mile. Potential vibration impacts associated with project construction would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

c. Would the project result in a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?

See discussion above in Section XI (a.).

d. Would the project result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?

See discussion above in Section XI (a.).

e. For a project located within an airport land use plan area or, where such a plan has not been adopted, within 2 miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?

The Project is located at SDIA. There would be no people residing at the project site, and potential noise exposure impacts to surrounding areas are discussed in Section XI (a.) above (i.e., less than significant). People working at the project site would be exposed to noise levels typical of an airport.

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Such noise exposure is regulated by state and federal Occupational Safety and Health Administration (OSHA) standards. Potential impacts would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- f. For a project located within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?**

The project is not within the vicinity of a private airstrip. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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	Yes	No
XIII. POPULATION AND HOUSING		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.4, Population and Housing, of the AMP FEIR addresses potential population and housing impacts from implementation of the AMP. The following evaluates the extent to which that analysis applies to the Project.

- a. Would the project induce substantial population growth in an area, either directly (for example, by proposing new homes and business) or indirectly (for example, through extension of roads or other infrastructure)?**

As indicated on page 5.4-3 of the AMP FEIR, implementation of the land use and development plans contemplated under the AMP would not significantly affect population or housing. Developing SDIA with the proposed land use would not displace any residents or residences because the Project location currently contains airport or aviation industrial uses. The planned development also would not generate enough new employment opportunities at SDIA to affect the job/housing balance or induce growth that would affect this balance (see also Section 6.2, Growth-Inducing Impacts, of the AMP FEIR). Additionally, the level of improvements proposed at SDIA would not be such to entice new residents to the San Diego area, thereby creating a need for new housing. These conclusions in the AMP FEIR, which apply to the overall land use and development plans for SDIA overall, also would apply to improvements contemplated under the Project; population and housing impacts would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- b. Would the project displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?**

The Project area is part of an airport. There is no housing on the site. No housing would be displaced by the Project. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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- c. **Would the project displace a substantial number of people, necessitating the construction of replacement housing elsewhere?**

See above.

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	Yes	No
XIV. PUBLIC SERVICES		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.17, Public Services, of the AMP FEIR addresses potential impacts related to fire protection and law enforcement. Section 5.18, Recreation, addresses potential impacts related to parks and recreation. Section 5.21, Effects Not Found to be Significant, discusses environmental impacts determined during the Notice of Preparation (NOP) process for the AMP DEIR to not be significant, including those related to schools and libraries. The following evaluates the extent to which those analyses apply to the Project.

- a. Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts to maintain acceptable service ratios, response times or other performance objectives for any of the public services:**

Fire protection?

The AMP FEIR addresses potential impacts to fire protection services relative to required fire flow, response distance, and time from existing fire stations and the respective fire department's judgment for needs in the area. As indicated on page 5.17-40 of the AMP FEIR, new development proposed at SDIA is expected to have sufficient fire flow, given the capacity of the water lines serving SDIA. This includes the 12- to 16-inch water mains at SDIA and the secondary system of water laterals branching off of the primary system, which consists of 8- to 16-inch water lines providing service to the terminals and apron areas, as well as the adjacent TDY facilities along Harbor Drive. Of particular note with regard to fire protection is a 10-inch fire service water line surrounding the fuel storage tank farm connected along the north side of the main runway to a 16-inch ductile iron fire service. This 16-inch fire service extends along the access road between MCRD and the former General Dynamics site, where it joins a 12-inch main near the intersection of Washington Street and Pacific Highway.

While additional aircraft movements, passenger activity, and cargo facility development would potentially increase the potential for fires and airfield incidents, standard procedures for plan review would ensure that new construction is developed in conformance with the Uniform Fire Code, the SDF Code, FAA Codes, and other applicable standards. As such, new development would have adequate fire hydrants, fire flow, fire prevention and warning systems, and fire equipment access to all structures and areas of the property.

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The San Diego Fire Department's (SDFD's) response time is a function of the type of emergency and the equipment required; for example, it would take more time to get larger equipment to the site than smaller equipment. It is expected that the Airport Station and Stations 1, 3, and 8, with mutual aid from Stations 4, 5, 7, 11, 15, 20 and 22 would continue to provide fire protection services on the airfield and at the airport and maintain adequate response times and service levels. In addition, the SDFD would continue to conduct ongoing reviews of staffing and equipment levels in relation to the proposed development and any changes in aircraft types, increases in aircraft movements and passenger activity. No new firefighting facilities are expected to be constructed, and there would be no need for existing fire stations to be relocated.

The traffic congestion associated with the demolition and construction of major projects within and adjacent to SDIA property would have the potential to hamper or delay emergency response. However, temporary roadway Level of Service (LOS) deficiencies associated with compromised emergency response would be minimized through implementation of a construction traffic management plan, which would be prepared and implemented as appropriate for each project. This would ensure proper advanced coordination with SDFD and planning of detours and emergency access routes to maintain response times.

Based on the above factors, new development at SDIA, including that contemplated in the Airport Land Use Plan such as the proposed parking structure, would result in less than significant impacts on fire protection and emergency medical (i.e., paramedic) services. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

Police protection?

As described on page 5.17-43 of the AMP FEIR, the San Diego Harbor Police Department (SDHPD) would be expected to incur both short- and long-term impacts related to the construction and operation of new development planned for SDIA. Short-term impacts would include increase in emergency calls during construction, reports and investigations of construction thefts, and required plan checks and physical inspections; these are addressed below. Long-term (i.e., operational) impacts would include increases in calls for service, business watch and other crime prevention services, and increases in case reports. Such new development would not, however, adversely affect the airport substation's protection or operational activities (e.g., through physical impacts to the substation or restrictions in station personnel's access to airport facilities). Due to the level of security provided at SDIA for civil aviation protection reasons, incidents of theft, destruction, or damage at SDIA facilities and to employee vehicles and property are not expected to increase as a result of new development. The proposed development of additional on-airport parking would result in an increase in the number of vehicles parked on-site, which in turn could potentially result in a corresponding increase in vehicle-related incidents (e.g., thefts and break-ins). Overall, however, new development would not result in a significant increase in required law enforcement workload. Furthermore, given the amount of new development anticipated to occur at SDIA and considering that the first response would be from the SDHPD substation at the airport, the new development would not measurably affect Priority 1 response time goals. In addition, the SDHPD would continue to conduct ongoing reviews of staffing and equipment levels in relation to the proposed development and any changes in activities at the airport.

During periods of demolition and construction within and adjacent to SDIA property, construction activities and associated traffic congestion would have the potential to increase response times and increase traffic patrol and other law enforcement activities. These potential impacts would be addressed through coordination and planning with law enforcement and fire protection agencies to reduce effects from construction on traffic, emergency access, and response times. The standard

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procedures for plan review also would address coordination with local law enforcement agencies to ensure that measures, such as detour plans, scheduling, and traffic control, are implemented where needed to avoid congestion that would hamper emergency response.

Based on the factors discussed above, new development contemplated to occur at SDIA, including the Project, would have a less than significant impact on law enforcement. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

Schools?

As indicated in Section 5.21.5 on page 5.21-2 of the AMP FEIR, guidelines from the City of San Diego on significance criteria for schools deal mainly with residential developments that could influence school enrollment. The Project at SDIA does not include any residential development. Additionally, it would not directly impact any schools; that is, all improvements would be physically on existing airport property. No significant noise changes were determined due to the development proposed at SDIA, nor is it growth inducing, as detailed in Chapter 6, Other Effects of the Project, of the AMP FEIR. As such, future development at SDIA, including under the Project, would not impact school enrollment. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

Parks?

See discussion below in Section XIV (a.).

Other public facilities?

As indicated in Section 5.21.6 on page 5.21-2 of the AMP FEIR, guidelines from the City of San Diego on significance criteria for libraries deal mainly with residential developments that could influence library use. The Project at SDIA does not include any residential development. Also, it is physically on existing airport property and would not include occupation or closure of any libraries. The proposed development at SDIA is not growth inducing, as detailed in Chapter 6, Other Effects of the Project, of the AMP FEIR, and therefore, would not impact library use. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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	Yes	No
XV. RECREATION		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.18, Recreation, of the AMP FEIR addresses potential impacts related to parks and recreation from implementation of the AMP. The following evaluates the extent to which that analysis applies to the Project.

- a. Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?**

As discussed on page 5.18-3 of the AMP FEIR, new development planned to occur at SDIA, including the Project, would not generate increased numbers of visitors to San Diego. Similarly, the employment opportunities created by the expansion of the existing airport facilities would be minor in comparison to the regional labor market and would not be expected to draw new residents to the San Diego area. Accordingly, the new development is not expected to induce new growth within the region that would create an increased demand for parks or other recreational resources.

The development of SDIA in accordance with the Airport Land Use Plan, which would include the proposed parking structure, would not result in any direct impacts to park or recreational facilities. The expansion of SDIA would be limited to former aviation industrial Port Tideland leaseholds and a portion of the former NTC that has already been transferred to SDCRAA. No airport facilities would be expanded into existing or planned recreational areas.

New development would not generate noticeable changes in noise contours off airport. Accordingly, there would be no noise-related effects to the recreational facilities near the airport or under its approach and departure flight paths. Based on the above, improvements contemplated under the Project would have a less than significant impact on recreation. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- b. Does the project include recreational facilities or require the construction or expansion of recreational facilities, which might have an adverse physical effect on the environment?**

See above.

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	Yes	No
XVI. TRANSPORTATION/TRAFFIC		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.3, Traffic and Circulation, of the AMP FEIR addresses potential traffic impacts from implementation of the AMP. A technical memorandum was prepared by Linscott, Law & Greenspan in June 2014 (included as Appendix B, Traffic Volumes Memorandum) to determine if the existing and forecasted long-term traffic volumes presented in the FEIR have changed substantially since the document was certified in 2008.

- a. Would the project conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?**

The location the proposed parking structure, the number of parking spaces, the basic design, and function, as currently proposed, are the same as that described in the FEIR. The FEIR used traffic volumes from 2005 to determine potential significant impact to the surrounding roadway network resulting from implementation of the AMP.

Comparison of 2005 (Existing Conditions) Traffic Volumes to 2013 Traffic Volumes

To determine if the 2005 traffic volumes used to characterize existing conditions have substantially changed since the certification of the FEIR, a comparison was made to traffic volumes used in the 2013 SDIA Airport Development Plan (ADP) Traffic Study, which were counted in May 2013, provided as Appendix B, Traffic Volumes Memorandum. For those street segments and intersections where an increase in traffic volumes was identified between 2005 and 2013, the resultant Level of Service (LOS)¹ for the affected facility was assessed to determine whether it would operate at an acceptable LOS. AM and PM peak hour intersection volumes from 2005 and 2013 were compared (see Appendix B, Tables 1 and 2, respectively). Of the intersections compared, AM peak hour intersection volumes were on average 2.17 percent higher in 2013 compared to 2005, with the most apparent increases at

¹ Level of service (LOS) is the term used to denote the different operating conditions which occur on a given roadway segment or intersection under various traffic volume loads. It provides an index to the operational qualities of a roadway segment or an intersection. Level of service designations range from A to F, with LOS A representing the best operating conditions and LOS F representing the worst operating conditions.

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the intersections along Harbor Drive between Harbor Island Drive and Rental Car Road. PM peak hour intersection volumes were on average 15.48 percent higher in 2013, with increases at the intersections along North Harbor Drive between Spanish Landing and Laurel Street. While AM and PM peak hour intersection volumes have increased at several intersections, all intersections where increases occur were calculated to operate at LOS C or better under Year 2013 conditions, which is considered an acceptable level of service. Therefore, no new significant impacts are expected to occur.

A comparison of street segment Average Daily Traffic (ADT) volumes between 2005 and 2013 also was made (see Appendix B, Table 3). Under that comparison, the traffic volumes were lower in 2013 by an average of 4.23 percent, although the ADT volumes along some segments have increased. While volumes have increased along several segments of North Harbor Drive, all segments where increases occur were calculated to operate at LOS D or better, which was also the case in the SDIA Master Plan FEIR analysis (i.e., no significant impacts under either scenario). Therefore, no new significant impacts are expected to occur from implementation of the currently proposed project.

Comparison of 2010 (No Project Alternative) Traffic Volumes to 2013 Traffic Volumes

The AMP FEIR includes evaluation of environmental effects associated with the No Project Alternative, which provides a general indication of future environmental impacts and conditions projected to occur in the absence of SDIA AMP improvements. Inasmuch as traffic volumes at intersections and street segments around the airport would have increased between 2005 and 2013 even if there were no AMP improvements, a comparison was made between the forecasted Year 2010 No Project Alternative traffic volumes and the 2013 SDIA ADP Traffic Study volumes described above. Although the FEIR also includes traffic volume projections for 2015 under the No Project Alternative, a comparison between the 2010 No Project Alternative traffic volumes and the 2013 traffic volumes is considered to be more conservative, given that the 2015 No Project Alternative projections would be higher than those of 2010.

Similar to the 2005-2013 traffic volumes comparison above, AM and (PM peak hour intersection volumes from the 2010 No Project Alternative and 2013 SDIA ADP Traffic Study were compared (see Appendix B, Tables 1 and 2, respectively). Of the intersections compared under this scenario, AM peak hour intersection traffic volumes were on average 11.71 percent lower in 2013 compared to the traffic volumes anticipated in the FEIR to occur by 2010 under the No Project Alternative, although the volumes at some intersections have increased. However, all intersections were calculated to operate at LOS C or better, which was also the case in the AMP FEIR analysis (i.e., no significant impacts under either scenario). PM peak hour intersection traffic volumes would be on average 19.37 percent lower in 2013 compared to the traffic volumes anticipated in the FEIR to occur by 2010 under the No Project Alternative, with no increases shown at any intersection. Based on the above comparison between 2013 traffic volumes and the traffic volumes projected in the FEIR for the No Project Alternative in 2010, no new significant impacts are expected to occur.

A comparison of street segment Average Daily Traffic (ADT) volumes between the 2010 No Project Alternative and 2013 traffic volumes also was made (see Appendix B, Table 3). Under that comparison, the traffic volumes were lower in 2013 by an average of 12.04 percent, although the volumes along some segments have increased. While volumes have increased along several segments of North Harbor Drive, all segments where increases occur were calculated to operate at LOS D or better, which was also the case in the SDIA Master Plan FEIR analysis (i.e., no significant impacts under either scenario). Therefore, no new significant impacts are expected to occur from implementation of the currently proposed project.

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Comparison of SANDAG Series 10 and Series 12 Long-Term (2030) Traffic Volumes

The FEIR used long-term traffic volumes obtained from the SANDAG Series 10 (Year 2030) traffic model to determine potential significant impacts to the surrounding roadway network due to the SDIA Master Plan. To determine if the forecast volumes have changed substantially since the document was certified, a comparison was made to the most recent available SANDAG Series 12 (Year 2035) traffic model volumes (Appendix B, Table 4). The forecasted Series 12 volumes are lower as compared to Series 10 volumes by an average of 36.47 percent. Therefore, the use of the Series 10 Year 2030 traffic volumes can be considered conservative; no new significant impacts are identified. Additionally, although significant impacts to street segment operations in 2030 were identified in the AMP FEIR for the following segments of North Harbor Drive: Terminal 1 to Winship Lane; Winship Lane to Rental Car Road; Rental Car Road to Laurel Street; and, Laurel Street to Hawthorn Street, the use of the Series 12 data would result in lower future traffic volumes on those segments (Appendix B, Table 4). As such, use of the Series 12 Year 2030 traffic volumes would not result in a substantial increase in the severity of previously identified significant impacts.

Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- b. Would the project conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?**

As indicated on page 5.3-23 of the FEIR, the San Diego Association of Governments (SANDAG) is the designated Congestion Management Agency for the San Diego region. Congestion Management Plan (CMP) arterials designated by SANDAG are part of the overall CMP system, which include those roadways that serve the highest level of regional traffic, serve major regional facilities, and provide significant inter-community traffic service and freeway congestion relief. Street segments near the project site designated as CMP Arterials include North Harbor Drive, Grape Street, Hawthorn Street, and Pacific Highway. The traffic impacts associated with implementation of the Project have been addressed and disclosed in FEIR and updated in Appendix B. The impacts to the CMP would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- c. Would the project result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?**

The Project would be constructed on the south side of Terminal 2 West, to the south of the main SDIA runway. The parking structure would not conflict with air traffic patterns. No impact would occur. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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- d. Would the project substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?**

Implementation of the Project would involve construction of a parking structure on an existing SDIA surface parking lot. No new roadways or intersections would be designed or constructed. The proposed parking structure is consistent with other airport uses and is compatible with the adjoining airport terminal. As such, no impact would occur. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- e. Would the project result in inadequate emergency access?**

Implementation of the Project would include construction of new facilities. As indicated on page 5.17-44 of the AMP FEIR, development plans would be reviewed by the San Diego Harbor Police Department (SDHPD) and City of San Diego Fire-Rescue Department (SDFD), and other agencies to help ensure compliance with all applicable codes, ordinances, policies, and standards. Such review would include verification that adequate emergency access is provided and maintained. As such, potential impacts related to emergency address would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- f. Would the project conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?**

The Project would not conflict with adopted policies, plans, or programs supporting public transit, or bicycle or pedestrian facilities. No barriers to pedestrian or bicycle circulation are anticipated, and the Project would not decrease the performance or safety of such facilities. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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	Yes	No
XVII. UTILITIES AND SERVICE SYSTEMS		
a) Are substantial changes proposed in the project that will require major revisions of the environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will substantial changes occur with respect to the circumstances under which the project is undertaken that will require major revisions in environmental impact report?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Has new information of substantial importance become available indicating new or substantially greater significant impacts or new/different mitigation measures or alternatives for significant impacts?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

Section 5.11, Utilities and Service Systems, of the AMP FEIR addresses potential impacts related to energy (electricity and natural gas), telecommunication systems, water demand/supply and systems, sewer, and solid waste from implementation of the AMP. The following evaluates the extent to which the analyses pertaining to the questions posed below apply to the Project.

a. Would the project exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?

As indicated below in Section XVI (b.), implementation of the Project would result in a less than significant increase in wastewater volumes generated at the airport that would be subject to payment of applicable sewer capacity fees. Based on the nature of the currently proposed improvements, implementation of the Project would have no effect on the wastewater treatment requirements set forth by the state Regional Water Quality Control Board-San Diego Region for the City of San Diego. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

b. Would the project require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?

As indicated below in Sections XVI (d.) and (e.), implementation of the Airport Land Use Plan, which includes the currently proposed use, would not have a significant impact on existing water or wastewater systems. The Project would not require or result in the construction of new water or wastewater treatment plants or expansion of existing facilities. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

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- c. Would the project require or result in the construction of new stormwater drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?**

As indicated above in Section VIII (e.), the Project's potential impacts to surface drainage volumes would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- d. Would the project have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?**

A Water Supply Assessment by the City of San Diego Water Department specifically found that adequate water supply would be available for development proposed at SDIA - see page 5.11-11 of the AMP FEIR. This includes the uses assumed for the Airport Land Use Plan, which includes the Project. In terms of the water delivery or conveyance system, the Project may result in an increased demand for water, which would require an extension of water conveyance facilities on SDIA. Such utility extensions are typical for most new development projects. As such, the Project's potential impacts related to water supply and water systems are assessed as less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- e. Has the wastewater treatment provider, which serves or may serve the project, determined that it has adequate capacity to serve the projected demand of the project in addition to the provider's existing commitments?**

Development of SDIA in accordance with the proposed Airport Land Use Plan, which includes the type of land use contemplated under the Project, would result in additional wastewater-generating facilities (e.g., sinks, toilets). The Project could generate new uses at SDIA with an associated (but unquantified) increase in wastewater generation. As discussed on page 5.11-12 of the AMP FEIR, this increase in wastewater generation would not, however, be significant because of the wastewater treatment capacity available to SDIA and because of the airport's location near large San Diego Metropolitan Wastewater Department (SDMWWD) wastewater collection pipelines and Pump Station No. 2. As a result, little-to-no off airport infrastructure would be required to convey increased wastewater flows from SDIA to the SDMWWD sewer system and the Point Loma Wastewater Treatment Plant. Capacity impacts to SDMWWD wastewater treatment facilities would be offset through payment of applicable sewer capacity fees, to the extent required by law. Potential sewer system impacts related to implementation of the Project, being accounted for within the Airport Land Use Plan, would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

- f. Is the project served by a landfill with sufficient permitted capacity to accommodate the solid waste disposal needs of the project?**

Operation of the new development proposed at SDIA is anticipated to result in an increase of solid waste generated at SDIA. This increase would be negligible in comparison to the available disposal capacity described on pages 5.11-7 and 5.11-8 of the AMP FEIR. Construction activities would result in a temporary increase of solid waste generation at SDIA. However, disposal options would be identified in a Solid Waste Management Plan in advance of all activities to minimize the amount of

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debris directed to local landfills. At least 50 percent of all waste generated during construction activities would be recycled in accordance with the City of San Diego's Construction and Demolition Debris Diversion Ordinance. As indicated on page 5.11-13 of the AMP FEIR, future development proposed at SDIA would have a less than significant impact on the solid waste disposal system. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

g. Would the project comply with federal, state, and local statutes and regulations related to solid waste?

The disposal of municipal (non-hazardous) waste would occur at Miramar Landfill in accordance with applicable state and local requirements (there are no applicable federal requirements - see Section 5.11.2.3 of the AMP FEIR for discussion of the regulatory framework related to solid waste generation/disposal). Any hazardous waste resulting from construction, demolition, and operations at SDIA would not be disposed at Miramar Landfill and would instead be disposed at a landfill approved to receive hazardous waste, as required by local and state regulations, or otherwise treated/managed in accordance with federal, state, and local requirements (see Section 5.15.2 of the AMP FEIR for discussion of the regulatory framework applicable to hazardous wastes). The Project's potential impacts related to the regulation of solid waste would be less than significant. Therefore, the Project does not require substantial revisions of the environmental impact report and no changes occur with respect to the circumstances under which that project is undertaken. Further, there is no substantial new information that there would be a new significant impact requiring major revisions of the certified FEIR.

APPENDIX B: TRAFFIC VOLUMES MEMORANDUM
ADDENDUM TO THE FEIR FOR THE
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MEMORANDUM

To: Mr. Kim Howlett
URS Corporation

Date: June 24, 2014

From: John Boarman, P.E. & Amelia Giacalone
LLG, Engineers

LLG Ref: 3-14-2345

Subject: San Diego Terminal 2 Parking Structure

Engineers & Planners
Traffic
Transportation
Parking

**Linscott, Law &
Greenspan, Engineers**
4542 Ruffner Street
Suite 100
San Diego, CA 92111
858.300.8800 T
858.300.8810 F
www.llgengineers.com

Pasadena
Irvine
San Diego
Woodland Hills

Introduction

This technical memorandum has been prepared to determine if the existing and forecasted long-term traffic volumes presented in the San Diego International Airport (SDIA) Master Plan Final Environmental Impact Report (FEIR) have changed substantially since the document was certified in 2008. In particular, the following analysis evaluates whether potential changes in traffic volumes and associated traffic conditions would materially affect the traffic impacts analysis in the FEIR as related to Terminal 2 Parking Structure, which is a SDIA Master Plan project now proposed to start construction. The analysis presented herein addresses whether:

- There are substantial changes in the proposed Terminal 2 Parking Structure project, from what was otherwise contemplated in the SDIA Master Plan FEIR, that require major revisions to the FEIR due to the involvement of a new significant impact(s) or a substantial increase in the severity of previously identified significant effects; or,
- There are substantial changes with respect to the circumstances under which the proposed Terminal 2 Parking Structure project is undertaken, such as new information regarding traffic volumes in the local area (i.e., current information that was not known and could not have been known in 2008 when the SDIA Master Plan FEIR was certified) and such new information indicates that the project will result in a new significant impact(s) or a substantial increase in the severity of significant traffic impacts previously disclosed in the FEIR; or,
- There is new information of substantial importance indicating traffic mitigation measures or alternatives previously found not to be feasible, or mitigation measures or alternatives considerably different from those analyzed in the FEIR, would in fact be feasible and would substantially reduce one or more significant traffic impacts of the project, but such measures or alternatives are declined to be adopted.

In evaluating current traffic volume data, compared to the data in the 2008 FEIR, various source documents were obtained and reviewed. The San Diego International Airport (SDIA) Airport Development Plan (ADP) Traffic Study, prepared in 2013 by URS Group, Inc., was found to have the most current existing traffic volumes, and the SANDAG Series 12 traffic model was found to have the most current forecasted long-term traffic volumes.

Traffic volumes along North Harbor Drive between McCain Street and Grape Street were analyzed, since these locations are located in close proximity to the proposed parking structure and would be most directly affected by the project. The following sections detail LLG's findings.

Description of Proposed Project

A proposed parking structure was identified and analyzed in the SDIA Master Plan and related Environmental Impact Report (SDIA Master Plan FEIR) which was certified by the San Diego County Regional Airport Authority (SDCRAA) in 2008.

As described in Section 4.1.2.5 of the FEIR, the Terminal 2 Parking Structure envisioned in the Master Plan would provide approximately 5,000 additional parking spaces on five levels. The parking structure would be built over a portion of the existing surface parking lot that has 700 surface parking spaces and adding approximately a net total of 4,300 additional parking spaces in the terminal area. Development of the parking structure would also include a second-level departure curb either integrated or as an adjacent stand-alone facility, and a commercial vehicle curb accommodating shuttles, buses, taxis, and shared-ride vans. Elevated pedestrian walkways would connect the second level of the structure with the upper level Terminal 2 ticketing facilities. The new parking structure would be centralized within an expanded roadway loop. Vehicles approaching the terminal area would be directed to parking or passenger pick-up and drop-off in advance of decision points in the roadway.

The subject parking structure is identified as one of the adopted Airport Master Plan elements to be developed over time during implementation of the Master Plan.

The location of the Terminal 2 Parking Structure and the maximum number of parking spaces as well as its basic design and function, as currently proposed, are consistent with the concept described above from Chapter 4 of the SDIA Master Plan FEIR. As such, it is concluded that there have not been any substantial changes in the proposed project that would result in new significant traffic impacts or a substantial increase in the severity of significant traffic impacts previously disclosed in the SDIA Master Plan FEIR.

Levels of Service

Level of service (LOS) is the term used to denote the different operating conditions which occur on a given roadway segment or intersection under various traffic volume loads. It is a measure of effectiveness used to describe a quantitative analysis taking into account factors such as roadway geometries, signal phasing, speed, travel delay, freedom to maneuver, and safety. Level of service provides an index to the operational qualities of a roadway segment or an intersection. Level of service

designations range from A to F, with LOS A representing the best operating conditions and LOS F representing the worst operating conditions. Level of service designation is reported differently for signalized intersections, unsignalized intersections, roadway segments and freeway segments. The following is a brief explanation of each LOS, provided for reference:

- **Level of service A:** Free-flow traffic with individual users virtually unaffected by the presence of others in the traffic stream.
- **Level of service B:** Stable traffic flow with a high degree of freedom to select speed and operating conditions but with some influence from other users.
- **Level of service C:** Restricted flow that remains stable but with significant interactions with others in the traffic stream. The general level of comfort and convenience declines noticeably at this level.
- **Level of service D:** High-density flow in which speed and freedom to maneuver are severely restricted and comfort and convenience have declined even though flow remains stable. LOS D is considered acceptable under City of San Diego criteria.
- **Level of service E:** Unstable flow at or near capacity levels with poor levels of comfort and convenience.
- **Level of service F:** Forced traffic flow in which the amount of traffic approaching a point exceeds the amount that can be served. LOS F is characterized by stop-and-go waves, poor travel times, low comfort and convenience, and increased accident exposure. LOS E and F are considered unacceptable levels of service under City of San Diego criteria.

Existing Traffic Volumes

The 2008 SDIA Master Plan FEIR used existing traffic volumes from 2005 to determine potential significant impacts to the surrounding roadway network due to the Master Plan. In order to determine if the volumes have changed substantially since the document was certified, a comparison was made to traffic volumes used in the 2013 SDIA ADP Traffic Study which were counted in May 2013.

Table 1 shows a comparison of AM peak hour intersection volumes between 2005 and 2013. As shown in **Table 1**, of the intersections compared, the traffic volumes are an average of 2.17% higher in 2013 as compared to 2005, with the most apparent increases at the intersections along North Harbor Drive between Harbor Island Drive and Rental Car Road. While volumes have increased at several intersections, all intersections where increases occur were calculated to operate at LOS C or better under Year 2013 conditions, which was also the case in the SDIA Master Plan FEIR analysis (i.e., no significant impacts under either scenario). Therefore, no new

significant impacts or increase in previously disclosed significant impacts are expected to occur from implementation of the currently proposed project.

Table 2 shows a comparison of PM peak hour intersection volumes between 2005 and 2013. As shown in *Table 2*, of the intersections compared, the traffic volumes are an average of 15.48% higher in 2013 as compared to 2005, with increases at the intersections along North Harbor Drive between Spanish Landing and Laurel Street. While volumes have increased at several intersections, all intersections where increases occur were calculated to operate at LOS C or better under Year 2013 conditions, which was also the case in the SDIA Master Plan FEIR analysis (i.e., no significant impacts under either scenario). Therefore, no new significant impacts or increase in previously disclosed significant impacts are expected to occur from implementation of the currently proposed project.

Table 3 shows a comparison of the street segment ADT volumes between 2005 and 2013. As shown in *Table 3*, of the street segments compared, the traffic volumes have decreased by an average of 4.23%, although the volumes along some segments have increased. While volumes have increased along several segments of North Harbor Drive, all segments where increases occur were calculated to operate at LOS D or better, which was also the case in the SDIA Master Plan FEIR analysis (i.e., no significant impacts under either scenario). Therefore, no new significant impacts or increase in previously disclosed significant impacts are expected to occur from implementation of the currently proposed project.

2010 No Project Alternative Traffic Volumes

The 2008 SDIA Master Plan FEIR also includes evaluation of environmental effects associated with the “No Project” Alternative, which provides a general indication of future environmental impacts and conditions projected to occur in the absence of SDIA Master Plan improvements. Inasmuch as the traffic volumes at the intersections and street segments around the airport would have increased between 2005 and 2013 even if there were no SDIA Master Plan improvements, a comparison was made between the forecasted Year 2010 No Project Alternative traffic volumes in the SDIA Master Plan FEIR and the 2013 SDIA ADP Traffic Study traffic volumes described above. Although the SDIA Master Plan FEIR also includes forecasted Year 2015 No Project Alternative traffic volumes, a comparison between the 2010 No Project Alternative traffic volumes and the 2013 SDIA ADP Traffic Study traffic volumes is considered to be more conservative, given that the 2015 No Project Alternative volumes are higher than those of 2010.

Similar to the 2005-2013 traffic volumes comparison above, AM and PM peak hour intersection volumes from the 2010 No Project Alternative and 2013 SDIA ADP Traffic Study were compared.

Table 1 shows a comparison of AM peak hour intersection volumes between 2010 and 2013. As shown in *Table 1*, of the intersections compared, the traffic volumes have decreased by an average of 11.71%, although the volumes at some intersections have increased. However, all intersections where increases occur were calculated to operate at LOS C or better, which was also the case in the SDIA Master Plan FEIR analysis (i.e., no significant impacts under either scenario). Therefore, no new significant impacts or increase in previously disclosed significant impacts are expected to occur from implementation of the currently proposed project.

Table 2 shows a comparison of PM peak hour intersection volumes between 2010 and 2013. As shown in *Table 2*, of the intersections compared, the traffic volumes have decreased by an average of 19.37%, with no increases shown at any intersection. Therefore, no new significant impacts or increase in previously disclosed significant impacts are expected to occur from implementation of the currently proposed project.

Table 3 shows a comparison of the street segment ADT volumes between 2010 and 2013. As shown in *Table 3*, of the street segments compared, the traffic volumes have decreased by an average of 12.04%, although the volumes along some segments have increased. While volumes have increased along several segments of North Harbor Drive, all segments where increases occur were calculated to operate at LOS D or better, which was also the case in the SDIA Master Plan FEIR analysis (i.e., no significant impacts under either scenario). Therefore, no new significant impacts or increase in previously disclosed significant impacts are expected to occur from implementation of the currently proposed project.

Horizon Year Traffic Volumes

The 2008 SDIA Master Plan FEIR used long-term traffic volumes obtained from the SANDAG Series 10 (Year 2030) traffic model to determine potential significant impacts to the surrounding roadway network due to the SDIA Master Plan. In order to determine if the forecast volumes have changed substantially since the document was certified, a comparison was made to the most recent available SANDAG Series 12 (Year 2035) traffic model volumes.

Table 4 shows a comparison of the long-term ADT volumes used in the 2008 SDIA Master Plan FEIR, and the SANDAG Series 12 (Year 2035) traffic model volumes. The long-term ADT volumes listed in *Table 4* for the 2008 SDIA Master Plan FEIR are for the No Project Alternative, as that scenario best served as the basis for determining significant impacts associated with implementation of the Master Plan.

As shown in *Table 4*, the forecasted Series 12 volumes are lower as compared to Series 10 volumes by an average of 36.47%. For the one street segment where the SANDAG Series 12 long-term ADT volume is higher than that of the SDIA Master Plan FEIR, that segment being Spanish Landing to Terminal 2, it is anticipated to

operate at LOS C for future conditions with project implementation. As such, there would not be a new significant impact or a substantial increase in the severity of a previously disclosed significant impact associated with the higher future long-term ADT volume on that segment.

Mitigation Measures and Alternatives

As presented in Section 5.3.8 of the SDIA Master Plan FEIR, mitigation measures have been identified to reduce Master Plan-related traffic impacts to a level of less than significant. As documented above, there are no changes in the proposed project or new information indicating that implementation of the currently proposed Terminal 2 Parking Structure would result in new significant traffic impacts or a substantial increase in the severity of a previously disclosed significant traffic impact. There is, therefore, no basis or need to reconsider mitigation measures or alternatives relative to traffic impacts associated with the proposed project.

Conclusions Summary

Based on the discussion presented above and the analysis shown in *Tables 1-4*, the following is concluded:

- No substantial changes in the proposed Terminal 2 Parking Structure have occurred relative to the project described and addressed in the SDIA Master Plan FEIR and, in the absence of such changes, there are no new significant traffic impacts or a substantial increase in the severity of previously disclosed significant traffic impacts that warrant changes to the previously certified EIR.
- No substantial changes in traffic circumstances have occurred since the certification of the SDIA Master Plan FEIR that require EIR revisions. Although the existing traffic volumes are now higher at some locations as compared to those reported in the SDIA Master Plan FEIR, each location was calculated to operate at an acceptable LOS D or better. Therefore, no new impacts would be expected.
- No new traffic-related information was found indicating that additional or different mitigation measures and alternatives other than those already presented in the SDIA Master Plan FEIR are needed to substantially reduce one or more significant traffic impacts associated with Master Plan implementation; mitigation measures to reduce traffic impacts to a level less than significant are already provided in the SDIA Master Plan FEIR.

Table 1
Airport Parking Structure: Existing AM Peak Hour Intersection Volume Comparison Table

Intersection	Total Entering Volume			% Increase / Decrease 2005-2013 / 2010-2013
	SDIA Master Plan EIR (2005 Volumes from 2008 EIR) ^a	SDIA Master Plan FEIR (2010 No Project Volumes from 2008 EIR) ^b	SDIA ADP Traffic Study(2013) ^c	
North Harbor Drive / Nimitz Boulevard	1,563	1,906	1,485	-4.99% / -22.09%
North Harbor Drive / McCain Street	2,018	2,245	1,920	-4.86% / -14.48%
North Harbor Drive / Spanish Landing	1,778	2,466	1,721	-3.21% / -30.21%
North Harbor Drive / Harbor Island Drive	2,481	3,071	2,781 (LOS C)	+12.09% / -9.44%
North Harbor Drive / Winship Lane	3,352	3,693	4,004 (LOS A)	+19.45% / +8.42%
North Harbor Drive / Rental Car Road	3,762	4,513	4,161 (LOS B)	+10.61% / -7.80%
North Harbor Drive / Laurel Street	3,196	3,440	3,164	-1.00% / -8.02%
North Harbor Drive / Hawthorn Street	3,038	3,313	2,565	-15.57% / -22.58%
North Harbor Drive / Grape Street	1,549	1,644	1,658 (LOS A)	+7.04% / +0.85%

Footnotes:

- a. Volumes from the *San Diego International Airport (SDIA) Airport Master Plan Final Environmental Impact Report*, April 2008, Table 5.3-12.
- b. Volumes from the *San Diego International Airport (SDIA) Airport Master Plan Final Environmental Impact Report*, April 2008, Table 5.3-84.
- c. Volumes from the *San Diego International Airport (SDIA) Airport Development Plan (ADP) Traffic Study*, 2013, prepared by URS Group, Inc. LOS (Level of Service) reported in the SDIA ADP Traffic Study provided at the locations where the Year 2013 volumes were found to be higher than the Year 2005 volumes.

**Table 2
Airport Parking Structure: Existing PM Peak Hour Intersection Volume Comparison Table**

Intersection	Total Entering Volume			% Increase / Decrease 2005-2013 / 2010-2013
	SDIA Master Plan EIR (2005 Volumes from 2008 EIR) ^a	SDIA Master Plan FEIR (2010 No Project Volumes from 2008 EIR) ^b	SDIA ADP Traffic Study (2013) ^c	
North Harbor Drive / Nimitz Boulevard	2,078	2,478	1,957	-5.82% / -21.03%
North Harbor Drive / McCain Street	2,242	2,742	2,153	-3.97% / -21.48%
North Harbor Drive / Spanish Landing	1,788	2,993	2,045 (LOS B)	+14.37% / -31.67%
North Harbor Drive / Harbor Island Drive	2,356	3,952	3,306 (LOS C)	+40.32% / -16.35%
North Harbor Drive / Winship Lane	2,808	4,387	4,384 (LOS C)	+56.13% / -0.07%
North Harbor Drive / Rental Car Road	3,218	5,209	4,665 (LOS B)	+44.97% / -10.44%
North Harbor Drive / Laurel Street	3,523	4,844	3,698 (LOS B)	+4.97% / -23.66%
North Harbor Drive / Hawthorn Street	2,993	3,875	2,920	-2.44% / -24.65%
North Harbor Drive / Grape Street	2,610	3,160	2,370	-9.20% / -25.00%

Footnotes:

- a. Volumes from the San Diego International Airport (SDIA) Airport Master Plan Final Environmental Impact Report, April 2008, Table 5.3-12.
- b. Volumes from the San Diego International Airport (SDIA) Airport Master Plan Final Environmental Impact Report, April 2008, Table 5.3-84.
- c. Volumes from the San Diego International Airport (SDIA) Airport Development Plan (ADP) Traffic Study, 2013, prepared by URS Group, Inc. LOS (Level of Service) reported in the SDIA ADP Traffic Study provide at the locations where the Year 2013 volumes were found to be higher than the Year 2005 volumes.

**Table 3
Airport Parking Structure: Existing ADT Volume Comparison Table**

Street Segment	ADT			% Increase / Decrease 2005-2013 / 2010-2013
	SDIA Master Plan FEIR (2005 Volumes from 2008 EIR) ^a	SDIA Master Plan FEIR (2010 No Project Volumes from 2008 EIR) ^b	SDIA ADP Traffic Study (2013) ^c	
North Harbor Drive				
West of NTC	26,400	28,900	21,200	-19.70% / -26.64%
NTC to Spanish Landing	26,900	30,800	24,100	-10.41 / -21.75%
Spanish Landing to Terminal 2	20,900	25,600	24,300 (LOS A)	+16.27% / -5.08%
Terminal 2 to Harbor Island Drive	35,100	36,600	27,100	-22.79% / -25.96%
Harbor Island Drive to Terminal 1	36,600	37,900	39,900 (LOS B)	+9.02% / +5.28%
Terminal 1 to Winship Lane	48,100	53,300	49,900 (LOS C)	+3.74% / -6.38%
Winship Lane to Rental Car Road	50,200	55,400	57,090 (LOS D)^d	+13.73% / +3.05%
Rental Car Road to Laurel Street	79,900	84,400	74,100	-7.26% / -12.20%
Laurel Street to Hawthorn Street	54,400	56,300	48,100	-11.58% / -14.56%
Hawthorn Street to Grape Street	38,400	39,700	33,300	-13.28% / -16.12%

Footnotes:

- a. Volumes from the San Diego International Airport (SDIA) Airport Master Plan Final Environmental Impact Report (FEIR), April 2008, Table 5.3-11.
- b. Volumes from the San Diego International Airport (SDIA) Airport Master Plan Final Environmental Impact Report (FEIR), April 2008, Table 5.3-83.
- c. Volumes from the San Diego International Airport (SDIA) Airport Development Plan (ADP) Traffic Study, 2013, prepared by URS Group, Inc. LOS (Level of Service) reported in the SDIA ADP Traffic Study provide at the locations where the Year 2013 volumes were found to be higher than the Year 2005 volumes.
- d. The SDIA ADP Traffic Study reported this segment as having an ADT of 72,000 with an unspecified footnote. Since this volume was not consistent with other past counts, a new 2014 count was conducted along the segment on June 11, 2014. 57,090 ADT was counted and is reported in this table.

**Table 4
Airport Parking Structure: Long-Term ADT Volume Comparison Table**

Street Segment	ADT		% Increase / Decrease
	SDIA Master Plan EIR (Year 2030 - No Project Alternative) ^a	SANDAG Series 12 (Year 2035) ^b	
North Harbor Drive			
West of NTC	47,300	35,700	-24.52%
NTC to Spanish Landing	47,200	35,700	-24.36%
Spanish Landing to Terminal 2	36,100	39,700 (LOS C)	9.97%
Terminal 2 to Harbor Island Drive	49,500	34,500	-30.30%
Harbor Island Drive to Terminal 1	45,100	29,200	-35.25%
Terminal 1 to Winship Lane	65,600	29,800	-54.57%
Winship Lane to Rental Car Road	67,900	43,500	-35.94%
Rental Car Road to Laurel Street	103,600	45,300	-56.27%
Laurel Street to Hawthorn Street	73,300	37,500	-48.84%
Hawthorn Street to Grape Street	49,500	17,500	-64.65%

Footnotes:

- a. Volumes from the *San Diego International Airport (SDIA) Airport Master Plan Final Environmental Impact Report*, April 2008, Table 5.3-83.
- b. Calculated LOS (Level of Service) provided at the location where the SANDAG Series 12 Year 2035 volume was found to be higher than the Year 2030 volume used in the SDIA Master Plan EIR.

ITEM 15

CONSTRUCTION OF A TERMINAL 2 PARKING PLAZA

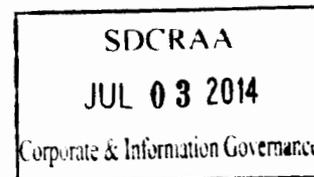
COMMUNICATION RECEIVED FROM THE PUBLIC



Emerald Plaza
402 West Broadway, Suite 1000
San Diego, California 92101-3585
Tel 619.544.1300
www.sdchamber.org

July 2, 2014

Mr. Robert H. Gleason, Board Chair
San Diego County Regional Airport Authority
Post Office Box 82776
San Diego, CA 92138-2776



RE: San Diego County Regional Airport Authority – New Parking Plaza

Dear Chair Gleason,

We are writing on behalf of the San Diego Regional Chamber of Commerce members (Chamber) to respectfully request the San Diego County Regional Airport Authority (Authority) to move forward with plans to build a new parking plaza adjacent to Terminal 2. The airport is an essential piece of San Diego's regional economic health, and this new parking plaza will enhance the efficiency of overall operations by improving traffic, meeting customer demand for close-in parking and convenience for San Diego businesses, locals and visitors alike.

With more than 3,000 members representing 400,000 employees, the Chamber is the largest nonprofit advocate for regional businesses and is dedicated to growing commerce in the San Diego region. The Authority and affiliated enterprises contribute almost \$10 billion to the regional economy each year and provide close to 5,000 jobs for San Diegans.

The Chamber also supports the expansion of access and transit opportunities on the northside of the airport and looks forward to working with the Authority and stakeholders to lobby the federal government for funding for the intermodal transit center and fly-away options as described in the staff report. Increased access to the airport is imperative now and in the future.

For these reasons the Chamber respectfully requests the San Diego County Regional Airport Authority to move forward with plans to build a new parking plaza. If you have any questions, please do not hesitate to contact Laura Shingles, Policy Analyst, at (619) 544-1378 or lshingles@sdchamber.org.

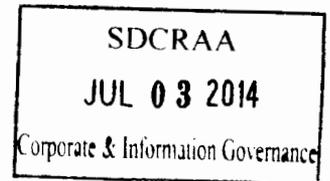
Sincerely,

A handwritten signature in black ink, appearing to read 'J. Sanders'.

Jerry Sanders, President & CEO
San Diego Regional Chamber of Commerce



San Diego
Regional
Economic
Development
Corporation



July 2, 2014

Mr. Robert H. Gleason, Board Chair
San Diego County Regional Airport Authority
Post Office Box 82776
San Diego CA 92138-2776

Dear Robert:

The San Diego Regional Economic Development Corporation has few partners better than the San Diego County Regional Airport Authority. You are an essential regional agency managing an economic engine, and together we are expanding our global presence and connectivity.

Anything that improves the efficiency and fiscal strength of our airport benefits our entire region. For that and many other reasons, I am asking you and your fellow Board members to direct staff to move forward on Monday, July 7 with a long-delayed parking plaza adjacent to Terminal 2.

This project was included in a previously certified Final EIR in 2008, but was deferred for future consideration. Having completed the Green Build, adding 10 new gates, and moving United and Hawaiian Airlines to Terminal 2, the time is now.

Close-in parking is convenient parking, something is particularly important to the business traveler. Business travel is critical to support local economic development and foreign direct investment. Anything that makes it easier for the business traveler is important to consider.

Clearly, the Airport Authority has worked hard to address airport-related traffic on surrounding roads since 2008. The recently opened consolidated receiving and distribution center and the rental car center under construction on Pacific Highway are obvious examples. By removing airport traffic from Harbor Drive, you are addressing prior concerns with the parking plaza.

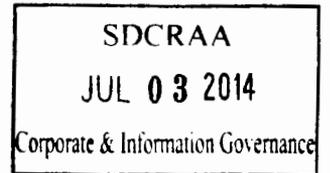
Our Board recently had a presentation about the Airport Development Plan including the replacement of Terminal 1. That major undertaking will require significant funding and new revenue streams, and is one more reason I support the parking plaza - to help fund the future.

We support your proceeding with this structure and look forward to celebrating with you first a groundbreaking and then a grand opening.

Sincerely,

Mark Cafferty
President and CEO

July 2, 2014



Mr. Robert H. Gleason, Board Chair
San Diego County Regional Airport Authority
Post Office Box 82776
San Diego CA 92138-2776

Dear Robert:

On Monday, July 7, I understand you and your fellow Board members will be asked to direct staff to proceed with construction of a parking plaza adjacent to Terminal 2. I urge you to do so because we need this facility and we need it sooner rather than later.

As a life-long resident of Point Loma, I know how very important convenience is for our airport passengers, both residents and visitors. A new parking plaza will provide much-needed close-in parking and add to what is already a convenient experience.

A previous Board certified a Final EIR that included the parking plaza in 2008, but deferred further action on it at that time. Today, with the recently opened expansion of Terminal 2 and the move of United Airlines to Terminal 2, it is time to complete that project. An Addendum to the FEIR confirming that there are no significant impacts helps make the case to do it now.

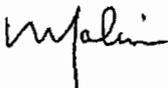
I note that the original project was to be five stories high and have 5,000 spaces, while the current proposal is for three stories and 3,000 spaces. The reduction in project size, while still meeting the need, is a good thing.

Contrary to some detractors' arguments, a parking plaza itself will not generate more street traffic. Population growth will lead to air passenger growth, and we need to accommodate that.

Moreover, with the opening of the distribution center last year and 2016 opening of the rental car center on Pacific Highway, a good deal of airport traffic will be taken off Harbor Drive. With more close-in parking, many passengers will park themselves – resulting in two vehicle trips – rather than being dropped off and picked up, which results in four vehicle trips.

Convenience is what users of San Diego International Airport deserve and this will deliver. I highly recommend for your staff to move forward with the parking plaza as expeditiously as possible.

Sincerely,

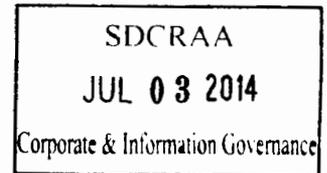


Malin Burnham

cc: SDCRAA Board of Directors
Thella F. Bowens, SDCRAA President & CEO

July 2, 2014

Mr. Robert H. Gleason, Board Chair
San Diego County Regional Airport Authority
Post Office Box 82776
San Diego, CA 92138-2776



Dear Chair Gleason:

On behalf of the San Diego Convention Center Corporation, we urge you and the Board of the San Diego County Regional Airport Authority to move forward with plans to build a new parking plaza adjacent to Terminal 2. Our airport is a world-renowned signature arrival and departure point. Anything that helps to alleviate traffic circulation, and enhance convenience for residents and families of visitors will enhance the experience for visitors, as well.

Annually, more than 700,000 visitors attend events held at the San Diego Convention Center. San Diego's airport is a central portal for our attendees arriving from across the country and internationally. Recent studies show that over 80% of those attending events have transited through the San Diego airport. The San Diego Convention Center depends in large part on an efficient, customer-service oriented airport to serve the vast majority of our attendees. That is why we urge you and the Board of the San Diego County Regional Airport Authority to proceed with construction of a parking plaza adjacent to Terminal 2.

We appreciate the hard work of the Airport Authority to address airport-related traffic, including construction a consolidated receiving and distribution center and ongoing work on a rental car center on Pacific Highway. By taking significant airport traffic off Harbor Drive, you have addressed prior concerns with the parking plaza.

I am sorry that we are both out of town and cannot comment in person. However, we urge you and the Board to move forward with the parking plaza expeditiously.

Sincerely,



Carol Wallace
President & CEO



Thomas M. Mazzocco
Executive VP & COO

cc: SDCRAA Board of Directors
Thella F. Bowens, SDCRAA President & CEO



Item 15

Provide Direction to Staff for Construction of a Terminal 2 Parking Plaza and Approve the Addendum to the 2008 Final Environmental Impact Report

San Diego International Airport

Prepared for

**San Diego County Regional Airport Authority Board
San Diego, CA**

July 7, 2014

Agenda

- **Summary of May 2, 2013, Board Meeting**
- **Traffic Impacts of a Parking Plaza**
- **Passenger Survey Results Regarding Parking**
- **Potential Staging Impacts of Future Terminal 1 Construction**
- **Addendum to FEIR**
- **Financial Analysis**
- **Ongoing Outreach Efforts**
- **Next Steps**
- **Staff Recommendation**

SDIA Has Observable Close-In Parking Problem



SDIA Has Observable Close-In Parking Problem



SDIA Has Observable Close-In Parking Problem



Proposed Parking Plaza Location



Summary of May 2 Board Meeting

- **LeighFisher analysis concludes:**

- 7,000 total spaces required within walking distance of the terminals by 2035
- 3,000 spaces needed for T2 customers immediately
- A parking structure is required to provide these spaces

- **Analysis shows:**

- Traffic impacts would be minimal
- Passenger surveys demonstrated the need for additional parking
- A structure could minimize construction impacts during the replacement of Terminal 1
- Structure would fit in plan of finance

Traffic Impacts of a Parking Plaza

- The 2008 FEIR projects significant reductions in Airport-related traffic on North Harbor Drive as a result of the Rental Car Center and other improvements
- FEIR conservatively estimated the traffic impacts of a 5,000-space garage would be minimal, adding approximately 400 daily trips to Harbor Drive in each direction by 2030 (a 0.7% increase on 106,700 daily trips)
- LeighFisher estimates a lesser impact, with a 3,000-space garage reducing Harbor Drive daily traffic by 140 to 320 trips in near-term



- ***3-level parking plaza concept***
- ***Provides 3,000 spaces***
- ***Maintains existing roadways***

Passengers Are Dissatisfied With Availability of Parking



Source: 2013 SAN Annual Passenger Satisfaction Survey Results

Percentage of Passengers satisfied with parking: 2013: 51%; 2012: 38%; 2011: 43%; 2010: 57%; 2009: 60%; 2008: 53%

Passengers Indicate They Would Use Parking Plaza

2012 passenger intercept survey results:

- **61.5% of remote parking customers said they would use a close-in garage for long-term parking if it were available**
- **Of the passengers dropped off at the curbside:**
 - 15.1% said they would use close-in garage for short-term parking if it were available
 - 3.8% said they would use close-in garage for long-term parking if it were available

A Parking Plaza at Terminal 2 Can Mitigate Loss of Terminal 1 Spaces During Construction

Terminal 1 redevelopment footprint will likely displace part or all of 1,300-space T1 Lot



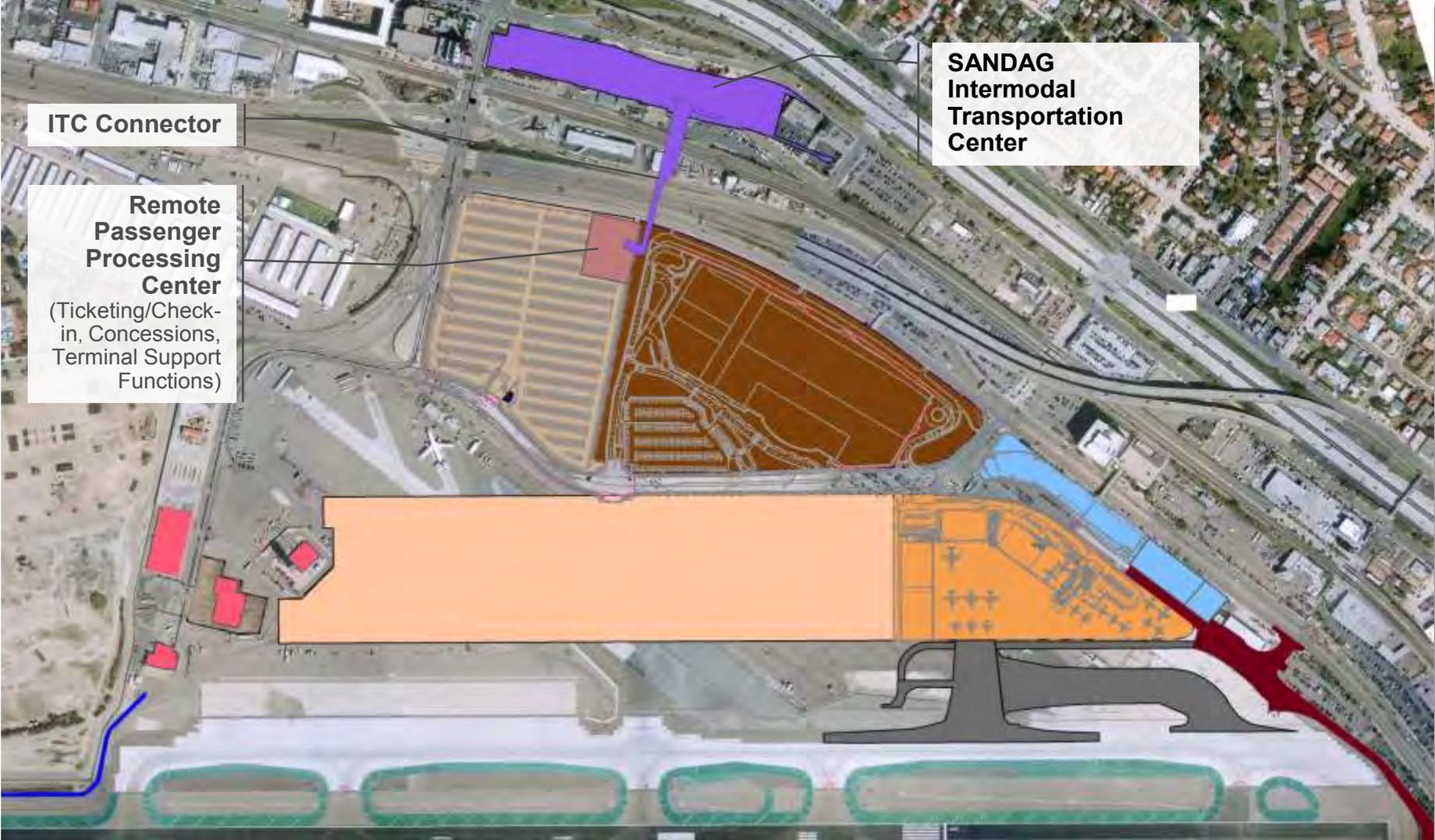
A Parking Plaza at Terminal 2 Can Mitigate Loss of Terminal 1 Spaces During Construction

- **During Green Build, fewer passengers parked**
 - Terminal 2 Lot closed
 - Insufficient capacity at Terminal 1 Lot to accommodate displaced Terminal 2 parkers
- **Parking transactions dropped approximately 20% due to Terminal 2 lot closure**
- **Terminal 2 garage could be acceptable for Terminal 1 long-duration parkers (but not pickup / drop-off parkers)**

An Addendum to the FEIR Was Prepared

- SDCRAA has met all its obligations in the Final Environmental Impact Report (FEIR)
- Roadway improvements include:
 - **Pacific Highway and Washington Street Intersection**: added one lane northbound and one lane southbound
 - **Pacific Highway and Sassafras Street Intersection**: improving traffic signal and intersection
 - **Sassafras Street between Pacific Highway and Kettner Street**: added northbound lane; additional southbound lane is proposed
 - **N. Harbor Dr. and Coast Guard Intersection**: installing traffic signal
 - **N. Harbor Dr. between Coast Guard and CT**: adding westbound lane
 - **Grape St. and N. Harbor Dr. Intersection**: third left turn lane provided by North Embarcadero

Other Agreements to Promote Transit



An Addendum to the FEIR Was Prepared

- **Other satisfied obligations:**

1. Mitigation Plan to address the project's significant impacts (May 2008)
2. Assessment of costs for fair share contribution towards funding (June 2010)
3. If mutual concurrence on mitigation is reached, SDCRAA agreed to enter into agreement with City of San Diego
4. Construction Plans and Specifications

- **In addition, SDCRAA staff is proposing to join other San Diego agencies in lobbying U.S. DOT for funding of transit facilities and off-airport roadway improvements to N. Harbor Dr., Laurel St., Pacific Highway, Sassafras St., Grape St. and Hawthorn St.**

An Addendum to the FEIR Was Prepared

■ Addendum to the FEIR Concluded

- 5,000 stall Parking Plaza would not generate any new significant impacts nor a substantial increase in the severity of the previously disclosed significant impacts
- No major changes to the FEIR are required
- The preparation of Supplemental or Subsequent EIR is not warranted

Major Assumptions

- Parking Plaza Size – 3000 stalls
- Debt Financing
 - 30-year term
 - 6% interest rate
- Scenario 1 (Low Cost/High Utilization)
 - Project Cost - \$80 million
 - Annual Debt Service with Debt Financing: \$7.5 million
- Scenario 2 (High Cost/Low Utilization)
 - Project Cost - \$88 million
 - Annual Debt Service with Debt Financing: \$8.3 million

100% Debt Financing Scenario

Scenario Assumptions & Metrics	Scenario 1	Scenario 2
Average Plaza Utilization	72%	61%
Average Annual Net Incremental Revenue before Debt Service Costs	\$15.5 million	\$10.9 million
Average Annual Net Incremental Revenue after Debt Service Costs	\$8.0 million	\$2.6 million
Net Present Value (NPV)	\$90.6 million	\$26.7 million

100% Airport Cash Scenario

Scenario Assumptions & Metrics	Scenario 1	Scenario 2
Average Plaza Utilization	72%	61%
Average Annual Net Incremental Revenue	\$15.5 million	\$10.9 million
Payback Period	7.7 years	10.7 years
Net Present Value (NPV)	\$104.6 million	\$42.1 million

Financial Analysis

Plan of Finance - Debt Service Coverage Effect

100% Debt Financing Scenario

Debt Service Coverage (x)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Without Parking Plaza	1.92x	1.98x	2.08x	2.35x	2.39x	2.46x
With Parking Plaza – Scenario 1	1.92x	1.98x	2.03x	2.31x	2.29x	2.36x
With Parking Plaza – Scenario 2	1.92x	1.98x	2.03x	2.31x	2.15x	2.22x

100% Airport Cash Scenario

Debt Service Coverage (x)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Without Parking Plaza	1.92x	1.98x	2.08x	2.35x	2.39x	2.46x
With Parking Plaza – Scenario 1	1.92x	1.98x	2.03x	2.31x	2.80x	2.89x
With Parking Plaza – Scenario 2	1.92x	1.98x	2.03x	2.31x	2.67x	2.76x

Financial Analysis Conclusion

- Under the assumptions presented, the project is financially feasible and annually generates net incremental revenue of:
 - \$2.6 - \$8.0 million if financed 100% with debt; or
 - \$10.9 - \$15.5 million if financed 100% with Airport cash

Ongoing Outreach Efforts

- **SDCRAA staff reaching out to stakeholders to foster cooperation and mutual understanding about the various aspects of the project:**
 - County of San Diego
 - City of San Diego
 - Other cities in the region
 - SANDAG
 - Port of San Diego
 - San Diego Regional Chamber of Commerce
 - San Diego Regional Economic Development Corporation
 - South County Regional Economic Development Council
 - Airport Authority Advisory Committee
 - Community Planning Groups (near and around the airport)

Ongoing Outreach Efforts

- **Important project elements for discussion include:**
 - Environmental entitlements
 - Customer benefits
 - Traffic considerations
 - Technical work
 - Construction impacts
 - Aesthetics
 - Integration of Art

Next Steps

- **Process to move forward:**
 - Prepare Programmatic Document
 - Project design
 - California Coastal Development Permit
 - Project Bidding & Award
 - Construction
- **Estimate 36 months for completion**

Staff Recommendation

- **Staff recommends Board approval to move forward to meet parking need with a Parking Plaza and Approve the Amendment to the 2008 FEIR**
 - Traffic impacts would be minimal
 - Passenger surveys demonstrate the need for additional parking
 - A parking plaza could minimize construction impacts during the replacement of Terminal 1
 - Plaza would not generate any new environmental impacts that were not previously disclosed
 - Plaza is financially feasible

Strategies:

- ✓ Community
- ✓ Customer
- ✓ Financial
- ✓ Operations

Questions?



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
16

Meeting Date: **JULY 7, 2014**

Subject:

Review and Approval of Ground Transportation Standards for Taxicab and Vehicle for Hire Memorandums of Agreement (MOAs)

Recommendation:

Adopt Resolution No. 2014-0072, approving the revised Taxicab and Vehicle for Hire Responsibilities, Associated Standards and requirements relating to Memorandums of Agreement with Ground Transportation Consortiums and Providers.

Background/Justification:

Memorandum of Agreements (MOAs) - Purpose. On September 2, 2010, the Authority's Board considered measures to improve SDIA's ground transportation services. The Board received input from both the taxicab and shuttle operators and thereafter authorized staff to pursue a management approach based on a strong operational relationship with the various modes. In implementing the management model, the Authority and the taxicab and shuttle consortiums agreed to and accepted responsibility for improving ground transportation services. The management model is based on the use of formal MOAs with the commercial vehicle owners who joined together to form the various consortiums, however SuperShuttle and Prime Time Shuttle signed individual MOAs.

The MOAs set forth the terms of agreement between the Authority and the Ground Transportation Service Providers (specifically the permitted Taxicabs and Vehicles for Hire (VFH) entities). The MOAs established a more formal operational relationship to enhance commercial vehicle transportation services at San Diego International Airport (SDIA) and increase the commercial ground transportation service providers' involvement with developing ground transportation policies and procedures. The MOAs seek to improve travel conditions at SDIA and enhance traveler satisfaction with the ground transportation services thus promoting positive perceptions of the Authority and the providers and thereby strengthening community support for ground transportation improvement programs.

The MOAs focus on implementing performance improvements for the following:

- Airport roadway and traffic safety improvements;
- Efficient commercial vehicle circulation and passenger access procedures;
- Vehicle driver/occupant mishap risk reduction programs;
- Airport ground transportation facility and support system upgrades;

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- Communication equipment modernization and centralized data dissemination procedures;
- Shuttle and Taxicab availability, particularly during peak hours and late at night;
- Customer service programs designed to enhance the traveler experience through landside airport environs;
- Improved ADA service, more convenient accommodations and increased traveling options for the disabled;
- Improved vehicle appearance and driver professionalism;
- Uniform compliance with SDIA Rules and Regulations governing commercial ground transportation operations; and,
- Environmental leadership program implementation, particularly in air quality improvements and greenhouse gas emission reductions.

Initially, two (2) Taxicab and two (2) VFH consortiums were formed as legal entities to represent various vehicle owners and operators. Subsequently, one (1) additional taxicab and one (1) additional shuttle van consortium signed MOAs. The MOA consortium members effectively accepted the agreements with the Authority on the following dates:

Taxicab MOAs:

San Diego Transportation Association (SDTA)	April 2011
San Diego Taxi Association (SDTXA)	May 2011
Independent Cab Owners Association (ICOA)	August 2012

Vehicle for Hire (VFH) MOAs:

SuperShuttle	April 2011
San Diego County Airport Shuttle Association (SDCASA)	April 2011
Prime Time Shuttle	April 2013

MOAs - Implementation. For the past three (3) years, Authority Staff and MOA consortium representatives have met monthly to address the key responsibilities to improve, formulate necessary actions to correct the deficiencies, assign responsibility, and provide updates on the actions taken to improve services. To date, MOA members have dealt with and made marked improvements, working closely with each other to minimize operational conflicts and misunderstandings. The following table outlines the current MOA status:

	Responsibilities	Completed	In Progress
Taxicab MOA	35		
Authority	17	15	2
Taxicab Consortium	9	9	0
Joint	9	8	1
Vehicle for Hire MOA	34		
Authority	15	13	2
Vehicle for Hire Consortium	10	10	0

Prime Time	9	8	1
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MOAs - Extensions and Amendments. At its meeting of March 6, 2014, the Board directed Authority staff to: (1) extend every taxicab and vehicle-for-hire MOA for an additional six (6) month period (terminating October 31, 2014) in order to allow the development of more specific performance measures for customer satisfaction, vehicle availability, passenger wait times, vehicle appearance, and driver professionalism; (2) conform the termination dates of all MOAs for all taxicab consortiums; and (3) prepare a revised taxicab MOA to take effect after October 31, 2014. To date, the MOA termination dates have all been extended to October 31, 2014, the revised amendments established a common termination date of October 31, 2014 and all MOA parties have signed their respective amendments.

MOAs - Responsibilities and Performance Standards. Updated MOA responsibilities with more specific performance standards and measures have been discussed. Appropriate data collection methods will be established once the responsibilities are finalized with Board approval. The following operational improvement areas and the associated responsibilities with specific, more measurable standards are recommended by Authority staff:

- | | |
|--|---|
| 1. Vehicle Safety and Appearance | 6. Industry Communication & Collaboration |
| 2. Driver Professionalism, Appearance and Customer Service | 7. Dispatch Operations & Personnel |
| 3. Taxicab and Shuttle Availability | 8. Other Operational Improvements |
| 4. Passenger Wait Times | 9. ADA Services & Compliance |
| 5. Vehicle Modernization | |
| • Electronic equipment | |
| • AFV/CAV vehicle conversions | |

Responsibility descriptions, specific duties for each party, and the standard/requirements are further explained in Appendix 1.

MOAs - Consequences and Penalties. The existing MOAs identify a number of key responsibilities for all parties but are silent regarding specific quantitative performance measures to evaluate each party's actions and overall MOA effectiveness. At the Board's March 6, 2014 meeting, the Board directed staff to not only establish the critical ground transportation responsibilities with the appropriate standards, but also to supplement the revised MOAs with definitive recommendations for escalating consequences for non-compliance. Staff intends to provide these escalating consequences for non-compliance at the September 4, 2014 Board meeting as part of the replacement MOA process to reflect new improved requirements and responsibilities to be approved and executed by October 31, 2014.

Next Steps - MOAs Post November 2014 Implementation. The new MOAs are scheduled for implementation effective November 1, 2014. Each month, data will be collected, key measures of performance reviewed and assessed, and needed corrective actions implemented to address any shortcomings. Performance results will be presented at the annual Ground Transportation update early in 2015.

APPENDIX 1

MOA Responsibility	Specific Duties	Definition or Description	Standard or Requirement
<p><i>1. Vehicle Safety, External Condition & Appearance</i></p>	<p><u>Authority:</u></p> <ul style="list-style-type: none"> • Frequent inspections, both independently and jointly with appropriate regulatory agencies; more formal documentation and reporting of deficiencies and Notice of Violations (1) <p><u>MOA Consortiums:</u></p> <ul style="list-style-type: none"> • Compliance with and enforcement of the standards and requirements for appearance and condition of member taxicabs. • Notification to the Authority in writing if any external agency found deficiency and the subsequent corrective actions. 	<p>Daily (or more frequent) vehicle inspections, noticed and non-noticed, using the Authority's Inspection Form will evaluate and document the vehicle's interior and exterior appearance and condition, brake and tire condition, door/trunk operation, lights, and all required documentation and reference manuals. Inspection results will be shared with all MOAs.</p>	<p>Zero (0) vehicle and personal injury accidents Zero (0) vehicle safety and/or appearance non compliances.</p> <p>Yearly objective: 50% reduction in vehicle external condition and appearance issues.</p> <p>10-15% per year (from 2011-2014 baseline) in vehicle external conditions and appearance issues (as documented through the Notice of Violations).</p>
<p><i>2. Driver Professionalism, Appearance and Customer Service</i></p>	<p><u>Authority:</u></p> <ul style="list-style-type: none"> • Frequent driver inspections, noticed and non-noticed, using the Authority's Inspection form with an emphasis on the driver's attire, permits/licenses, credit card equipment and map books. 	<p>Daily (or more frequent) driver inspections, noticed and non-noticed, using the Authority's Inspection form will evaluate and document driver's attire, applicable permits/licenses, operating electronic credit card equipment and (Thomas Guide) map books. Inspections will also notate the GPS or other guidance equipment located in the vehicle.</p>	<p>Zero (0) customer complaints. Zero (0) safety and/or driving law enforcement citations.</p> <p>Yearly objective: 10-15% per year (from 2011-2014 baseline) in driver appearance, equipment operation and other driver-related items (as documented through the Notice of Violations).</p>

Footnote (1): "Consortium" includes individual companies: SuperShuttle and Prime Time Shuttle

000100

MOA Responsibility	Specific Duties	Definition or Description	Standard or Requirement
<p>2. Driver Professionalism, Appearance and Customer Service (continued)</p>	<p><u>MOA Consortiums:</u></p> <ul style="list-style-type: none"> • Compliance with and enforcement of the standards and requirements for personal appearance, driver behavior and professionalism. • Establish a more comprehensive, refined, and updated Driver Training curriculum content and delivery to emphasize relevant subject matter and assess driver attitudes, skills and behaviors. • Enforce the disciplinary process for drivers who violate SDIA Rules and Regulations; document and report to the Authority of the corrective actions taken. 	<p>Daily (or more frequent) driver inspections, noticed and non-noticed, using the Authority's Inspection form will evaluate and document driver's attire, applicable permits/licenses, operating electronic credit card equipment and (Thomas Guide) map books. Inspections will also notate the GPS or other guidance equipment located in the vehicle.</p>	<p>Zero (0) customer complaints. Zero (0) safety and/or driving law enforcement citations.</p> <p><u>Yearly objective:</u> 10-15% per year (from 2011-2014 baseline) in driver appearance, equipment operation and other driver-related items (as documented through the Notice of Violations, Secret Shopper reports or other designated data.</p>

201000

MOA Responsibility	Specific Duties	Definition or Description	Standard or Requirement
<p>3. <i>Taxicab and Shuttle Van availability</i></p>	<p><u>Authority:</u></p> <ul style="list-style-type: none"> • Reevaluate and rebalance/reassign the Authority’s taxicab daily schedule to consider large events or other factors that may impact taxicab availability. • Refine and document procedures for opening stickers to those airport taxicabs not scheduled. <p><u>MOA Consortiums:</u></p> <ul style="list-style-type: none"> • Enforce the control system that ensures there are 225 taxicabs providing service at SDIA on a daily basis with an additional 75 taxicabs available from 6:00 p.m. until 2:00 a.m. • Taxicab owners shall ensure all cars and drivers are servicing SDIA according to the Authority’s schedule. 	<p>Taxicabs and Shuttle Vans will be in sufficient supply from 8:00 a.m. to 2:00 a.m. to service customer demand with a passenger wait time not to exceed 10 minutes during any part of that time period.</p>	<p>Taxicab and VFH Availability equal to Customer Demand daily between 8:00 a.m. and 2:00 a.m.</p> <p><u>Yearly objective:</u> 10- 15% reduction per year in the frequency of occurrence of cab unavailability</p> <p>10- 15% reduction per year in the mean time between occurrence (MTBO)*</p> <p>MTBO seeks to reduce the frequency/number of occurrences when taxicabs and shuttles are unavailable. The greater (or higher) the mean time number translates into less frequent times when taxicabs are not available.</p>
<p>4. <i>Passenger Wait Times</i></p>	<p><u>Authority:</u></p> <p>Reevaluate and rebalance/reassign the Authority’s taxicab daily schedule to consider large events or other factors that may impact taxicab availability.</p> <ul style="list-style-type: none"> • Refine and document procedures for opening stickers to those airport taxicabs not scheduled. 	<p>Taxicabs and Shuttle Vans will be in sufficient supply from 8:00 a.m. to 2:00 a.m. to service customer demand with a passenger wait time not to exceed 10 minutes during any part of that time period.</p>	<p>Average 95% of the total GT operational hours (20 hrs. per day) with passenger wait times of 10 minutes or less.</p> <p><u>Yearly objective:</u> 10- 15% reduction per year in the frequency of occurrence 10- 15% reduction per year in the mean time between occurrence (MTBO)</p>

MOA Responsibility	Specific Duties	Definition or Description	Standard or Requirement
<p>4. <i>Passenger Wait Times (continued)</i></p>	<p><u>MOA Consortiums:</u></p> <ul style="list-style-type: none"> • Enforce the control system that ensures there are 225 taxicabs providing service at SDIA on a daily basis with an additional 75 taxicabs available from 6:00 p.m. until 2:00 a.m. • Taxicab owners shall ensure that all cars and drivers are servicing the airport according to the Authority's schedules. 		
<p>5a. <i>Vehicle Modernization-Equipment</i></p>	<p><u>MOA Consortiums:</u></p> <ul style="list-style-type: none"> • Enforce the use of electronic collection of fares (credit/debit cards) with electronic credit/debit card transaction equipment (approved by the Authority) for the payment of fares and operated in a manner that protects the owner/driver and passenger. • Each company shall submit their vehicle modernization plans to the Authority. 	<p>Vehicle modernization includes electronic credit card transaction equipment, and communication upgrades, such as next generation GPS, Drive Cams, passenger TV and other aids and amenities.</p>	<p>All vehicles will be fully equipped to include at a minimum an Authority approved electronic credit card machine (e.g., Verifone) for passenger fare transactions.</p> <p>Credit Card transaction devices such as the " Square " would be evaluated to ensure all necessary information was documented on the receipt.</p> <p><u>Yearly objective (interim):</u> All companies will submit their vehicle modernization plans before 12/31/14 to include updated GPS devices and driver cams.</p>

MOA Responsibility	Specific Duties	Definition or Description	Standard or Requirement
<p><i>5b. Vehicle Modernization-Alternative Fuel/Clean Air Vehicles</i></p>	<p><u>Authority:</u></p> <ul style="list-style-type: none"> The Authority will work with the taxicab and shuttle industry representatives to define and implement a mutually agreeable vehicle conversion incentive plan (to assist with AFV/CAV vehicle purchases) before 10/31/14. <p><u>MOA Consortiums:</u></p> <ul style="list-style-type: none"> MOA consortiums will submit plans and timetables for fleet conversion; monthly updates and status reports will be provided to the Authority. 	<p>Taxicabs and Vehicle for Hire shuttles are subject to and included in the Authority's AG MOU governing the reduction of greenhouse gases. The MOU stipulates that all commercial vehicles servicing SDIA shall be AFV/CAV compliant by July 1, 2017.</p>	<p>All commercial vehicles servicing SDIA on July 1, 2017 shall be fully compliant with the Authority's AFV/CAV conversion requirements.</p> <p><u>Yearly objective (interim):</u> All MOA consortium companies will submit their vehicle conversion plans and timetables before 12/31/14.</p>
<p><i>6. Industry Communication & Collaboration</i></p>	<p><u>Authority:</u></p> <ul style="list-style-type: none"> Continue monthly MOA meetings to review action items and status, performance measures and other key operational issues. Conduct at least three driver "communication" events allowing drivers the opportunity to meet Authority and MOA representatives. <p><u>MOA Consortiums:</u></p> <ul style="list-style-type: none"> Continue monthly MOA meetings to review action items and status, performance measures and other key operational issues. Attend the driver "communication" events allowing drivers the opportunity to meet Authority and MOA representatives. 	<p>Key operational initiatives to more effectively and efficiently deliver better customer service and improve the commercial vehicle operation is very dependent on consistent and continued communication and ongoing collaboration and trust building and benefits to all parties. This is accomplished through regularly scheduled meetings and ongoing dialogue between Authority and MOA representatives.</p>	<p>The MOA consortium members will develop their criteria and expectations for success.</p> <p><u>Yearly objective (interim):</u> Regularly scheduled monthly meetings with defined objectives, agendas and action item reports. A running log of key issues and the designated corrective actions will also be maintained.</p> <p>To fulfill all annual goals and objectives established for and by the MOA consortium members.</p>

MOA Responsibility	Specific Duties	Definition or Description	Standard or Requirement
<p>7. <i>Authority and Taxicab and Shuttle Van Service Representatives and Dispatch Operations and Personnel</i></p>	<p><u>Authority:</u></p> <ul style="list-style-type: none"> • Will not condone or tolerate driver soliciting or other unethical behavior while operating on the transit islands • Allow CSRs and GSRs to record and report unprofessional or inappropriate driver behavior while either in the taxicab hold lot or on the transit islands. <p><u>MOA Consortiums:</u></p> <ul style="list-style-type: none"> • Will instruct their drivers to remain inside their vehicle at all times until the CSR/GSR notifies them of an arriving passenger. 	<p>Authority and Taxicab and Shuttle Van service and dispatch personnel shall maintain a professional and a courteous, well-mannered attitude at all times. Exceptional customer service is required from all personnel at all times.</p>	<p>Zero (0) customer complaints. Zero (0) Notice of Violations issued for driver soliciting, improper conduct, unprofessional behavior or other violations.</p> <p><u>Yearly objective (interim):</u> 25% reduction (year over year) of CSR/GSR reported problems.</p>
<p>8. <i>Operational Improvements and MOA evaluation of designated improvements.</i></p>	<p>Address and remedy airport ground transportation system shortfalls and recommend operational improvements</p> <ul style="list-style-type: none"> • Airport roadway and traffic safety improvements - seek input in managing changing airport conditions necessitated by terminal facility and roadway infrastructure improvements and construction activities. • Efficient commercial vehicle circulation and passenger access procedures • Vehicle driver/occupant mishap risk reduction programs • Airport ground transportation facility and support system upgrades 	<p>Taxicab Hold Lot relocation Rental Car Center Bus Staging Area Harbor Drive airport access improvements Airport Parking Pavilion Airport Development Plan TBD Minimize dwell time; increase van density (to and from) TBD Technology upgrades- dispatch, AVI, trip coupon, back office and driver/vehicle permitting software See MOA Responsibility #5a</p>	<p>Measures regarding van density requirements (arriving and departing from SDIA), van response time and van dwell time will be developed</p>

00111

MOA Responsibility	Specific Duties	Definition or Description	Standard or Requirement
<p>8. <i>Operational Improvements and MOA evaluation of designated improvements. (continued)</i></p>	<ul style="list-style-type: none"> • Communication equipment modernization and centralized data dissemination procedures, • Taxicab availability, particularly during peak hours and late at night, • Customer service programs designed to enhance the traveler experience through the landside airport environs, • Improved ADA service, more convenient accommodations and increased traveling options for the disabled, • Improved vehicle appearance and driver professionalism, • Uniform compliance with SDIA Rules and Regulation governing commercial ground transportation operations, • Environmental leadership program implementation, particularly in air quality improvements and greenhouse gas emission reductions 	<p>MOA Responsibility #5a</p> <p>MOA Responsibility #3</p> <p>MOA Responsibility #7</p> <p>MOA Responsibility #9</p> <p>MOA Responsibility #1 and #2</p> <p>MOA Responsibility #5b</p>	

000112

MOA Responsibility	Specific Duties	Definition or Description	Standard or Requirement
9. <i>ADA Compliance</i>	Compliance with The Americans with Disabilities Act	http://www.tlpa.org/news/adanotice.pdf http://www.faa.gov/airports/great_lakes/airports_news_events/2011_conference/Media/1100-ADA%20Program%20Update.pdf http://www.tlpa.org/costcalculator/report.pdf	ADA compliant vehicle with trained driver available within 30 minutes at any time of day. Yearly objective (interim): TBD (Improvements to specific response time and hours of availability).

000113

Fiscal Impact:

There is no additional fiscal impact with this update

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. § 15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code § 21065.

- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code § 30106.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

DAVID BOENITZ
DIRECTOR, GROUND TRANSPORTATION

RESOLUTION NO. 2014-0072

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING THE REVISED TAXICAB AND VEHICLE FOR HIRE RESPONSIBILITIES, ASSOCIATED STANDARDS, AND REQUIREMENTS RELATING TO MEMORANDUMS OF AGREEMENT WITH GROUND TRANSPORTATION CONSORTIUMS AND PROVIDERS.

WHEREAS, on September 2, 2010, the Board of the San Diego County Regional Airport Authority ("Board" and "Authority") considered measures to improve the commercial ground transportation services at San Diego International Airport ("SDIA"); and

WHEREAS, between September 2010 and March 2011, Memorandums of Agreement ("MOAs") were executed between the Authority and various permitted taxicab and shuttle van providers and consortiums to document essential future necessary ground transportation improvements, the roles and responsibilities of the parties, and appropriate implementation timelines; and

WHEREAS, MOAs were executed by the San Diego Taxi Association, the San Diego Transportation Association, the Independent Cab Owners Association, the San Diego County Airport Shuttle Association, SuperShuttle, and Prime Time Shuttle (dba First Class Transit) and the Authority, identifying needed ground transportation service improvements, each party's responsibilities with regard to the improvements, and implementation timelines; and

WHEREAS, since signing the MOAs all parties have exercised good faith to fulfill and complete responsibilities and to work together to improve commercial ground transportation services at SDIA; and

WHEREAS, the MOAs were set to expire on April 30, 2014 but subsequent six (6) month extension amendments (set to expire on October 31, 2014) have been signed by all MOA parties and consortiums to allow time to develop new MOAs which will include more specific responsibilities with associated standards, data collection methods, consequences for non-compliance to the standards, and a clear implementation timeline; and

WHEREAS, Authority staff recommends the following responsibilities and associated standards be incorporated into the revised MOAs: 1) Vehicle Safety and Appearance, 2) Driver Professionalism, Appearance and Customer Service, 3) Taxicab and Shuttle Availability, 4) Passenger Wait Times, 5) Vehicle Modernization (to include electronic equipment and AFV/CAV conversions), 6) Industry Communication and Collaboration, 7) Dispatch Operations and Personnel, 8) Other Operational Improvements, and 9) ADA Services and Compliance, and;

WHEREAS, the Board is scheduled to discuss and consider the consequences and penalties for non-compliance with these MOA responsibilities at its September 4, 2014 meeting, and;

WHEREAS, if approved by the Board, the term of the revised MOAs with the Taxicab and Vehicle for Hire service providers and consortiums is proposed to commence November 1, 2014, and be in effect for a period of three (3) years.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the revised Taxicab and Vehicle for Hire responsibilities, associated standards, and requirements relating to Memorandums of Agreement with Ground Transportation Consortiums and Providers; and

BE IT FURTHER RESOLVED that the Board directs staff to present for consideration and possible approval a set of recommendations for consequences and penalties associated with the above-referenced responsibilities, standards and requirements, said presentation to take place at the Board meeting of September 4, 2014; and

BE IT FURTHER RESOLVED the Board finds that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (Cal. Pub. Res. Code § 21065); and is not a "development" as defined by the California Coastal Act (Cal. Pub. Res. Code § 30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

000117

GROUND TRANSPORTATION STANDARDS FOR TAXICAB AND VEHICLE FOR HIRE MEMORANDUMS OF AGREEMENT (MOA)

David Boenitz

Director, Ground Transportation

Board Meeting July 7, 2014



Introduction

- Background
 - Staff was directed to and has extended the existing MOAs to Oct. 31, 2014.
 - Staff presented the Vehicle for Hire (VFH) Concession implementation timetable - April 2014 Board Meeting
 - The Board opposed the recommended VFH Concession approach
 - The Board directed staff to revise the Taxi cab and Vehicle for Hire MOAs to include more specific responsibilities, consequences and implementation timetables.
- Board Presentation- July 2014
 - Review and approve (or provide further direction) the revised, more specific MOA responsibilities and standards in preparation for the September Board meeting to finalize the MOA consequences/ penalties and implementation timeline.

MOA Responsibilities

Key MOA responsibilities will be consolidated with more specific descriptions and standards with escalating consequences for non-compliance:

- Vehicle Safety and Appearance
- Driver Professionalism and Customer Service
- Taxi Cab and Shuttle Availability
- Passenger Wait Times
- Vehicle Modernization
 - Electronic equipment
 - AFV/CAV vehicle conversions
- Industry Communication & Collaboration
- Dispatch Operations & Personnel
- Other Operational Improvements
- ADA Services & Compliance

Vehicle Safety and Appearance

Zero (0) incidents of vehicle safety and/or appearance issues

Airport

- Will conduct frequent, random and periodic taxi and VFH visual inspections (using standardized Airport inspection sheets)
- Will coordinate with various regulatory agencies (MTS, CHP, etc.) for periodic vehicle safety and compliance inspections,

MOA Consortium

- Ensure drivers comply with and responsibilities, standards and requirements for vehicle appearance and condition
- Notify the Airport Authority in writing of any external agency found deficiency and the subsequent corrective actions within 2 business days.



Vehicle Safety and Appearance

- Airport Code Compliance- Taxis and Vehicles for Hire
 - Airport Traffic Officers (ATO)
- Regulatory Agencies- Taxis
 - Metropolitan Transit System (MTS)
 - San Diego County Sheriff's Office
 - San Diego County Department of Weights and Measures (taxi meter accuracy)
- Regulatory Agencies- Vehicles for Hire
 - California Highway Patrol (CHP)
 - CA Public Utilities Commission (PUC)

ATO Inspection Form

REV. 8 5/06/2014



San Diego County Regional Airport Authority

Hold Lot Inspection Form Inspector: _____ Date: ___/___/___

Vehicle Information			
Company Name:		Driver Name:	
Vehicle Body No:		Airport Authority I.D. #	
Vehicle Make/Model:		Sheriffs I.D. #	
License Plate:		N.O.V. No. (If Issued)	
GTS Permit:		Vis. Type: Admin Dress / Veh. Cond.	

BRAKES/TIRE/SAFETY	PASS	FIX & RTN	FAIL
Pedals (Brake/Gas)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Emergency Brake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tire Tread Wear/Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spare Tire/Road Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hub Caps (Vehicle must have all 4)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lug Nuts (All 5)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DOOR/TRUNK OPERATION	PASS	FIX & RTN	FAIL
Operate/Secure/Lock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Handrail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Window Operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trunk/Luggage area Cleanliness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trunk Security Latch (Taxis Only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

LIGHTS	PASS	FIX & RTN	FAIL
Emergency Flashers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Headlights (High & Low Beam)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Brake Lights (Both)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Top/Third Light (Brake)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reverse Lights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For Hire Lights (Taxis Only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interior Lights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Check Engine light or Dash Board Lights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Parking Lights (Front & Rear)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Turn Signals (Both)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

EXTERIOR	PASS	FIX & RTN	FAIL
Transponder (Affixed/ No. _____)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mirrors (All 3)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Windshield	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Body Condition/Dents, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Paint Faded, Chipped, Peeled	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Markings (Company Name and Body No.#)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cleanliness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fuel Cap	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Visible Fluid Leaks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decals (GTSP/MEDALLION/PSC# No.#)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Posted Rates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DRIVER	PASS	FIX & RTN	FAIL
Appropriate Clothing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clothing Clean & Wrinkle free	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Body Odor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
CDL / Proof of Insurance / Registration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Driver Permit/Sheriffs I.D. (Taxicab Only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Driver Permit Large and Small (VFH Only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Map Book (Thomas Guide)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

INTERIOR	PASS	FIX & RTN	FAIL
Horn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Windshield Wipers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Seat/Seatbelts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Meter Seals/Operation (Taxicab Only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Defroster	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Heater	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Air Conditioner Operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rear View Mirror (No Items Hanging)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foul Interior Odors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cleanliness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Arm Rest/Center Arm Rest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Passenger Bill of Rights (Taxi & VFH)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Credit card machine (Taxicab only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Driver Professionalism & Customer Service



Zero (0) incidents of unprofessional behavior and/or discourteous drivers

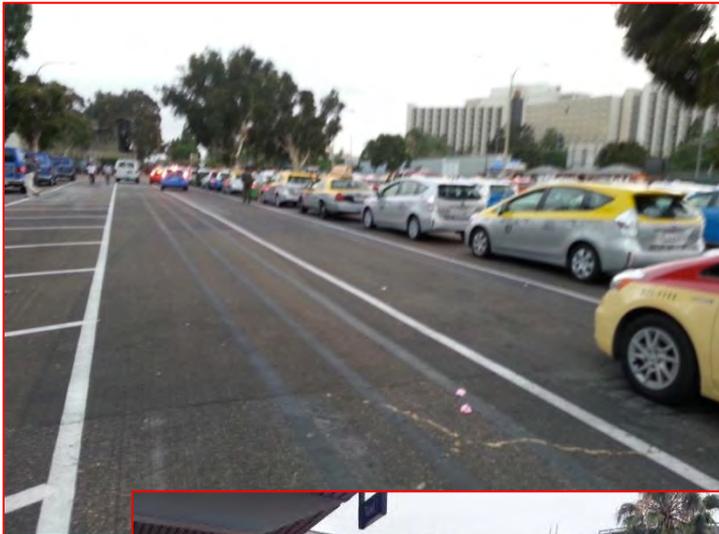
Airport

- Conduct random, frequent periodic driver inspections (inspection sheets)
- Driver meetings and counseling sessions

MOA Consortium

- Comply with and enforce the Airport standards for personal appearance, driver behavior and professionalism
- Enforce the process for correcting and disciplining member owners and drivers
- Mandatory training program for all new drivers augmented with mandatory refresher training every two (2) years; follow-up training for counseled offenders

Taxi Cab and Shuttle Availability



Taxi and VFH Availability equal to Customer Demand daily between 8:00am and 2:00am

Airport

- Establish, monitor and manage taxi scheduling and staging at the hold lot and the transit islands to ensure a sufficient supply of taxi cabs and shuttle vans from 8am- 2am.

MOA Consortium

- Enforce the control system to ensure two hundred and twenty-five (225) taxi cabs provide service daily basis with an additional twenty-five (25) to seventy-five (75) taxis from 6:00 p.m. until 2:00 a.m.
- Taxi owners shall ensure all cars and drivers are servicing the airport according to the Airport's schedule.

Taxicab Airport Schedule

Airport Taxicab “Sticker” Allocation

Stickers	#'s
A1	25
A2	25
A3	25
A4	21
TOTAL A	96
B1	25
B2	25
B3	24
B4	21
TOTAL B	95
TOTAL A & B	191
ALL	129
ADA	2
SPARE	4
TOTAL	326

Airport taxicabs are designated alternating days/dates to serve the airport (A, B, All)

Additional taxicabs are designated to serve the airport after 6pm (B1, B2, B3)

If additional taxicabs are needed due to late flights or passenger demand greater than expected, the CSR will open the airport to “all stickers.”

Airport Taxicab Schedule

Sun	2/9/2014	A, ALL	B1, B2, B3			
Mon	2/10/2014	B, ALL	A2			
Tue	2/11/2014	A, ALL	B4	WEST 2014 Conference	San Diego Convention Center	12,000
Wed	2/12/2014	B, ALL	A3	WEST 2014 Conference WEST 2014 Conference	San Diego Convention Center San Diego Convention Center	12,000 12,000
Thu	2/13/2014	A, ALL	B1, B2	American Heart Assn Stroke Conference American Heart Assn Stroke Conference	San Diego Convention Center San Diego Convention Center	6,000 6,000
Fri	2/14/2014	B, ALL	A4, A1	American Heart Assn Stroke Conference	San Diego Convention Center	6,000
Sat	2/15/2014	A, ALL	B3			

Passenger Wait Times



Average 95% of the total GT operational hours (20 hrs. per day) with passenger wait times of 10 minutes or less

Airport

- The Airport will video and review transit island queue lines to determine overall wait times.
- In the event of unexpected or high demand, the Airport will open to all airport permitted cabs.

MOA Consortiums

- MOA Consortium members shall ensure all permitted vehicles and drivers are servicing the airport according to the Airport's schedule.

Vehicle Modernization- Equipment

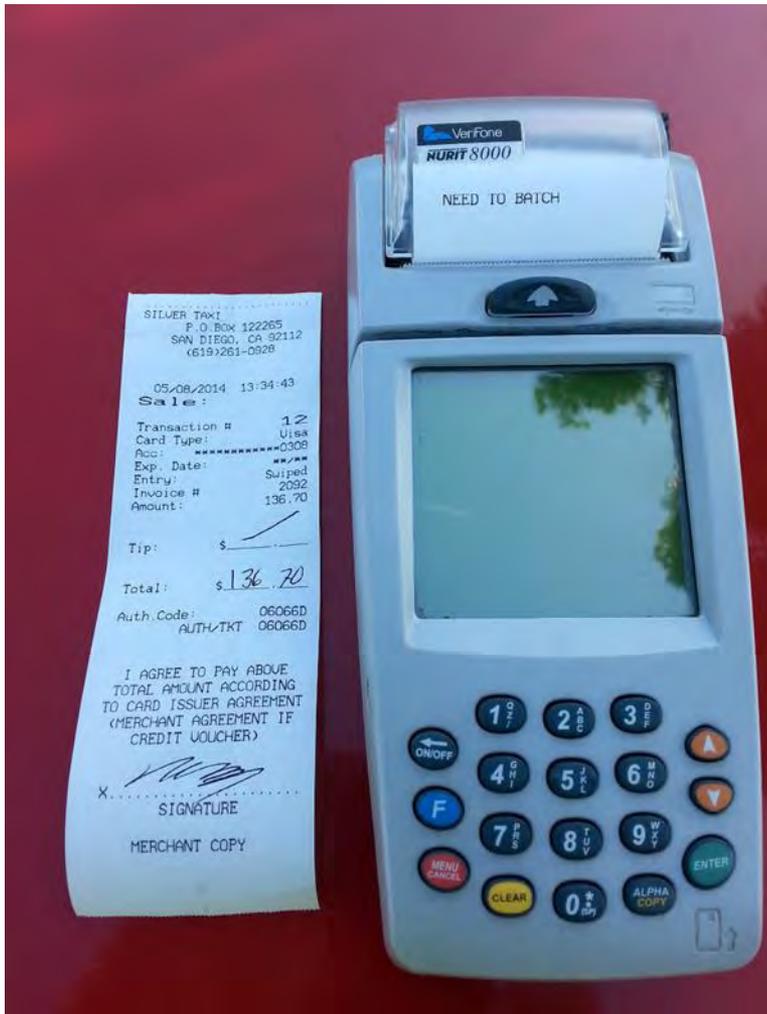
All MOA vehicles shall use approved electronic credit card transaction capability

Airport

- Conduct random, frequent periodic credit card electronic equipment inspections (inspection sheets)

MOA Consortium

- Enforce member vehicles servicing SDIA use of electronic collection of fares (credit/debit cards) with electronic credit/debit card transaction equipment (approved by the Airport)



Vehicle Modernization- Conversion



Compliant with the Airport's
AFV/CAV commitments by
June 30, 2017.

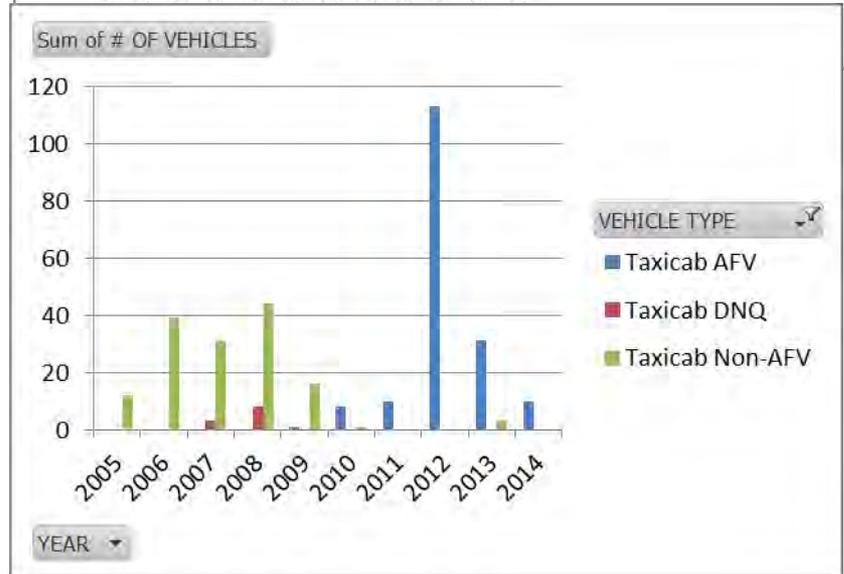
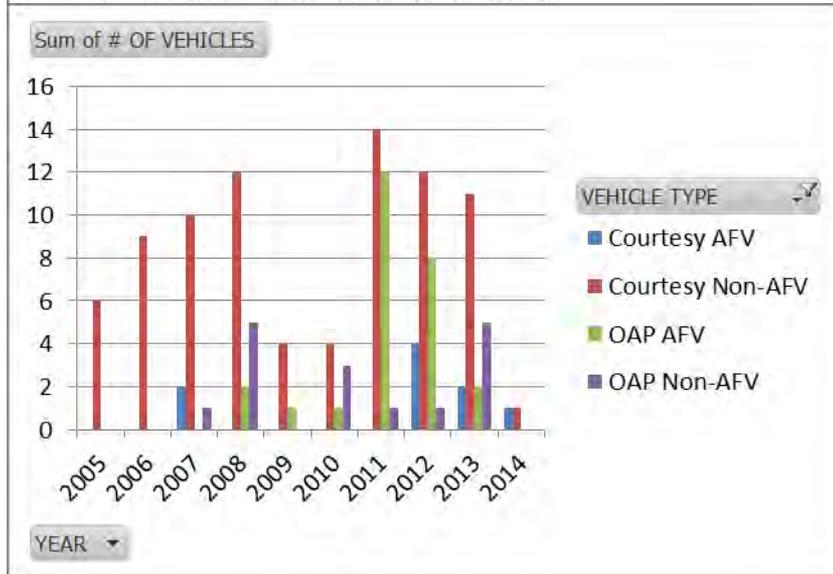
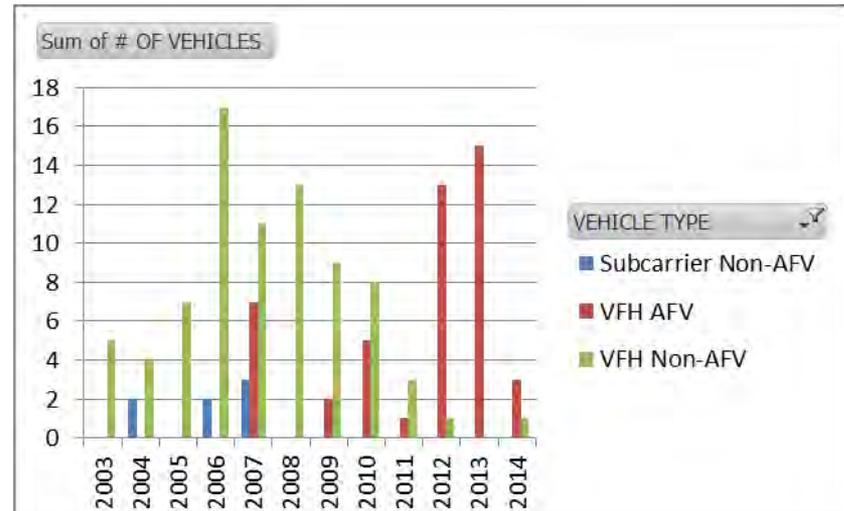
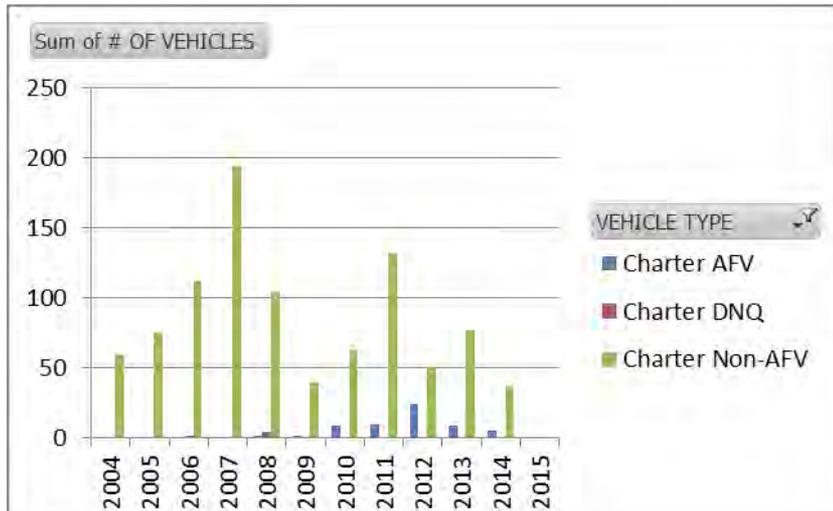
Airport

- Present the Vehicle Incentive Conversion Plan (Part II) at the September 2014 Board Meeting
- Develop the requisite course of action with each commercial vehicle mode to comply with the AGMOU.

MOA Consortium

- Prepare and provide to the Authority, the consortium's conversion plans to meet the 6/30/17 deadline

Vehicles Numbers by Mode



Communication & Collaboration



Continue to enhance the working relationships with industry reps and key stakeholders

Joint

- Continue the monthly meetings with defined agendas to establish and implement needed actions to address MOA responsibilities, timetables, performance measures/results and corrective actions.
- Establish a more formal procedure to define the key objectives, document issues/concerns and resolve differences between MOA parties.

Dispatch Operations & Personnel



Ensure properly trained and professional dispatch personnel and service representatives

Airport

- Establish CSR performance standards and ensure professionally trained and customer-oriented dispatch personnel are fulfilling the function.
- Replace dispatch personnel not performing job duties or complying with Airport requirements.

MOA Consortium

- Enforce Airport requirements with their drivers and officially report those dispatch personnel not performing their job duties and responsibilities in accordance with the CSR performance standards.

Other Operational Improvements



Prioritize and improve designated SDIA Ground Transportation operational improvement areas

Joint

- Airport roadway and traffic safety improvements
- Efficient commercial vehicle circulation and passenger access procedures
- Vehicle driver/occupant mishap risk reduction programs
- Airport ground transportation facility and support system upgrades

ADA Services & Compliance

Provide professionally trained drivers with equipped vehicles in less than 30 minutes



MOA Consortiums

- Develop plans to ensure the timely and appropriate response of all Airport ADA requests.
- Submit plans to the Airport for critique and inclusion into the standard operating plans (SOPs).
- Establish a mechanism to evaluate ADA response and satisfaction.

Evaluation of MOA Responsibilities and Key Performance Measures



Quarterly review of MOA responsibilities and results

Joint

- Compile, update and review Authority and MOA responsibilities
- Define and implement appropriate and timely corrective actions.
- Evaluate key performance measures (results) for all responsibilities

Next Steps

- July 2014
 - Board to approve Staff's recommendations for Taxi Cab and VFH MOA standards and/or provide additional guidance regarding key responsibilities
- Sept. 2014
 - Revised Vehicle Incentive Conversion Program
 - Agree on escalating consequences for non-compliance with MOA responsibilities and standards
- November 2014
 - Modified MOA goes into effect
- April 2015
 - Annual Ground Transportation Update (to include MOA key performance measures and results)

GROUND TRANSPORTATION STANDARDS FOR TAXI CAB AND VEHICLE FOR HIRE MEMORANDUMS OF AGREEMENT (MOA)



**Discussion &
Questions**



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
17

Meeting Date: **JULY 7, 2014**

Subject:

Approval of Amendments to Authority Code §9.11 Through Code §9.15 and Code §9.19, Code §9.21, Code §9.24, Code §9.33 and Code §9.34 Regarding Transportation Network Companies (TNCs)

Recommendation:

Adopt Resolution No. 2014-0073, approving amendments to Authority Code §9.11 – Transportation Service Regulations; Code §9.12 – Ground Transportation Permits; Code §9.13 – Driver’s Permits; Code §9.14 – Insurance; Code §9.15 – Vehicle Registration; Code §9.19 Issuance and Transfer; Code §9.21 – Vehicle Condition; Code §9.24 – Violations; Code §9.33 – Parking Regulations - Enforcement; and Code §9.34 – Parking Restrictions, regarding permit requirements and regulations applicable to Transportation Network Companies.

Background/Justification:

Transportation Network Companies (TNCs). The increase of on-demand and peer-to-peer car sharing services presents new and unique challenges to airports. On-demand car services provide pre-arranged transportation services for compensation using an online-enabled application or platform to connect passengers with drivers who use their own personal vehicles.

The California Public Utilities Commission (CPUC) defines these on-demand commercial transportation services as Transportation Network Companies (TNCs). Whether operating as a corporation, partnership, sole proprietor, or other form, TNC operators provide pre-arranged transportation services to passengers for compensation, using an online-enabled application (app) or platform (normally using cell phones) to connect passengers with TNC drivers. TNC drivers provide all services using their own *personal* vehicle.

These new TNC services provide passengers with an alternative commercial ground transportation option that uses the airport’s infrastructure and roadways. TNCs services compete with the taxicab and shuttle industries, both of whom pay fees for the privilege of operating at San Diego International Airport (SDIA). No TNC service provider currently holds a permit from the Authority to conduct business on SDIA and none pay fees to the Authority. Since TNC operations are quite new, the CPUC and the Authority are adjusting their rules to cover such operations.

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After a long administrative rulemaking process dating back to 2012, the CPUC issued on September 23, 2013, Decision D13-09-0045, and Order Instituting Rulemaking on Regulations Relating to Passenger Carriers, Ridesharing and New Online-Enabled Transportation Services 12-12-011 applicable to TNC operators. (Details are discussed below.) On April 11, 2014, it issued Decision 14-04-022 with an Order modifying its prior rulemaking. On June 10, 2014, CPUC President Michael R. Peevey wrote letters to the TNCs operators (UberX, Lyft, Sidecar, Wingz, and Summons) advising them of alleged violations of the CPUC's Decision, specifically addressing operating at airports in California without the necessary authorization, and threatened to revoke all PUC permits if there is no compliance within two weeks.

To some degree, the Authority's current Code and Policies, permitting procedures, and fees do not sufficiently address the new TNC operators and their services. The Authority is enforcing its parking regulations for unauthorized TNC passenger pickups and continues to require TNCs to comply with CPUC Decision 13-09-0045, which is applicable to TNC operations and pickups on airport premises. The Authority is also working with local authorities to implement measures to regulate TNC services.

Existing Regulations Applicable to TNC Operations at SDIA.

CPUC: The CPUC Decision mandates that each TNC must:

- Maintain at least \$1 million in vehicle liability insurance;
- Obtain a license from the CPUC to operate in California;
- Require each driver to undergo a criminal background check;
- Establish a driver training program;
- Implement a zero-tolerance policy on drugs and alcohol;
- Conduct a 19-point car inspection; and,
- Obtain authorization from the airport before conducting any operations on airport property or into any airport

The CPUC specifically states in its Decision that TNCs must "obtain authorization from airports before conducting any operations on airport property or into any airport."

Airport Codes.

- SDCRAA Code § 9.11 (a) states:

"No person shall operate or drive or cause to be operated or driven any Taxicab, Vehicle for Hire, Charter Vehicle, scheduled ground transportation service, hotel or other courtesy vehicle or any other ground transportation service (except as provided in Section 9.23 of this Code) over and upon the non-dedicated private streets for the transportation of persons and baggage from with the San Diego International Airport without all valid and necessary permits issued by the San Diego County Regional Airport Authority (the "Authority"). [Misdemeanor.]

- SDCRAA Code § 9.12 states:

"The President/CEO or his or her designee of the San Diego County Regional Airport Authority ("Authority") may issue permits authorizing ground transportation service for the transportation of persons and baggage from or within the San Diego International Airport ("Airport"). A valid permit is permission for the persons to whom it is given, including said person's employee, driver or agent, to transport, by vehicle to which the decal is affixed, passengers and baggage over and upon the non-dedicated private streets within the Airport, in accordance with the rules, regulations and standing time limits established and designated by the President/CEO from time to time." [Misdemeanor.]

- SDCRAA Code § 9.13 states:

"Except as provided in Section 9.23 of this Code, no person shall drive or operate a commercial transportation vehicle at the San Diego International Airport ("Airport") without a valid Driver's Permit from the San Diego County Regional Airport Authority (the "Authority") in their possession. For purposes of this Article, a commercial transportation vehicle shall include, but not be limited to, a Charter Vehicle, Courtesy Vehicle, Taxicab and Vehicle for Hire."

- SDCRAA Code § 9.14 states:

No Ground Transportation Service Permit Holder shall operate at the San Diego International Airport unless the vehicle Permit Holder establishes and maintains in effect the forms of financial responsibility for public liability and workers' compensation specified in this Section.

- SDCRAA Code § 9.15 states:

"No Airport Ground Transportation Service Permit shall be issued without proof of valid vehicle registration provided to and approved by the San Diego County Regional Airport Authority (the "Authority")."

- SDCRAA Code § 9.19 states:

- (1) "Taxicabs. In the event the Board exercises its discretion to issue Commercial Ground Transportation Service Permits for taxicabs ("**Taxicab Permits**") for any subsequent one-year period after June 30, 2014, the holder of any Taxicab Permit no longer wishing to operate under said Taxicab Permit must do one of the following:

- (i) Return the Taxicab Permit to the Authority; or
 - (ii) Transfer the Taxicab Permit to an Authority-approved recipient ("**Transferee**"), and
 - a. Pay the Authority a one-time transfer fee of \$3,000,
 - b. Secure the prior written consent of the President/CEO, and
 - c. Advise the Transferee in a writing approved by the Authority that the Taxicab Permit is no longer transferrable and must be returned to the Authority if the Transferee no longer wishes to operate under the Taxicab Permit."
- SDCRAA Code § 9.21 states:

"An authorized vehicle shall not be driven on property of the San Diego International Airport (the "Airport") unless it is in safe operating condition and in good repair. Its lighting equipment shall be in good working order. There shall be no cracked or broken windshields, windows or mirrors. The muffler and exhaust system shall be adequate to prevent excessive or unusual noise and shall not emit excessive smoke, flame, gas or oil. Exterior paint and markings shall not be faded or discolored. The vehicle shall have and maintain, in operational condition, a heater, air conditioner and defroster. The vehicle shall be maintained in a clean condition, both with regard to the interior and exterior. In vehicles required to have a taximeter, it is the responsibility of the person driving it to make certain that: the taximeter is in proper recording position at all times; the meter reading is visible to any passenger; and the meter light is burning during hours of darkness. The vehicle shall be further maintained in condition as provided in accordance with rules and regulations established by the Executive Director or his or her designee (the "Executive Director") of the San Diego County Regional Airport Authority (the "Authority")."
 - SDCRAA Code § 9.24 states:

"Violations of any of the provisions of Sections 9.01 to 9.24 inclusive, of this Code shall be charged as a misdemeanor."
 - SDCRAA Code § 9.33 states:

(a) Jurisdiction. The San Diego County Regional Airport Authority ("Authority") is authorized pursuant to §21100 and 22500 *et seq.* of the California Vehicle Code, §170016 of the California Public Utilities Code and other applicable laws to enact and appoint

personnel to enforce parking regulations at the San Diego International Airport ("Airport").

(b) Authorization. Airport Traffic Officers ("ATOs") and other Authority personnel designated by the President/CEO that are assigned to the enforcement of the Authority's codes, applicable section of the California Vehicle Code and other applicable laws relating to illegal parking and related violations within the jurisdiction of the Authority are authorized to issue written notices of violation thereof stating the vehicle license number, make of vehicle, the time and date of illegal parking, street location and reference to the appropriate section violated together with fixing a time and place for appearance by the registered owner to answer said notice. Such notice shall be attached to said vehicle in a conspicuous place upon the vehicle so as to be easily observed by the person in charge of such vehicle upon his or her return thereto.

(c) Penalty. For purposes of regulating the use and safety of streets, parking and traffic as a deterrent to illegal parking the following penalties are established:

[Portions omitted.]

Unauthorized Airport Parking \$67.50"

- SDCRAA Code § 9.34 (a) states:

"No person shall stop, stand or park any vehicle on facilities or airports under the jurisdiction of the San Diego County Regional Airport Authority (the "Authority"), including the San Diego International Airport (collectively, the "Facilities"), in violation of posted signs or curb markings."

Current Situation. Signs at the entrances to the airport terminal roadways notify TNC commercial vehicle operators that an Authority permit is required to conduct any commercial ground transportation activity at curbside. Enforcement is effected through parking infraction citations for TNCs illegal stopping or standing at the curb in violation of posted signs. [Authority Code § 9.34 and § 9.36.]

Since January 2014, 51 citations have been written against unauthorized TNC pickups at the Airport. An additional 14 citations were issued by Harbor Police Department and the Metropolitan Transit System (MTS) primarily for various infractions and misdemeanors in May 2014. The most common violations were operating (stopping or parking) without a valid airport permit and operating without commercial vehicle insurance, among other Ordinance 11 and CPUC violations.

TNC operators are well aware the Authority is enforcing its Codes. Other regulatory agencies are enforcing CPUC regulations and ordinances. However, TNC operators are taking extraordinary means to avoid detection. Individual operators are removing their trade dress, picking up fares in airport parking lots, and otherwise avoiding any indication they are operating for a commercial purpose at SDIA. It has been reported that some TNC organizations are compensating drivers for any citations and incidental fines associated with Airport pickups.

The Authority's Director of Ground Transportation testified before the California State Senate Insurance Committee in Sacramento. His testimony was in support of Assembly Bill 2293 (Bonilla) - Transportation Network Companies: insurance coverage. The Authority Board voted unanimously to support AB 2293 during its June 5, 2014, meeting. Also in attendance was Jim Lites, Executive Director of the California Airports Council, and staff from Manatt, Phelps & Phillips, LLP, the Authority's Sacramento lobbying firm.

The following are key points were made at the hearing:

- The San Diego County Regional Airport Authority (SDCRAA) does not currently allow Transportation Network Company (TNC) drivers to initiate trips at San Diego International Airport (SDIA).
- Despite this prohibition, SDIA has continued to experience an increase in TNC activity since online-enabled platforms have connected passengers and drivers.
- SDCRAA has issued over 60 citations to TNCs in 2014.

Following testimony, the bill PASSED out of the Senate Insurance Committee 9 to 1.

Infractions Enforcement Process. The Authority's Code and state law provide that Airport Traffic Officer's (ATOs) may only issue citations for parking violation infractions. California's Penal Code provides that the penalty for infraction violations cannot exceed \$250. Today, the Authority's Code specifies a penalty of \$67.50 per violation (\$79.50 including the processing fee). Staff recommends the Board amend Authority Code § 9.33 to increase the penalty as it applies to the illegal stopping, standing or parking by commercial operators and by adding a new subsection to § 9.34 to address commercial operators.

Misdemeanor Enforcement Process. Authority Code § 9.11 provides that it is a misdemeanor for a commercial ground transportation operator, including TNCs, to operate on Airport property without a valid permit from the Authority. Violators are subject to either citation or arrest. However, arrests must be made and citations must be issued for misdemeanors through a peace officer such as a Harbor Police Officer (unless effected though the cumbersome process of a citizen arrest). In order to arrest for a misdemeanor, the crime must be conducted in the presence of the peace officer. These requirements significantly restrict the ability to enforce the law against those TNC operators who operate illegally. Should an increase in the parking citation penalty not be effective, the Authority will have to take additional enforcement steps using Harbor Police, which may include resorting to the impound of vehicles.

Recommendation. The SDCRAA Codes, Rules and Regulations must be revised to include the Transportation Network Companies as a new form of commercial vehicle operation. Further, the Code should be modified to include a more significant penalty for the driver and the owning company not possessing a Ground Transportation permit. Proposed revisions to the SDCRAA Codes to implement the above recommendations are attached here as "Exhibit A."

Fiscal Impact:

Collection of a more significant penalty will result in a nominal increase in revenue over what is projected for FY 2015.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. § 15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code § 21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §3 0106.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

DAVID BOENITZ
DIRECTOR, GROUND TRANSPORTATION

RESOLUTION NO. 2014-0073

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AMENDMENTS TO AUTHORITY CODE §9.11 – TRANSPORTATION SERVICE REGULATIONS; CODE §9.12 – GROUND TRANSPORTATION PERMITS; CODE §9.13 – DRIVER'S PERMITS; CODE §9.14 – INSURANCE; CODE §9.15 – VEHICLE REGISTRATION; CODE §9.19 ISSUANCE AND TRANSFER; CODE §9.21 – VEHICLE CONDITION; CODE §9.24 – VIOLATIONS; CODE §9.33 – PARKING REGULATIONS – ENFORCEMENT; AND CODE §9.34 – PARKING RESTRICTIONS, REGARDING PERMIT REQUIREMENTS AND REGULATIONS APPLICABLE TO TRANSPORTATION NETWORK COMPANIES

WHEREAS, Parts 9.1 to 9.3 of Article 9 of the Code ("Code") of the San Diego County Regional Airport Authority, a local entity of regional government, ("Authority") contains administrative, permitting and regulatory provisions applicable to commercial ground transportation operations, vehicle parking, and other related operations at San Diego International Airport ("SDIA"); and

WHEREAS, the provisions of Article 9 generally apply to the operations of taxicabs, shuttles (vehicles for hire or passenger stage carriers), limousines (charger party carriers or charter vehicles, courtesy vehicles (parking and rental car); and

WHEREAS, there has been a marked increase in the operations of a new form of commercial ground transportation services, variously described as on-demand or peer-to-peer car sharing services, in the San Diego area and elsewhere in the United States as evidenced by the operations of such companies as Uber, Lyft, Sidecar which present new and unique challenges to airports; and

WHEREAS, these on-demand and peer-to-peer car sharing services provide pre-arranged commercial ground transportation services to passengers for compensation using an online-enabled application ("app") or platform to connect the passengers with drivers who generally are using their own personal private vehicles to provide the services; and

WHEREAS, the California Public Utilities Commission (“CPUC”) defines these on-demand and peer-to-peer commercial ground transportation services as Transportation Network Companies (“TNCs”); and

WHEREAS, TNC services provide passengers at SDIA with an alternative commercial ground transportation option using the airport’s infrastructure and roadways which competes with the taxicab and shuttle industries, both of whom pay fees for the privilege of operating at SDIA; and

WHEREAS, since TNC operations are quite new, the CPUC and the Authority are adjusting their rules to address such operations; and

WHEREAS, the CPUC has instituted formal rulemakings and issued orders and decisions pertaining to TNCs, specifically ruling that TNCs must “obtain authorization from airports before conducting any operations on airport property or into any airport” [See Decision (D13-09-0045 Order Instituting Rulemaking on Regulations Relating to Passenger Carriers, Ridesharing and New Online-Enabled Transportation Services 12-12-011 applicable to TNC operators]; and

WHEREAS, the Authority’s current Code and fee structure do not sufficiently address the new TNC operators and their services; and

WHEREAS, the Authority’s Code and state law provide that Airport Traffic Officer’s (ATOs) may only issue citations for parking violation infractions and the California Penal Code provides that the penalty for infraction violations cannot exceed \$250; and

WHEREAS, staff recommends that the Authority’s Codes should be amended to include appropriate Airport rules, operational procedures and enforcement methods to effectively and efficiently monitor and control all forms of commercial vehicle ground transportation operating on Airport premises, including TNCs; and

WHEREAS, the staff’s proposed amendments add provisions defining TNCs, requiring TNCs to obtain airport permits and decals prior to operating at SDIA, requiring TNC drivers to obtain driver permits, mandating that TNCs have insurance, and restricting permit transferability; and

WHEREAS, violations of these proposed amendments are misdemeanors pursuant to Authority Code 9.24 and are “punishable by imprisonment in the county jail not exceeding six months, or by fine not exceeding one thousand dollars (\$1,000), or by both” pursuant to Cal. Penal Code § 19.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves amendments to Authority Code §9.11 – Transportation Service Regulations; Code §9.12 – Ground Transportation Permits; Code §9.13 – Driver’s Permits; Code §9.14 – Insurance; Code §9.15 – Vehicle Registration; Code §9.19 Issuance and Transfer; Code §9.21 – Vehicle Condition; Code §9.24 – Violations; Code §9.33 – Parking Regulations – Enforcement; and Code §9.34 – Parking Restrictions, regarding permit requirements and regulations applicable to Transportation Network Companies (TNCs), as stated on “Exhibit A” attached hereto; and

BE IT FURTHER RESOLVED that the Board hereby directs staff to provide information regarding these amendments to the commercial ground transportation service providers affected by the amendments; and

BE IT FURTHER RESOLVED that the Board hereby authorizes the President/CEO to take such steps as are appropriate to fully and effectively enforce the Authority Code and these amendments; and

BE IT FURTHER RESOLVED the Board finds that this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code § 21065); and is not a “development” as defined by the California Coastal Act (California Public Resources Code § 30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

EXHIBIT A

Code 9.11 – Transportation Service Regulations

Code 9.12 – Ground Transportation Permits

Code 9.13 – Driver's Permits

Code 9.14 – Insurance

Code 9.15 – Vehicle Registration

Code 9.19 – Issuance and Transfer

Code 9.21 – Vehicle Condition

Code 9.24 – Violations

Code 9.33 – Parking Regulations - Enforcement

Code 9.34 – Parking Restrictions

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

CODES

- ARTICLE 9 - SAN DIEGO INTERNATIONAL AIRPORT**
PART 9.1 - GROUND TRANSPORTATION
SECTION 9.11 - TRANSPORTATION SERVICE REGULATIONS
-

(a) No person shall operate or drive, or cause to be operated or driven any Taxicab, Vehicle for Hire, Charter Vehicle, TNC Vehicle, scheduled ground transportation service, hotel or other courtesy vehicle, or any other commercial ground transportation service (except as provided in Section 9.23 of this Code) over and upon the non-dedicated private streets for the transportation of persons and baggage from or within the ~~San Diego International Airport~~ without all valid and necessary permits issued by the ~~San Diego County Regional Airport Authority (the "Authority")~~.

(b) Certain words and phrases used in this Article 9 are defined as follows, unless the context requires a different meaning:

(1) "**Charter Vehicle**" shall mean any vehicle issued a Charter-Party Carrier of Passengers Certificate by the California Public Utilities Commission.

(2) "**Courtesy Vehicle**" shall mean any vehicle used by a hotel, rental car company, off-airport parking lot or any other service transporting passengers where there is no charge for said services.

(3) "**Hearing Officer**" shall mean the individual or individuals appointed by the Authority to hear the evidence and information regarding Permit Holders facing administrative action.

(4) "**Non-Dedicated Streets**" shall mean streets under the control and jurisdiction of the Authority and not dedicated to any other governmental agency.

(5) "**Permit Holder**" shall mean any individual, company, organization, entity or affiliate permitted to operate ground transportation service vehicles within the San Diego International Airport.

(6) "**Taxicab**" shall mean any passenger vehicle designed to carry no more than eight persons, excluding the driver, used to carry passengers for hire and licensed as such by a local authority.

(7) "**TNC Vehicle**" shall mean any passenger vehicle engaged in providing Transportation Network Company services and issued a Transportation Network Company permit by the California Public Utilities Commission.

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(8) **“Vehicle for Hire”** shall mean any vehicle issued a Passenger Stage Corporation Certificate by the California Public Utilities Commission.

[Amended by Resolution No. 2014-_____, dated July 7, 2014.]

[Amended by Resolution No. 2012-0083 dated July 12, 2012.]

[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

CODES

- ARTICLE 9 - SAN DIEGO INTERNATIONAL AIRPORT**
PART 9.1 - GROUND TRANSPORTATION
SECTION 9.12 - GROUND TRANSPORTATION PERMITS
-

The President/CEO or his or her designee of the San Diego County Regional Airport Authority ("~~Authority~~") may issue permits authorizing ground transportation service for the transportation of persons and baggage from or within the San Diego International Airport ("~~Airport~~"). A valid permit is permission for the person to whom it is given, including said person's employee, driver or agent, to transport, by a vehicle to which a decal is affixed, passengers and baggage over and upon the non-dedicated private streets within the Airport, in accordance with the rules, regulations, and standing time limits established and designated by the President/CEO from time to time.

(a) Vehicle Restrictions.

(1) ~~Beginning on the date stated below, the following vehicle restrictions will apply:~~

(i) ~~Beginning July 1, 2011, the Authority will issue up to a maximum of four hundred fifty (450) Taxicab permits. Said permits shall serve the Airport in accordance with an established decal system that allows two hundred twenty-five (225) Taxicabs per day to serve the airport. An additional seventy-five (75) Taxicabs are authorized from 2:00 p.m. until 2:00 a.m. for a not to exceed total of three hundred (300) Taxicabs.~~

(ii) ~~Beginning July 1, 2012, the total number of authorized vehicle decals for Taxicab permits shall not exceed 450 for the Airport. A reserve list shall be retained and may be used by the President/CEO for possible replacements. The operating authority of vehicle decals for Taxicabs shall be restricted to two days every five days, not to exceed 180 authorized decals each day through the establishment of a numbered system.~~

(2) ~~The total number of authorized Vehicle for Hire operators shall not exceed nine. Only the Vehicle for Hire operators with valid vehicle permits from the permit period of January 1, 2002 through December 31, 2002, will be issued Vehicle for Hire permits.~~

(3) ~~No Vehicle for Hire operator may transfer a vehicle decal except as provided in Section 9.19 of this Code. Authorized Vehicle for Hire operators may increase the number of vehicle decals for their fleet each calendar year by the higher of two vehicles or 10% of ~~its~~their the then existing fleet.~~

(4) ~~No Taxicab, Charter Vehicle, Vehicle for Hire, ~~or~~ Courtesy Vehicle, or TNC Vehicle shall be operated at the Airport without the appropriate current vehicle decal and~~

permit issued by the Authority and having passed inspection as provided by this Code. No vehicle decal shall be issued for any Taxicab, Charter Vehicle, Vehicle for Hire, ~~or~~ Courtesy Vehicle, or TNC Vehicle more than ten (10) years old^[NC1].

(5) The Authority's Board of Directors (the "**Board**") reserves the right to increase or decrease the number of ground transportation service permits and vehicle decals or otherwise further limit or restrict the days or times for operation of the Permit Holders as provided herein or as may be provided pursuant to a duly adopted resolution.

(b) Permit Terms and Fees.

A ground transportation service permit may be issued any time during the calendar year and shall not exceed the expiration date. Irrespective of the date of issuance of any permit, every ground transportation service permit shall expire at the end of the permit term period during which it was issued unless any such permit is sooner terminated, suspended, revoked or cancelled. No permit shall be extended nor shall any permit be renewed or transferred~~able~~ except ~~transfer of a permit~~ as provided in this Code.

(1) ~~The trip fees~~ or any other fees and charges for a ground transportation service provider shall be set by resolution of the Board.

(c) Automated Vehicle Identification.

All authorized Airport Ground Transportation Service Provider vehicles shall display a vehicle identification decal and have installed an Automated Vehicle Identification ("AVI") transponder.

(1) No person shall remove, damage or tamper with a vehicle decal or AVI transponder unless given written authorization by the Authority.

(2) No person shall evade or attempt to evade an Airport Automated Vehicle Identification~~VI~~ reader.

(d) Vehicle Inspections.

Each vehicle for which there is an application for a decal shall be inspected by the Authority or an approved Inspection Station prior to issuance of a vehicle decal, and at other times as deemed advisable by the Authority.

[Amended by Resolution No. 2014-____, dated July 7, 2014]
[Amended by Resolution No. 2012-0083 dated July 12, 2012]
[Amended by Resolution No. 2011-0065R dated June 2, 2011]
[Amended by Resolution No. 2011-0012 dated January 6, 2011]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

CODES

ARTICLE 9 - SAN DIEGO INTERNATIONAL AIRPORT
PART 9.1 - GROUND TRANSPORTATION
SECTION 9.13 - DRIVER'S PERMITS

(a) Except as provided in Section 9.23 of this Code, no person shall drive or operate a commercial ground transportation vehicle at the ~~San Diego International Airport~~ (“~~Airport~~”) without a valid Driver's Permit (“~~Driver's Permit~~”) from the ~~San Diego County Regional Airport Authority~~ (~~the “Authority”~~) in their possession. For purposes of this Article, a commercial ground transportation vehicle shall include, but not be limited to, a Charter Vehicle, Courtesy Vehicle, Taxicab ~~and~~, Vehicle for Hire, and TNC Vehicle.

(b) A Driver's Permit shall not be issued to any of the following:

(1) Any person required to register as a sex offender pursuant to the California Sex Offender Registration Act (California Penal Code §_290, *et seq.*);

(2) Any person required to register with the chief of police pursuant to California Health and Safety Code §_11590, *et seq.*;

(3) Any person convicted of a felony;

(4) Any person convicted of violating any of the following:

(i) California Vehicle Code §_23152 or §_23153;

(ii) The vehicle code of another state or jurisdiction for driving a vehicle upon a highway while under the influence of an intoxicating liquor, drugs or narcotics;

(iii) California Vehicle Code §_23103 or §_23104; or

(iv) The vehicle code of another state or jurisdiction for reckless driving.

(5) Any person who has been convicted of a crime, the nature of which the Authority determines indicates the applicant's unfitness to operate a commercial ground transportation vehicle for hire in a safe and lawful manner, including, but not limited to, assault or battery, or any form thereof;

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(6) Any person who is addicted, as defined in California Welfare and Institutions Code § 3009, to any substance prohibited by the Uniform Controlled Substances Act unless enrolled and successfully participating in a drug treatment program approved by a court of relevant jurisdiction;

(7) Any person who, within the 12 months immediately preceding the submission of an application pursuant to this section, is convicted of, or held by any final administrative determination to be a negligent driver pursuant to California Vehicle Code § 12810.5;

(8) Any person who fails a Security Threat Assessment by the United States Transportation Security Administration (“TSA”);

(9) Any person who provides false information when applying for an Authority Driver's Permit; or

(10) Any person who alters, falsifies, forges, duplicates or in any manner reproduces or counterfeits, or displays or causes to be displayed any Driver's Permit issued pursuant to this Section.

(c)

(1) The provisions of Subsections (b)(1), (b)(2), (b)(3), (b)(4) and (b)(5) above shall not apply when five (5) years have elapsed from the later of:

(i) the last date of applicant's discharge from a jail or penal institution;

(ii) the last date of applicant's discharge from parole; or

(iii) the last date on which applicant was placed on probation.

(2) For the purposes of Subsection (b) above, conviction includes, but is not limited to, a plea or verdict of guilty, a finding of guilty by a court or jury in a trial, a plea of *nolo contendere*, or a forfeiture of bail.

(3) The Authority shall fingerprint every applicant and may forward fingerprints to state and federal law enforcement agencies for search.

(4) The Authority shall collect from the applicant and forward to the TSA information that is requested by the TSA for the conduct of a Security Threat Assessment.

(5) A Taxicab Driver who is in possession of a valid Taxicab Driver's Identification Card issued by the Sheriff's Department may be deemed in compliance with the Authority's fingerprinting requirements. Such applicants are still subject to the TSA's Security Threat Assessment.

(6) If, after investigation, the Authority determines that the application for a Driver's Permit should be denied, the Authority shall prepare a Notice of Denial of Application setting forth the reasons for such denial. Such Notice shall be either sent by registered mail to the applicant or personally delivered. Any person who has had an application for a Driver's Permit denied may request a hearing in accordance with the provisions of this Code.

(d) Driver's Permit – Terms and Fees

(1) A Driver's Permit may be issued any time during the calendar year for a term not to exceed one (1) year.

(2) A Driver's Permit may be renewed within the thirty (30) days prior to its expiration date by making application to the Authority, unless such permit is terminated, suspended, revoked or cancelled. A Driver's Permit shall not be renewable thirty (30) days after the expiration date of the Permit.

(3) The fee for a Driver's Permit shall be set by resolution or ordinance of the Board.

(4) Prior to the issuance or reissuance of a Driver's Permit, satisfactory proof of compliance with this Code shall be submitted to the Authority.

(5) Prior to the issuance or reissuance of a Driver's Permit, the applicant must provide proof of a valid current California's Driver's License of the class required by the Authority.

[Amended by Resolution No. 2014-_____, dated July 7, 2014.]

[Amended by Resolution No. 2009-0019, dated February 5, 2009]

[Resolution No. 2002-02, dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

CODES

- ARTICLE 9 - SAN DIEGO INTERNATIONAL AIRPORT**
PART 9.1 - GROUND TRANSPORTATION
SECTION 9.14 - INSURANCE
-

(a) No person shall operate, drive, or cause to be operated or driven any Taxicab, Vehicle for Hire, Charter Vehicle, TNC Vehicle, scheduled ground transportation service, hotel or other courtesy vehicle or any other commercial ground transportation service (except as provided in Section 9.23 of this Code) ("Insured Drivers") over and upon the non-dedicated private streets for the transportation of persons and baggage from or within the No Ground Transportation Service Permit Holder shall operate at the San Diego International Airport unless the vehicle Permit Holder they establishes and maintains in effect the forms of financial responsibility for public liability and workers' compensation specified in this Section.

(1) Permit Holders Insured Drivers shall maintain a valid policy of vehicle automobile liability insurance executed and delivered by a company authorized to carry on insurance business in the State of California, with an AM Best Company, the financial rating acceptable to responsibility of which company has been approved by the President/CEO Executive Director or his or her designee (the "Executive Director") of the San Diego County Regional Airport Authority (the "Authority"). The minimum terms and limits of said policy shall be set from time to time by the Executive Director/President/CEO. The terms of the policy shall provide that the insurance company assumes financial responsibility for injuries to persons, property and employees caused by the operation of the Permit Holder Insured Drivers and their authorized drivers and Airport Ground Transportation Service Permitted vehicles.

(2) Permit Holders Insured Drivers shall maintain a valid policy of workers' compensation insurance for all its drivers and shall include a waiver of subrogation endorsement in favor of the Authority.

(b) A valid certificate of insurance issued by the company providing the insurance policy required under the provisions of this section shall be filed with and approved by the Executive Director/President/CEO. This certificate, with appropriate endorsements to the underlying policies, shall provide that the Authority and its officers, employees and agents are named as additional insureds. It shall also provide that the insurer will notify the Authority of any cancellation or reduction in coverage and that the notice shall be in writing and shall be sent by registered mail at least 30 days prior to a reduction in coverage reduction in coverage or cancellation of the policy. The certificate also shall state:

- (1) The name and address of the Insured Drivers insured;
- (2) The insurance policy number;

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(3) The type and limits of coverage, including ~~employee classifications for workers compensation coverage and any deductibles or self-insured retention~~any deductibles or self-insured retention;

(4) The specific vehicle(s) insured for vehicle liability coverage;

(5) The effective dates of the ~~certificate~~policy; and

(6) The certificate's date of issue.

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[Amended by Resolution No. 2014-_____, dated July 7, 2014.]

[Resolution No. 2002-02, dated September 20, 2002.]

[Supereeded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

CODES

ARTICLE 9 - SAN DIEGO INTERNATIONAL AIRPORT
PART 9.1 - GROUND TRANSPORTATION
SECTION 9.15 - VEHICLE REGISTRATION

(a) No Airport Ground Transportation Service Permit shall be issued without proof of valid vehicle registration provided to and approved by the ~~San Diego County Regional Airport Authority (the "Authority").~~

(b) California vehicle registration shall list the Permit Holder or the Permit Holder's "dba" as the registered owner. If a vehicle is leased or rented, then a copy of a valid lease or rental agreement shall be provided to and approved by the Authority prior to any permit being issued.

[Amended by Resolution No. 2014-_____, dated July 7, 2014.]
[Resolution No. 2002-02, dated September 20, 2002.]

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[Superseded by Resolution No. _____ dated _____.]

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

CODES

ARTICLE 9 - SAN DIEGO INTERNATIONAL AIRPORT
PART 9.1 - GROUND TRANSPORTATION
SECTION 9.19 - ISSUANCE AND TRANSFER

- (a) Issuance of Commercial Ground Transportation Service Permits, vehicle decals and Driver Permits
- (1) Commercial Ground Transportation Service Permits, vehicle decals and Driver Permits are issued by the ~~San Diego County Regional Airport Authority~~ ("~~Authority~~") for the purpose of granting the privilege to conduct business and provide commercial ground transportation services at ~~San Diego International the~~ Airport.
 - (2) A Commercial Ground Transportation Service Permit, vehicle decal and Driver Permit is personal to the individual to whom it is issued.
 - (3) The Authority has absolute discretion to authorize the issuance of Commercial Ground Transportation Service Permits, vehicle decals and/or Driver Permits on an annual basis.
 - (4) The Authority may exercise its discretion to not authorize the renewal of Commercial Ground Transportation Service Permits, vehicle decals and /or Driver Permits or to change the way Commercial Ground Transportation Service Permits, vehicle decals and/or Driver Permits are granted or allocated at any time.
 - (5) Holders of Commercial Ground Transportation Service Permits, vehicle decals and Driver Permits shall have no expectation of or right of renewal in any Commercial Ground Transportation Service Permit, vehicle decal or driver permit.
 - (6) The President/CEO ~~Chief Executive Officer~~ ("~~President/CEO~~") or his or her designee may require, as a condition of issuing a Commercial Ground Transportation Service Permit, that the holder of said ~~Ground Transportation Service Permit~~ join an Authority-approved industry association where said association is all of the following:
 - (i) A legal entity consisting of a minimum number, to be determined by the President/CEO, of holders of similar Commercial Ground Transportation Service Permits; and
 - (ii) Open to all holders of similar Commercial Ground Transportation Service Permits on a fair, equitable and non discriminatory basis; and

(iii) A party to a memorandum of agreement with the Authority concerning ground transportation operations at ~~San Diego International~~ the Airport; and

(iv) In compliance with such other requirements as determined by the President/CEO as being in the best interests of the Authority.

(b) Transferability.

(1) The holder of a Commercial Ground Transportation Service Permit, vehicle decal or ~~d~~Driver p~~ermit~~ shall not in any manner, directly or indirectly, by operation or law or otherwise, sell, assign, hypothecate, transfer, or encumber ("**transfer**") in whole or in part said Permit, decal or ~~D~~river p~~ermit~~ without the prior, express written consent of the President/CEO.

(i) In the event the holder of a Commercial Ground Transportation Service Permit, vehicle decal and/or ~~d~~Driver p~~ermit~~ is a corporation, partnership or legal entity other than a natural person, the prior written consent of the President/CEO shall be required for any transfer of any stock, interest, ownership or control of that corporation, partnership or legal entity.

(ii) The President/CEO may deny any request to transfer a Commercial Ground Transportation Service Permit, vehicle decal and/or ~~D~~river p~~ermit~~ in his or her absolute discretion.

(2) Taxicabs and TNC Vehicles. In the event the Board- exercises its discretion to issue Commercial Ground Transportation Service Permits for T~~axicabs or TNC Vehicles~~ ("**Taxicab/TNC Permits**") for any subsequent one-year period after June 30, 2014, the holder of any Taxicab/TNC Permit no longer wishing to operate under said Taxicab/TNC Permit must do one of the following:

(i) Return the Taxicab/TNC Permit to the Authority; or

(ii) Transfer the Taxicab/TNC Permit to an Authority-approved recipient ("**Transferee**"), and

a. -Pay the Authority a one-time transfer fee of \$3,000, ~~and~~

b. Secure the prior written consent of the President/CEO, and

c. Advise the Transferee in a writing approved by the Authority that the Taxicab/TNC Permit is no longer transferrable and must be returned to the Authority if the Transferee no longer wishes to operate under the Taxicab/TNC Permit.

(3) Vehicles for Hire.

(i) If the holder of a Commercial Ground Transportation Service Permit for Vehicles for Hire proposes to transfer all vehicle decals issued to the holder, the vehicle

decals may be transferred to any one person or entity provided that person or entity is approved by the California Public Utilities Commission and the prior written consent of the President/CEO is obtained.

- (ii) If the holder of a Commercial Ground Transportation Service Permit for Vehicles for Hire proposes to transfer only a portion of its vehicle decals, the vehicle decals may only be transferred to another person or entity holding a current valid Commercial Ground Transportation Service Permit for Vehicles for Hire and only after first obtaining the prior written consent of the President/CEO.

[Amended by Resolution No. 2011-0048 dated April 7, 2011.]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

CODES

- ARTICLE 9** - **SAN DIEGO INTERNATIONAL AIRPORT**
PART 9.2 - **GROUND TRANSPORTATION**
SECTION 9.21 - **VEHICLE CONDITION**
-

(a) Vehicle Condition.

(1) No person shall operate, drive, or cause to be operated or driven any Taxicab, Vehicle for Hire, Charter Vehicle, TNC Vehicle, scheduled ground transportation service, hotel or other courtesy vehicle or any other commercial ground transportation service An authorized vehicle over and upon the non-dedicated private streets of the shall not be driven on property of the San Diego International Airport (the "Airport") unless it is in safe operating condition and in good repair. Its lighting equipment shall be in good working order. There shall be no cracked or broken windshields, windows or mirrors. The muffler and exhaust system shall be adequate to prevent excessive or unusual noise and shall not emit excessive smoke, flame, gas or oil. Exterior paint and markings shall not be faded or discolored. The vehicle shall have and maintain, in operational condition, a heater, air conditioner and defroster. The vehicle shall be maintained in a clean condition, both with regard to the interior and exterior. In any vehicles required to have a taximeter, it is the responsibility of the person driving shall it to make certain that: the taximeter is in proper recording position at all times; the meter reading is visible to any passenger; and the meter light is burning during hours of darkness. The vehicle shall be further maintained in condition as provided in accordance with rules and regulations established by the Executive Director/President/CEO or his or her designee (the "Executive Director") of the San Diego County Regional Airport Authority (the "Authority").

(2) The Authority may inspect any vehicle, ~~and~~ if the inspection reveals that such vehicle is not in reasonable good repair or operating condition, from the standpoint of the safety, health and comfort of passengers, then the vehicle shall be ordered out of service until such time as remedial repairs and corrections have been made. When such repairs and corrections have been made, such vehicle shall be reinspected to determine whether or not proper repairs and corrections have been made and in no case shall the vehicle be permitted to resume its operation until such repairs and corrections have been made.

(b) Identification.

A person operating a vehicle shall have and be in possession of a valid certificate or permit from the appropriate municipal or state governmental authority, proof of insurance in full force and effect equal to the requirements of the Authority, a valid driver's license of the class required -issued by the State of California, any required identification card and have affixed to the right bottom corner of the windshield or such other location as directed by the Executive Director/President/CEO a valid vehicle decal or a valid Driver Permit issued by the Authority and shall present any of these documents upon the demand of an authorized officer of the

Authority ~~or any peace officer.~~

(c) Pickup Areas.

(1) No person shall stop, park or stand any vehicle while awaiting for any passenger or employment at any location on Airport property other than at an authorized stand, line or zone. Passenger pickups shall take place only at designated stands and zones after following authorized procedures as may be established by the ~~Executive Director~~ President/CEO and within vehicle standing time limits and parking regulations. The above rules may be waived for disabled passengers.

(2) No person shall solicit any customer's patronage in any manner while on Airport property or in an Airport terminal building ~~(NCI)~~.

(3) ~~A-Taxicab and/or~~ Vehicle for Hire drivers shall use only the assigned Taxicab or Vehicle for Hire line and stand, ~~which line and stand shall be as respectively~~ designated by the ~~President/CEO~~ Executive Director. Taxicab or Vehicle for Hire line means an area ~~on or about~~ at the Airport designated by sign or other suitable means which is reserved for Taxicabs or Vehicles for Hire only while waiting to advance in turn to a vacancy at ~~the~~ Taxicab or Vehicle for Hire stand. "Taxicab and Vehicle for Hire stand" means an area on Airport property so designated and reserved for parking only while waiting to pick up passengers for hire.

(4) Before entry onto Airport property without passengers or after discharging passengers on Airport property, ~~the every~~ Taxicab or Vehicle for Hire operator shall proceed to the off-Airport hold lot as designated by the ~~Executive Director~~ President/CEO and wait with the vehicle at the hold lot until an authorized officer or designate issues a time-stamped dispatch ticket and dispatches the vehicle and operator to the Airport. The vehicle operator shall give the valid dispatch ticket to an authorized officer or designate on duty at the Airport before the operator is authorized to pick up or engage any passenger for hire. Picking up any passenger for hire after or while leaving off any other passenger without proceeding through the designated hold lot and being issued a valid dispatch ticket is prohibited. The ~~Executive Director~~ President/CEO, from time to time, may establish, change or modify the rules, regulations and dispatch procedures for operation of the off-Airport hold lots.

(5) Notwithstanding any other regulation, any prospective passenger may select for hire any Taxicab or Vehicle for Hire, wherever located at the stand.

(6) The ~~operator~~ driver of each Taxicab or Vehicle for Hire in ~~at~~ the Taxicab or Vehicle for Hire line shall at all times, until engaged for hire, remain in the driver's seat at the wheel of the vehicle or outside and within close proximity of the vehicle, except in case of emergency or personal necessity.

(7) The ~~driver~~ operator of each Taxicab or Vehicle for Hire at the Taxicab or Vehicle for Hire stand shall at all times, until engaged for hire, remain in the driver's seat at the wheel of the vehicle; provided, however, when engaged for hire, the ~~operator~~ driver may assist a passenger and load baggage into the vehicle. In case of an emergency or personal necessity, the ~~driver~~ operator may leave a Taxicab which is at the Taxicab stand.

(8) After a Taxicab ~~exits and is driven from the~~ Taxicab stand, each vehicle at its rear shall at once be moved toward the head of the Taxicab stand and the Taxicab at the head of the Taxicab line shall be moved forward to occupy the vacancy in the Taxicab stand. Likewise, each vehicle to the rear in the Taxicab line shall be moved toward the head of the Taxicab line.

(9) No owner or operator of a Taxicab, Vehicle for Hire or Charter Vehicle, shall at any time while at the Airport by words, gesture or otherwise, solicit, persuade or urge or attempt to solicit, persuade or urge any person to use or hire any vehicle.

(10) If the driver of a Taxicab occupying the position at the head of the Taxicab stand refuses to accept and transport a passenger for hire or refers the passenger to a different Taxicab, the Taxicab and driver who refused or referred the passenger shall immediately be dispatched to the rear of the Taxicab line and the driver shall immediately remove the Taxicab from the head of the Taxicab stand.

(d) Driver's Examination.

The ~~Executive Director~~ President/CEO may, but is not required to, issue or reissue a Driver's Permit to a person who has successfully passed an examination as given and required by the Authority, upon payment of the appropriate fee. The ~~Executive Director~~ President/CEO also shall have the right to reexamine persons holding a Driver's Permit at intervals that the ~~President/CEO~~ Executive Director deems advisable. Except in the event of reissuance, as provided above, each applicant for a permit required by this provision and each driver must:

(1) Take and successfully pass an oral or written examination prior to issuance of a permit, which shall be established, designed and given by the ~~Executive Director~~ President/CEO to test the applicant's or driver's knowledge of the location of principal office buildings, railroad and bus terminals, government offices, military installations, shopping centers, hotels, motels, freeway systems, major points of interest and residential communities in relation to the Airport and the most direct freeway and roadway routes from the Airport to such locations. Said examination may be given more than one time each year for new applicants at such times as determined by the ~~Executive Director~~ President/CEO. No applicant shall be permitted to take the written or oral examination required by this subparagraph more than four times in any 12 month period;

(2) Be able to converse in the English language;

(3) Hold a valid and effective driver's identification card as provided by the County of San Diego Code if operating a Taxicab; and

(4) Successfully complete the Airport Customer Service Course.

(e) Driver Regulations.

Every driver shall comply with the following clothing requirements:

(1) Every driver shall be hygienically clean, well groomed, neat and suitably

dressed in compliance with all applicable requirements of this section at all times while a transportation vehicle is in his or her custody;

(2) Drivers shall be clean shaven and hair shall be neatly fashioned. If a beard or moustache is worn, it shall be well groomed and neatly trimmed at all times in order not to present a ragged appearance;

(3) The term "suitably dressed" shall be interpreted to mean the driver shall wear clean and pressed trousers, a clean and pressed shirt with a collar and sleeves, shoes with socks and, if desired, appropriate outer garments. Female drivers may wear a skirt in place of trousers; and

(4) Clothing that is not considered appropriate and is not permitted includes: T-shirts, underwear, tank tops, body shirts, swimmer, jogging suits or similar types of attire when worn as an outer garment, shorts or trunks (jogging or bathing) or sandals.

(f) Duty to Transport Passengers. The person operating a ground transportation service shall not refuse to transport any passenger, including baggage, requiring transportation and shall take all passengers to their requested destination using the most direct available route on all trips unless otherwise specifically requested by the passenger; provided, however, nothing herein shall require any person to provide ground transportation service contrary to either any municipal or state permit or certificate regarding ground transportation or its Authority authorized permit. Furthermore, a ~~person-driver~~ is not required to transport any such passengers when: the driver-such person has already been dispatched on another call; when such passengers appears to be under the influence of intoxicating liquor; or a disorderly person; or when the passenger-a person may cause the vehicle to become damaged, stained or foul smelling; or if a ~~person-passenger~~ requires the use of a litter [NC2] or stretcher.

(g) Non-Discrimination. In providing ground transportation services on ~~airport~~ Airport property, no person shall discriminate against any person or class of persons by reason of sex, color, race, creed, religion, physical or mental disability, veteran status, medical condition, marital status, age, sexual orientation, pregnancy or national origin. The accommodations and services shall be made available to the public on fair and reasonable terms.

(h) Fares and Receipts. No ~~person-driver~~ shall collect, demand, receive or arrange for any compensation in an amount greater or less than that approved or allowed by the appropriate fare setting governmental agency or commission for the ground transportation service. Upon request, the driver shall give a passenger making payment a receipt showing the amount of fare paid, the ~~driver-person's~~ correct name and correct vehicle license number and Authority permit number. There shall be no fare or charge to the passenger by a Courtesy Vehicle.

(i) Conformance with Laws. Any authorized ground transportation service shall be provided in conformance and obedience of:

(1) All lawful orders or instruction from authorized officers of the Authority;

(2) Any and all rules and regulations now in force or which may be changed, added, modified or adopted by the Authority for operation of transportation services at the

Airport; and

(3) Any and all laws, ordinances, statutes, rules, regulations, orders, permits or certificates from the Airport, any governmental authority, municipal, state or federal, lawfully exercising authority over such person ~~given~~holding an Authority permit, including persons, employees, drivers and agents.

[Amended by Resolution No. 2014-_____, dated July 7, 2014.]

[Resolution No. 2002-02, dated September 20, 2002.]

[Supereeded by Resolution No. _____ dated _____.]

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

CODES

ARTICLE 9 - SAN DIEGO INTERNATIONAL AIRPORT
PART 9.2 - GROUND TRANSPORTATION
SECTION 9.24 - VIOLATIONS

(a) ~~(a)~~—Violations of any of the provisions of Sections 9.01 to 9.24, inclusive, of this s Code shall be charged as a misdemeanor and subject to:

- (1) Imprisonment in the county jail not exceeding six months;
- (2) A fine not exceeding one thousand dollars (\$1,000);
- (3) Having their vehicle impounded; or
- (4) Having any combination of subsections (1), (2), and (3) above imposed.

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[Amended by Resolution No. 2014-_____, dated July 7, 2014.]
[Resolution No. 2002-02, dated September 20, 2002.]
[Superseded by Resolution No. _____ dated _____.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

CODES

- ARTICLE 9** - **SAN DIEGO INTERNATIONAL AIRPORT**
PART 9.3 - **LANDSIDE OPERATIONS**
SECTION 9.33 - **PARKING REGULATIONS – ENFORCEMENT**

(a) ~~Jurisdiction. The San Diego County Regional Airport Authority (“Authority”) is authorized pursuant to §21100 and 22500 *et. seq.* of the California Vehicle Code, §170016 of the California Public Utilities Code, and other applicable laws to enact and appoint personnel to enforce parking regulations at the San Diego International Airport (“Airport”).~~

(b) Authorization. Airport Traffic Officers (“ATOs”) and other Authority personnel designated by the President/CEO that are assigned to the enforcement of the Authority’s codes, applicable section of the California Vehicle Code, and other applicable laws relating to illegal parking and related violations within the jurisdiction of the Authority are authorized to issue written notices of violation thereof stating the vehicle license number, make of vehicle, the time and date of illegal parking, street location and reference to the appropriate section violated together with fixing a time and place for appearance by the registered owner to answer said notice. Such notice shall be attached to said vehicle in a conspicuous place upon the vehicle so as to be easily observed by the person in charge of such vehicle upon his or her return thereto.

(c) Penalty. For the purposes of regulating the use and safety of streets, parking and traffic and as a deterrent to illegal parking, the following penalties are established:

Type Violation	Authority Code Section(s)	Penalty Within		
		30 Days of Issuance	After 30 Days	After 65 Days
Out-of-Stall	9.32(a); 9.34(e)	\$ 35.00	\$ 70.00	\$ 80.00
Unauthorized Airport Parking, Stopping, or Standing	9.30(e); 9.30(f); 9.30(n); 9.34(a); 9.34(c); 9.34(d); 9.34(f); 9.34(k)	\$ 67.00	\$ 134.00	\$144.00
No Valid Employee Lot Permit	9.34(l)	\$35.00	\$ 70.00	\$ 80.00
Unauthorized Commercial Airport Parking, Stopping, or Standing	9.34(m)	\$150.00	\$ 175.00	\$200.00

(d) Payment of Penalties. The owner or operator of a cited vehicle for a parking code violation may elect to mail the applicable penalties within the time established for payment

thereof in accordance with the information specified in the notice of violation; provided, however, said owner or operator shall be and remain responsible for the delivery and payment thereof.

(e) Failure to Pay. Failure to pay the appropriate penalty as provided herein or failure to contest the violation in accordance with the information specified in the notice of violation will result in proceeding against the registered owner and or the vehicle operator for violation of the appropriate code section in accordance with the provisions of §40220 of the California Vehicle Code.

(f) State Mandate Surcharges. The President/CEO is authorized to adopt procedures and delegate authority for the collection of additional mandated surcharges or fees imposed pursuant to applicable state or municipal law.

| [Amended by Resolution No. 2014-_____, dated July 7, 2014.]
[Amended by Resolution No. 2011-0003 dated January 6, 2011.]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

CODES

- ARTICLE 9** - **SAN DIEGO INTERNATIONAL AIRPORT**
PART 9.3 - **LANDSIDE OPERATIONS**
SECTION 9.34 - **PARKING RESTRICTIONS**
-

(a) No person shall stop, stand or park any vehicle on facilities or airports under the jurisdiction of the ~~San Diego County Regional Airport Authority~~ (the "**Authority**"), including the ~~San Diego International Airport~~ (collectively, the "**Facilities**"), in violation of posted signs or curb markings.

(b) The Authority's ~~Executive Director~~ or his or her designee (the "**Executive Director**") ~~President/CEO~~ is authorized to determine such parking restrictions and locate such signs or curb markings as are necessary or appropriate to give notice of any restriction and the applicable hours, times or days any such restriction is effective.

(c) No person shall park a vehicle within any public vehicular parking area except upon the payment of such parking fees and charges as prescribed by the Authority.

(d) No person shall enter or use a motor vehicle parking facility or parking space contrary to its posted or restricted use.

(e) No person shall park or leave a vehicle unattended in any motor vehicle parking facility or parking space without having positioned said vehicle in a designated stall or area in such a manner as not to obstruct the proper movement of other vehicles in the parking facility or utilization by other vehicles or driveways or adjacent parking spaces.

(f) The ~~Executive Director~~ ~~President/CEO~~ has the authority to store vehicles parked in vehicular parking areas, for non payment of parking charges.

(g) No person, unless authorized by the ~~Executive Director~~ ~~President/CEO~~, or the authorized parking facility operator, shall remove a claim check from a parking facility claim check dispensing machine, other than as an operator of a vehicle entering a parking facility, in which case, such person shall remove only one claim check from the dispensing machine.

(h) It shall be unlawful for any person to remove a claim check or checks from, or to otherwise operate, a parking facility claim check dispensing machine, for the purpose of avoiding or enabling another person to avoid payment of the lawful charge of the use of such parking facility.

(i) No person shall remove or attempt to remove a vehicle from a parking facility by presenting a claim check other than the claim check originally dispensed to the operator at the time the vehicle entered such parking facility.

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(j) No person shall present a parking claim check requiring payment of parking fees upon exiting a motor vehicle parking facility which does not indicate an accurate record of the length of time said vehicle was actually within the parking facility; inaccuracies of time recording equipment excepted.

(k) No person shall park any vehicle in any space marked "reserved" without a valid permit issued by the Authority. All such vehicles shall be allowed only within space or area specifically assigned to them. Parking shall be allowed only within spaces that comply with said designation, and then only for the times officially indicated by such authorized signs.

(l) No person shall park or operate a vehicle on any parking facility established for the use of persons employed at the Authority unless such vehicle has properly affixed thereto a valid and un-expired parking decal or hang tag.

(m) No person shall stop, stand or park, or cause to be stopped, standing, or parked, any commercial ground transportation vehicle on Facilities in violation of posted signs or curb markings.^[NC1]

| [Amended by Resolution No. 2014-_____, dated July 7, 2014.]
[Resolution No. 2002-02 dated September 20, 2002.]
[Supceded by Resolution No. _____ dated _____.]

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Communication

Date: July 3, 2014
To: Board Members
From: Angela Shafer-Payne, Vice President Operations 
Subject: Ground Transportation Permit Process – Item 17

This memo responds to questions raised about the current Ground Transportation permitting process and its relationship to a potential Transportation Network Company (TNC) permit. Charter Party Carriers as well as the Transportation Network Companies are regulated by the California Public Utilities Commission (PUC) so there will be many similarities between the permit applications.

CHARTER PARTY CARRIER PERMIT APPLICATION

The Airport's Permit Application defines and requests the Charter Vehicle Operator to provide the following documents or assertions as part of the permitting process:

1. Permittee Information
 - Business Name, Mailing address, Contact name, etc.
2. Sole Proprietorship, Partnership, Limited Liability Company, Corporation
3. Signed Permit Application with all exhibits completed:
 - Copy of Contract for ADA Services (as applicable)
 - Vehicle Registration Listing
 - Copy of current Vehicle Registrations (for all vehicles)
 - All vehicles must be registered and on file with the California Public Utilities Commission (checked)
 - Certificate of Insurance and Endorsement Form (listing SDCRAA as an "Additional Insured")
 - Workers Compensations Insurance



- Vehicle Inspection Form - for all vehicles over seven (7) years of age (vehicles can't exceed established 10 year age limit)
5. Copy of the Charter Party Carrier of Passengers Certificate
 6. Copy of a sample Waybill

Within the Airport's Charter Party Carrier Permit Application these key arrangements, terms and conditions (not all inclusive) are described:

1. Term of Permit for one (1) year renewed annually;
2. Use, Conditions and Restrictions establish the permit use limitations and restrictions including those conditions related to drivers of permitted vehicles and the "No Guarantee of Business";
3. Fees and Charges specifically for non-alternative and alternative fuel vehicles;
4. Vehicle Requirements that includes appearance, inspection rights, age policy, vehicle identification eg. TCP no., Automated Vehicle Identification transponder and Company name;
5. Hold Harmless to defend, indemnify and protect the Authority and Authority-related personnel from and against any and all liabilities, liens, claims, judgments, etc.;
6. Termination and Suspensions defining default and termination conditions, permit revocation and suspension and conditions for permit refunds;
7. Insurance specifically Commercial Automobile Liability of \$750,000 combined single limit for bodily injury and property damage.

TNC Permit

The above terms and conditions will be applied to the TNC permit applications for consistency among all ground transportation vehicle operators and to ensure adequate regulatory oversight of the Transportation Network Companies. The proposed San Diego International Airport TNC application's terms and conditions are consistent with the recently issued PUC decision rules, Assembly Bill 2293 and TNC applications currently being issued by San Francisco International Airport.

If you have any questions staff will be prepared to answer questions during Monday's Board Meeting.



ITEM 17

**APPROVAL OF AMENDMENTS TO AUTHORITY CODE §9.11 THROUGH CODE §9.15
AND CODE §9.19, CODE §9.21, CODE §9.24, CODE §9.33 AND CODE §9.34
REGARDING TRANSPORTATION NETWORK COMPANIES:**

COMMUNICATION RECEIVED FROM THE PUBLIC



The Greater California Livery Association GCLA
8726 S. Sepulveda Blvd #2317
Los Angeles, Ca 90045
866-392-4252 Fax 310-943-6582

July 3, 2014

VIA E-Mail: Rgleason@evanshotel.com
Mr. Robert Gleason
Chairman- Airport Commission
San Diego County Regional Airport Authority
P.O. Box 82776
San Diego, CA 82776

Dear Robert:

I am writing on behalf of the Greater California Livery Association (GCLA) with regard to Item 17 – Adopt Resolution No. 2014-0073- on the agenda for the July 7, 2014 meeting of the San Diego County Regional Airport Authority (SDRAA).

The Greater California Livery Association (GCLA) is requesting the San Diego County Regional Airport Authority Board of Commissioners delay approving Resolution No. 2014-0073. The GCLA feels strongly that since these newly proposed amendments and regulations have not previously been subject to a public comment period, the board should show good faith by deferring action and allowing all stakeholders and other interested parties 60 to 90 days to provide comments. Allowing the input of all major stakeholders concerning this new classification of permit holder is essential, so that all new permit requirements, regulations and enforcement truly meet the best practices of the San Diego Airport.



The Greater California Livery Association GCLA
8726 S. Sepulveda Blvd #2317
Los Angeles, Ca 90045
866-392-4252 Fax 310-943-6582

Thank you for this opportunity to clarify GCLA's position for Item 17. Should you have any questions or wish additional information, please contact me at (949) 581-7531 Ext. 104 or email at mark@cli-worldwide.com.

Sincerely,

Mark Stewart
Advisory Board / Legislative Consultant
Greater California Livery Association GCLA

CC:

Paul Haney, Partner, Englander Knabe & Allen
Rich Azzolino, GCLA President
Adrian Kwiatkowski, TAG Executive Director
David Boenitz, SDCRAA Ground Transportation Director
Tony Russell, SDCRAA

APPROVAL OF AMENDMENTS TO
AUTHORITY CODE §9.11 THROUGH §9.15
AND §CODE 9.19, CODE §9.21, CODE
§9.24, CODE §9.33 AND CODE §9.34
REGARDING TRANSPORTATION
NETWORK COMPANIES (TNCS)

David Boenitz
Director, Ground Transportation
Board Meeting July 7, 2014

Introduction

- Background
 - At the June 5, 2014, Staff was directed to assess the Airport's current Codes, Rules and Regulations for Transportation Network Companies (TNCs) and establish needed regulations for TNC operations at the Airport.
 - Staff has assessed the current regulations and has recommendations for their revision to incorporate TNCs
- Board Presentation- July 2014
 - Adopt Resolution No. 2014 - _____, approving amendments to the Authority Code regarding permit requirements and regulations applicable to Transportation Network Companies.

Transportation Network Companies

On-demand commercial transportation services, operating as a corporation, partnership, sole proprietor, or other form, providing pre-arranged transportation services to passengers for compensation.

The pre-arrangement is made using an online-enabled application (app) or platform (smart phone) to connect passengers with the TNC drivers.

TNC drivers provide all services using their own personal vehicle.

Transportation Network Companies

The California Public Utilities Commission (PUC) has been authorized to regulate and permit TNC operators. The PUC has issued Decision D13-09-0045 and Order Instituting Rulemaking Relating to Passenger Carriers, Ridesharing and New Online-Enabled Transportation Services (12-12-011) and further updated it with a revised Decision (14-04-022)

TNC services compete with taxi cab and shuttle service providers, both of who pay fees for the privilege of operating at SDIA. TNCs currently do not pay any fees.

TNCs use the Airport's infrastructure and roadways, picking up passengers curbside, bypassing the transportation islands. This contributes to roadway and curbside congestion.

Transportation Network Companies

The CPUC Decision mandates each TNC must:

- Maintain at least \$1 million in vehicle liability insurance;
- Obtain a special “TNC” license from the CPUC to operate in California;
- Require each driver to undergo a criminal background check;
- Establish a driver training program;
- Implement a zero-tolerance policy on drugs and alcohol;
- Conduct a 19-point car inspection; and,
- Obtain authorization from the airport before conducting any operations on airport property or into any airport

Applicable Airport Authority Codes

Airport Authority Codes

- Code §9.11- need for valid and necessary Authority vehicle permits
- Code §9.12- President/CEO or designee may issue permits
- Code §9.13- need for valid and necessary Driver permit
- Code §9.14- Public liability and worker's compensation insurance
- Code §9.19- Taxi cab Permit transferability restrictions
- Code §9.21- Vehicle safe operating condition
- Code §9.24- Violations charged as misdemeanor
- Code §9.33- Jurisdiction, Authorization and Penalty
- Code §9.34- Notifications of enforcement

Current Situation

TNC Contact

- UBER and LYFT have been in contact with Authority staff for about a year. They have been provided a copy of our Charter Party Carrier (Livery/Limousine) application but to date the Airport has received no comments or feedback.

Operational

- UBER and LYFT continue to conduct unauthorized Airport pickups. Since January 2014, Airport Traffic Officers have issued 51 citations. Harbor Police and MTS issued 14 citations in May.

Infraction enforcement

- The Authority's Code and state law provide that Airport Traffic Officer's (ATOs) may only issue citations for parking violation infractions.

Current Situation

California Assembly Bill No. 612

- Establishes specified requirements and multiple provisions applicable to a charter-party carrier of passengers and any carrier that utilizes an online-enabled application or platform to connect passengers with drivers.

California Assembly Bill No. 2293

- Would require a transportation network company to disclose in writing to participating drivers, as part of its agreement with those drivers, the insurance coverage and limits of liability provided by the transportation network company and to advise a participating driver in writing that the driver's personal automobile insurance policy may not provide coverage while the driver makes himself or herself available for transportation network company services.

Recommendation

Code Changes

- Revised to include the Transportation Network Companies as a new form of commercial vehicle operation.
- Modified to include a more significant penalty for the driver and the owning company not possessing a Ground Transportation permit. Proposed revisions to the SDCRAA Codes to implement the above recommendations are attached here as “Exhibit A.”

Enforcement

- Amend Authority Code § 9.33 to increase the penalty as it applies to the illegal stopping, standing or parking by commercial operators and by adding a new subsection to § 9.34 to address commercial operators.
- Take additional enforcement steps using Harbor Police, which may include resorting to the impound of vehicles.

Next Steps

- July 2014
 - Adopt the resolution approving amendments to the Authority Code regarding permit requirements and regulations applicable to Transportation Network Companies.
- Sept. 2014
 - TNC permit published and issued to interested operators
 - Trip/Permit Fee established
 - Operational procedures and enforcement practices established
 - Airport Authority Code changes complete
- October 2014
 - Permit regulations enforced
- April 2015
 - Annual Ground Transportation Update- TNC implementation results and issues

AUTHORITY CODE §9.01 ET SEQ. REGARDING TRANSPORTATION NETWORK COMPANIES (TNCS)



**Discussion &
Questions**



**SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT**

**Item No.
18**

Meeting Date: **JULY 7, 2014**

Subject:

Approval of a Business Performance Incentive (an Employee Performance Compensation Program)

Recommendation:

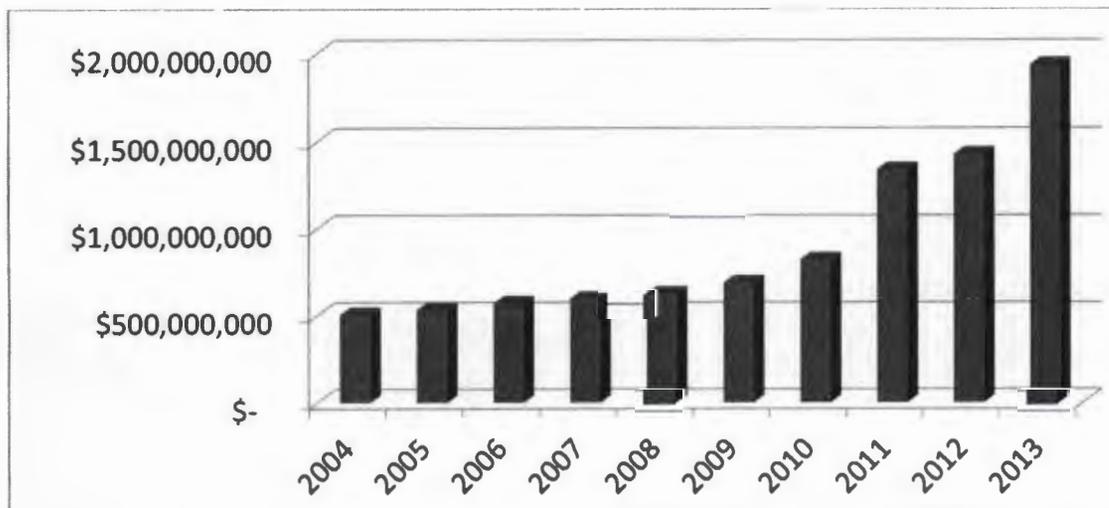
The Executive Committee recommends that the Board adopt Resolution No. 2014-0074, approving the Business Performance Incentive (an Employee Performance Compensation Program).

Background/Justification:

The organization wishes to ensure the ongoing high performance of the San Diego County Regional Airport Authority ("Authority") and to recognize the collective contributions of employees that result in this performance. The Board is requested to approve an employee performance compensation program component, commonly referred to as a gain sharing plan, to the Authority employees' compensation commencing in fiscal year 2015.

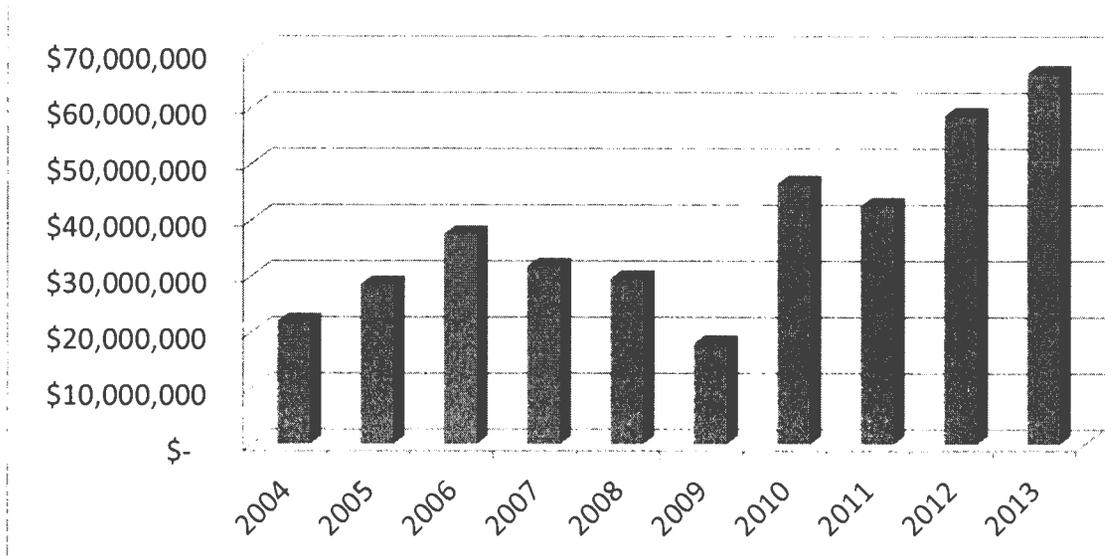
Over the past 10 years, the Authority has been a prudent steward of its financial resources with award winning budgeting and financial reporting as well as with exemplary financial performance. Since inception, the Authority has grown its assets as well as its net position as noted below:

Authority Assets Fiscal Years Ended June 30 (Audited)



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Change in Authority Net Position Fiscal Years Ended June 30 (Audited)



These accomplishments have allowed the organization to continue to invest in infrastructure and efficiency improvements resulting in high customer service standards and performance on behalf of the county's 3.1 million residents and the 17.7 million passengers at the San Diego International Airport (SDIA).

As debt service becomes an increasingly more important metric in the Authority's future financial performance over the next 10 years, the Business Performance Incentive becomes an important addition to the organization's pay for performance compensation model. The proposed Business Performance Incentive provides employee performance compensation specifically for eligible employees when there are significant measurable gains in performance delivered through greater employee productivity, improvements in efficiency, and development of new revenue sources. The incentive aligns with the Authority's financial and employee strategies by focusing organizational efforts on sustaining annual financial gains through employee efforts in the areas of cost containment and revenue enhancement with 90% of the gain being reinvested in the business. For reference, projected Debt Service is outlined below:

	(\$ millions)					
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Gross Annual Debt Service*	\$ 40.0	\$ 61.1	\$ 67.5	\$ 68.2	\$ 68.4	\$ 68.4
Offset for PFC and BAB Subsidy	\$ (25.6)	\$ (32.6)	\$ (34.9)	\$ (34.5)	\$ (34.7)	\$ (34.6)
Net Annual Debt Service	\$ 14.4	\$ 28.5	\$ 32.7	\$ 33.7	\$ 33.7	\$ 33.8

* Cash Principal and Interest Payments Due Annually

This type of incentive exists in multiple governmental entities throughout the United States. For instance, the County of San Diego offers an employee pay for performance incentive program called the Quality First program. It is a component of its compensation program which offers a monetary incentive to teams or individuals who bring added value to the organization (e.g., efficiencies, productivity, etc.). The Hillsborough County Aviation Authority (FL), owner and operator of Tampa International Airport (SDIA's closest comparable airport in size and demographics) provides an Employee Incentive Program, which closely matches the model being presented to the Authority's Board. The performance metrics triggering payout in their plan are specific to the Hillsborough County Aviation Authority. In addition, the Dallas Fort Worth Airport (TX) and the Port of Portland (OR) offer what would be a typical private sector incentive program, differentiated at various levels of the organization, which provides incentive compensation only when greater organizational outcomes are achieved.

Eligible participants in the Authority's proposed Business Performance Incentive will include all full-time employees who do not report directly to the Board, pursuant to an executive employment contract. Eligible employees will need to have maintained an overall performance rating equal to or greater than 'meeting expectations' (currently rated in the employee performance evaluation as "On Target") in order to be eligible.

The attached guidelines (Attachment A) establish the parameters of the Business Performance Incentive. Attachment B shows the past five years' audited financial results along with the corresponding performance metrics achieved, and it illustrates potential payouts that would have been available. In each year, a maximum of 10% of the gain would have been available for incentive payout resulting in significant reinvestment to support sustained organizational success.

This proposal is for both represented and unrepresented employees. The Authority, through its Memorandum of Agreements with represented employees effective October 1, 2013 through September 30, 2017, has agreed that when the program is implemented represented employees will be eligible according to the terms of the program.

Fiscal Impact:

The Business Performance Incentive will have no impact on the Authority's adopted budget because any payout will be funded by the excess actual financial performance over the budgeted financial performance achieved through effective budget management and meeting established financial parameters. The payout will also be recorded in the financial statements in the same fiscal year the excess actual financial performance is determined. Thus, it will not be included within the annual budget. In addition, the payouts will be distributed under a non-pensionable earnings code, to be approved by the Board, should the program be approved. This further demonstrates fiscal prudence by avoiding potential wage inflation yet still offers the high potential upside of enhanced employee productivity and engagement resulting from increasing employee line of sight to the organizations key performance indicators (financial performance, days cash on hand, debt service coverage, and cost per enplaned passenger).

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

KURT GERING
DIRECTOR, TALENT, CULTURE & CAPABILITY

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
BUSINESS PERFORMANCE INCENTIVE GUIDELINES**

Effective July 1, 2015

(Revised 6/28/2014)

PROGRAM OBJECTIVES

The Business Performance Incentive is a gain-sharing program designed to provide a variable element of compensation for eligible employees of the San Diego County Regional Airport Authority ("Authority"). Specifically, the Program is designed to:

- Align individual contribution to organizational performance and success
- Encourage attainment of organizational goals
- Encourage revenue enhancement and expense control/reduction
- Reinforce organizational culture
- Motivate job performance at all levels
- Be clearly communicated and understood
- Be perceived as fair by employees

DEFINITION OF GAINSHARING

A variable, at-risk, component of compensation that provides financial awards to all eligible employees contingent upon achieving quantifiable benchmarks in operating performance directly related to the success of the Authority.

PLAN YEAR

The Program will run for a period of one year, concurrent with the Authority's fiscal year commencing on July 1, 2014 (July 1, 2014 through June 30, 2015). The program will continue each subsequent fiscal year unless or until terminated by the Board.

ELIGIBILITY AND PARTICIPATION

All full-time employees of the Authority except those reporting directly to the Board and subject to an executive employment contract (Chief Executive Officer, General Counsel & Chief Auditor) may participate in the Program. If an employee becomes eligible and approved in accordance with the Program during a Plan Year, then such employee may be eligible for participation in the Program on a pro-rated basis.

To be eligible for the incentive payment, an employee must be employed as of the end of the Plan Year. Furthermore, an employee must be employed as

of the payment date and his/her overall performance rating must be equal to or greater than meeting expectations (currently graded as "On Target") to receive the incentive payment. Those employees hired after the beginning of the Plan Year will participate on a pro-rated basis.

AWARD DETERMINATION

Payouts are based on actual financial performance exceeding budgeted financial performance, measured by comparing operating revenue minus operating expenses plus interest income for both budget and actuals.

In addition, certain qualifying financial metrics must be met as well, including:

- Debt Service Coverage at least equal to the minimum specified within the Authority's Debt Issuance and Management Policy 4.40; Debt Service Coverage is generally defined as operating income before depreciation, plus interest income, divided by debt, principal & interest (net of pledged Passenger Facility Charges (PFCs) and the Build America Bond (BAB) subsidy), as defined in Authority's Master Trust Indenture.
- Airline Cost per Enplanement (CPE) no greater than budgeted CPE: CPE is generally defined as airline revenue divided by annual enplanements
- Days Cash on Hand at least equal to the minimum specified within the Authority's Debt Issuance and Management Policy 4.40: Days Cash on Hand is generally defined as unrestricted cash & investments divided by annual operating expenses.

Once actual financial performance has been determined to have exceeded budgeted financial performance and the qualifying criteria are met, 10% of the excess "gain" will be recorded in the same fiscal year as determined. The qualifying financial metrics described above must be met after recording the excess gain for payouts to be made available. If available, the payout will be made to eligible employees annually after audited financials are approved by the Authority Board.

Participants are eligible for up to a maximum of \$2,500 per Plan Year, with a minimum payout determined to be \$100 when funding allows. All eligible employees will share equally in the available pool. All payouts are taxable earnings and shall be designated as non-pensionable awards. Payments made to eligible employees on a pro-rated basis will be based on date of hire.

NON ASSIGNABILITY

No incentive or any benefit under the Plan shall be assignable or transferable by the participant during the participant's lifetime except as otherwise approved by the Board of Directors.

NO RIGHT TO CONTINUED EMPLOYMENT

Nothing in the Plan shall confer upon any employee any right to continue in the employ of the Authority or shall interfere with or restrict in any way the right of the Authority to discharge an employee at any time for any reason whatsoever, with or without good cause.

San Diego Regional Airport Authority
Business Performance Incentive Modeling

Maximum Award per Employee	\$ 2,500.00
Maximum Employee Share of Gain	10%

Gain Sharing Modeling Projections

Performance Criteria	Fiscal Year 2009		Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012		Fiscal Year 2013	
	Target	Actual								
Financial Performance	\$28.40	\$25.10	\$ 18.4	\$ 23.1	\$ 29.2	\$ 32.6	\$ 38.9	\$ 39.9	\$ 52.0	\$ 54.8
Days Cash on Hand	365	385	365	537	365	494	365	522	425	603
Debt Service Coverage	1.5	3.57	1.50	3.60	1.50	3.11	1.50	2.81	1.50	3.77
Cost per Enplaned Passenger	\$6.69	\$6.36	\$ 7.45	\$ 6.73	\$ 7.61	\$ 7.54	\$ 8.32	\$ 8.33	\$10.34	\$10.16
Award Determination										
Gain Above Target	(\$3,267,000)		\$4,700,000		\$3,400,000		\$1,000,000		\$2,900,000	
Was Days Cash on Hand Met?	Yes									
Was Debt Service Ratio Met?	Yes									
Was Cost per Enplanement Met?	Yes		Yes		Yes		No		Yes	
Award Pool										
Total # of Employees	362		351		359		359		372	
Max pool Based on Participation	\$905,000		\$877,500		\$897,500		\$897,500		\$930,000	
Actual Award Pool	\$0		\$470,000		\$340,000		\$0		\$290,000	
Actual Award Pool	\$0		\$1,339		\$947		\$0		\$780	

•Financial Performance equals net income from operations before depreciation and amortization plus interest income.

•Days Cash on Hand is generally defined as unrestricted cash & investments divided by annual operating expenses.

•Debt Service Coverage is generally defined as operating income before depreciation, plus interest income, divided by debt principal & interest (net of pledged Passenger Facility Charges (PFCs) and the Build America Bond (BAB) subsidy), as defined in Authority's Master Trust Indenture.

•CPE is generally defined as airline revenue divided by annual enplanements.

RESOLUTION NO. 2014-0074

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY, APPROVING THE BUSINESS
PERFORMANCE INCENTIVE, AN EMPLOYEE
PERFORMANCE COMPENSATION PROGRAM

WHEREAS, the San Diego County Regional Airport Authority wishes to sustain ongoing strong financial performance; and

WHEREAS, in fiscal year 2015 the Authority will experience gross annual debt service costs of \$68 million; and

WHEREAS, the Authority wishes to greatly increase the likelihood that employees at every level of the organization will contribute to the Authority's operational and fiscal success; and

WHEREAS, the Authority wishes to implement an employee performance compensation program for all full-time employees who do not report directly to the Board, subject to an executive employment contract; and

WHEREAS, the Authority Board approved such a plan in concept for fiscal year 2014; and

WHEREAS, the Authority staff has studied the issue of whether payments made to employees from the employee performance compensation program are pensionable; and

WHEREAS, the Authority staff have communicated the performance measures to all eligible employees throughout fiscal 2014 to increase individual performance contributions; and

WHEREAS, the Authority's management and Board have a strong desire to maintain fiscal and operational prudence which can be enhanced with such an employee performance compensation program.

NOW, THEREFORE, BE IT RESOLVED that the Board approves the Business Performance Incentive, an Employee Performance Compensation Program as outlined in the San Diego County Regional Airport Authority Business Performance Incentive Guidelines (Attachment A); and

BE IT FURTHER RESOLVED that the Board has determined any payment to employees from the Business Performance Incentive is not pensionable; and

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BE IT FURTHER RESOLVED that such program will commence in fiscal year 2015, with potential employee incentive compensation to be paid, if earned and as applicable, after the Board adopts the audited financials for the corresponding fiscal year; and

BE IT FURTHER RESOLVED that such program will continue each subsequent fiscal year unless or until terminated by the Board; and

BE IT FURTHER RESOLVED by the Board that it finds that this Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code §21065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code §30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

000158.10

Business Performance Incentive



Presented By:

- Kurt Gering; Director, Talent, Culture and Capability

July 7, 2014



Discussion



- Outline of proposed incentive
- Discuss financial considerations to Authority based on gain sharing approach
- Consider adoption of resolution



Overview of the proposed incentive approach



Elements	Description
Objectives	<ul style="list-style-type: none"> • Align individual and organizational performance • Encourage attainment of organizational goals • Reinforce organizational culture • Motivate job performance • Objectively recognize employee contribution • Be clearly communicated and understood by those participating in and administering the program • Be easy to calculate and correlate to specific goals • Be perceived as fair by employees • Provide competitive compensation that is available to everyone
Participation	<ul style="list-style-type: none"> • All full-time Authority employees except those reporting directly to the Board and subject to an executive employment contract (Chief Executive Officer, General Counsel & Chief Auditor) would be eligible
Metrics	<ul style="list-style-type: none"> • Financial Performance (Net operating income before depreciation and amortization, adjusted to include interest income) • Debt service coverage • Cost per enplanement • Days cash on hand
Mechanics	<ul style="list-style-type: none"> • Payout eligibility is based on the pre-established threshold for each metric being met • If targets are reached, payout is based on a financial performance vs. budget
Frequency	<ul style="list-style-type: none"> • Annual payout, after financials are audited and approved by the Authority Board • Performance against goal will be communicated to the staff periodically throughout the year
Award Distribution	<ul style="list-style-type: none"> • All eligible participants would share equally in the available pool • Maximum award is \$2,500 per participant with a minimum award of \$100 per participant, when available • Payout amounts are determined on a pre-tax basis and are non-pensionable awards



Industry performance incentive models



- In resource constrained environments, especially in airports where such organizations do not receive tax collars, multiple public sector models provide examples of incentives designed to support enhanced productivity and engagement resulting in increased employee line of sight to key business objectives:
 - Hillsborough County Aviation Authority (FL), owner and operator of Tampa International Airport
 - Employee Incentive Program closely matches the model being presented to the Authority's Board.
 - Dallas Fort Worth Airport (TX) and the Port of Portland (OR)
 - Typical private sector incentive programs in place, differentiated at various levels of the organization, that provide compensation only when greater organizational outcomes are achieved.
 - County of San Diego
 - Quality First offers a monetary incentive to teams or individuals who bring added value to the organization (e.g., efficiencies, productivity, etc.)



Summary of how the plan would have performed based on historical financials



Maximum Award per Employee	\$2,500.00
Maximum Employee Share of Gain	10%

	Fiscal Year 2009		Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012		Fiscal Year 2013	
Performance Criteria	Target	Actual								
Financial Performance	\$28.40	\$25.10	\$18.40	\$23.10	\$29.20	\$32.60	\$38.90	\$39.90	\$52.00	\$54.80
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Debt Service Coverage	1.5	3.57	1.5	3.6	1.5	3.11	1.5	2.81	1.5	3.77
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Award Determination										
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Was Days Cash on Hand Met?	Yes									
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Award Pool										
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Max pool Based on Participation	\$905,000		\$877,500		\$897,500		\$897,500		\$930,000	
Actual Award Pool	\$0		\$470,000		\$340,000		\$0		\$290,000	
Actual Award Pool	\$0		\$1,339		\$947		\$0		\$780	



The incentive works for all stakeholders



If the proposed program had been in effect for each of the past 5 fiscal years, the employees would have been provided an incentive as a reward in three of the five years. This would have encouraged employees to deliver even greater results which would fund future Authority Programs:

Fiscal Year	Employee Incentive (10% of gain)	Reinvested in Authority Programs (90% of gain)	Total Gain
2013	\$290,000	\$2,610,000	\$2,900,000
2012	\$0	\$1,000,000	\$1,000,000
2011	\$340,000	\$3,060,000	\$3,400,000
2010	\$470,000	\$4,230,000	\$4,700,000
2009	\$0	\$0 (no gain)	(\$3,267,000)



Summary of key incentive attributes



- The incentive is modeled on examples that recognize and drive high performance above expectation (budget).
- Payouts, with a defined maximum and minimum, recognize and motivate employee alignment with organizational goals and enhanced contribution.
- Non-pensionable awards and reinvestment of 90% of the annual gain in the business demonstrates continued fiscal prudence.



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
19

Meeting Date: **JULY 7, 2014**

Subject:

Authorization of a Revolving Line of Credit for an Amount up to \$125,000,000

Recommendation:

Adopt Resolution No. 2014-0076, (1) authorizing the issuance and/or incurrence of San Diego County Regional Airport Authority subordinate airport revenue revolving obligations from time to time in the form of a revolving line of credit in an aggregate principal amount not-to-exceed \$125,000,000; (2) revoking the authorization to issue commercial paper notes; and (3) approving a Third Supplemental Subordinate Trust Indenture, a Revolving Credit Agreement, Promissory Notes, a Fourth Supplemental Senior Trust Indenture and certain related matters.

Background/Justification:

The Authority currently utilizes a commercial paper program (CP) to provide a variable rate component in its debt portfolio and, when required, to provide an interim capital funding source. The Letter of Credit that supports the CP program will expire on September 10, 2014. The Authority has determined that it is necessary to maintain a variable rate debt program and interim capital funding vehicle. The proposed new program will be used to refinance \$44.9 million of outstanding CP notes and may be used for interim funding of the Parking Plaza project or other future capital projects. A Request for Proposals ("RFP") for a short-term borrowing facility (i.e., CP program or revolving line of credit) was issued in April 2014 whereby 26 firms viewed the RFP opportunity and 8 proposals were received on May 7, 2014. Authority staff with legal counsel have negotiated and agreed upon final terms for a revolving line of credit with the highest ranking respondent, U.S. Bank National Association ("US Bank" or the "Bank"). The revolving line of credit would be a Subordinate Obligation (as defined in the Master Subordinate Indenture) of the Authority. Comparison of the all-in-cost for the respondent's proposals, based upon a \$125 million dollar program over a three year term at current interest rates, is presented below:

Commercial Paper

	LOC Fees and CP Interest	Other Costs ¹	All-In-Costs
Bank 1	\$ 1,837,621	\$428,860	\$ 2,266,482
Bank 2	\$ 2,041,996	\$428,860	\$ 2,470,857
Bank 3	\$ 2,246,371	\$428,860	\$ 2,675,232
Bank 4	\$ 3,145,621	\$428,860	\$ 3,574,482
Bank 5	\$ 3,390,871	\$428,860	\$ 3,819,732

Bank 6 and 7 Best offering was evaluated as
Revolving Line of Credit

Revolving Line of Credit

	Revolver Fees	Other Costs ²	All-In-Costs
US Bank	\$1,775,664	\$ 190,000	\$ 1,965,664
Bank 2	\$1,878,399	\$ 190,000	\$ 2,068,399
Bank 3	\$2,364,371	\$ 190,000	\$ 2,554,371

¹Includes Re-Marketing, Legal, Financial Advisory and
Rating Agency Fees

²Includes Legal and Financial Advisory Fees

The evaluation panelists' rankings and combined scores of the respondents are
presented below:

Firms	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Total	Final Rank
Bank of America	2	2	2	2	8	2
Bank of Tokyo Mitsubishi	4	4	4	4	16	4
Barclays Bank PLC	3	3	3	3	12	3
Citibank, NA	8	8	8	8	32	8
JP Morgan Securities LLC	6	6	6	6	24	6
RBC Capital Markets, LLC	7	7	7	7	28	7
State Street Bank and Trust	5	5	5	5	20	5
US Bank	1	1	1	1	4	1

Combined Scores	Small Business Preference	Cost/ Fees	Credit Quality	Termination Fee	Exception to Agreement	Downgrade pricing	Additional Provisions	Total
Bank of America	0	1800	390	360	400	320	400	3270
Bank of Tokyo Mitsubishi	0	1600	350	360	400	400	340	3110
Barclays Bank PLC	0	1800	320	360	400	320	340	3200
Citibank, NA	0	0	310	320	400	400	280	1430
JP Morgan Securities LLC	0	1400	400	270	400	280	370	2750
RBC Capital Markets, LLC	0	400	350	260	400	360	340	1770
State Street Bank and Trust	0	1400	350	360	400	320	400	2830
US Bank	0	2000	400	320	400	360	370	3480

Master Trust Indenture. The Authority previously entered into a Master Trust Indenture ("Master Senior Indenture"), dated as of November 1, 2005, as amended and supplemented, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A. (the "Senior Trustee"). The Master Senior Indenture (1) is the financing document that sets forth the general terms of the Authority's pledge of Net Revenues ("Net Revenues") to secure *senior* lien airport revenue bonds ("Senior Lien Bonds"), and (2) provides for the terms and conditions upon which Senior Lien Bonds may be issued by the Authority. Section 5.06 of the Master Senior Indenture also authorizes the Authority, from time to time, to incur indebtedness payable from Net Revenues on a *subordinate* basis to the payment of the Senior Lien Bonds.

Master Subordinate Trust Indenture. The Authority entered into a Master Subordinate Trust Indenture (the "Master Subordinate Indenture"), dated September 1, 2007, as amended and supplemented, by and between the Authority and U.S. Bank National Association, as successor trustee (the "Subordinate Trustee"). This financing document sets forth the general terms of the Authority's pledge of Net Revenues on a subordinate basis (the "Subordinate Net Revenues") and provides for the terms and conditions upon which subordinate bonds and notes ("Subordinate Obligations"), including the revolving line of credit, may be issued by the Authority. The pledge of Subordinate Net Revenues under the Master Subordinate Indenture is junior and subordinate to the pledge of Net Revenues under the Master Senior Indenture under which Senior Lien Bonds, including the Series 2013 Bonds, have been issued, but is on parity with Subordinate Lien Bonds, including the Series 2010 Bonds.

The Master Subordinate Indenture sets forth all of the terms, conditions, covenants and obligations that must be met by the Authority to issue Subordinate Obligations, including, among other things: (1) the conditions that must be met in order for the Authority to issue additional Subordinate Obligations payable from Subordinate Net Revenues; (2) the Authority's obligation to establish and maintain certain funds and accounts; and (3) the Authority's required compliance with covenants, including a rate maintenance covenant.

The Authority staff has determined that it is necessary and advisable to refinance the subordinate commercial paper program with a revolving line of credit provided by US Bank. In addition to the bank financing document ("Revolving Credit Agreement"), the revolving line of credit will require the Authority to enter into a Third Supplemental Subordinate Trust Indenture (the "Third Supplemental Subordinate Indenture") by and between the Authority and the Subordinate Trustee.

The Third Supplemental Subordinate Indenture is the financing document that will set forth the general terms of the revolving line of credit, including, among other things, a pledge of Subordinate Net Revenues to repay any obligations arising under the Revolving Credit Agreement and the establishment of certain funds and accounts. The pledge of Subordinate Net Revenues under the Third Supplemental Subordinate Indenture is the same as a pledge under the Master Subordinate Indenture.

Upon adoption of the attached Resolution No. 2014-0076, the Board will be approving the following:

1) Revolving Line of Credit

The incurrence of Subordinate Obligations in the form of the revolving line of credit in an aggregate principal amount not to exceed \$125,000,000 outstanding at any one time in order to, refinance the maturing subordinate commercial paper program (including termination of the program) and provide an interim funding source for future capital projects. Additional authorization is granted for the President/CEO to negotiate an extension to the revolving line of credit for up to three (3) additional years upon the same or more advantageous financial terms and provisions.

2) Revolving Credit Agreement and Third Supplemental Subordinate Indenture

Execution of the Revolving Credit Agreement with US Bank (Attachment A). The US Bank Revolving Credit Agreement provides the revolving line of credit with the following key terms:

- Tax Exempt pricing: 75% of 1 month Libor + 42 basis points
- Taxable pricing: 1 month Libor + 60 basis points
- Unutilized Pricing : 37 basis points
- Three (3) year term

The Finance committee has reviewed a draft version of the Revolving Credit Agreement. The final version is now before the Board. The substantive changes inserted in the final agreements are:

- Qualified Transferee definition restricted to include only banks and organizations. Thus, in section 11.7(c) "Notes" may not be transferred from US Bank to individual investors.
- Sections 6.3 and 6.4 (c), the Authority's requirement to pay lender for increased costs due to law and tax changes extended from 30 days to 60 days
- Section 11.6, Removed Waiver of Jury Trial and instead agreed, in section 8.29, to consent to Waiver of Jury Trial if such clause is incorporated into other future agreements

The Third Supplemental Subordinate Indenture (Attachment B) sets forth the general terms of the revolving line of credit as described above.

3) The Fourth Supplemental Senior Indenture

Execution of the Fourth Supplemental Senior Indenture (Attachment C) will amend certain provisions of the Master Senior Indenture in order to clarify that non-cash obligations will not be included in operations and maintenance expenses used in the calculation of the Rate Covenant and the Additional Bonds Test.

Fiscal Impact:

The revolving line of credit will allow the Authority to refinance the maturing subordinate commercial paper program whose letter of credit is expiring. The revolving line of credit will provide a variable rate borrowing facility and an interim funding source for future capital projects. Adequate funding for the revolving line of credit is included in the adopted FY 2015 and conceptually approved FY 2016 Budgets within the debt service line item (assuming no additional borrowing). FY 2017 and FY 2018 revolving line of credit costs will be included in future budget requests.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. § 15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code § 21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code § 30106.

Application of Inclusionary Policies:

The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, Policy 5.12 and Policy 5.14. These programs/policies are intended to promote the inclusion of small, local, service disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs/policies named above can be used in any single contracting opportunity.

This contract does not utilize federal funds and provides limited opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.12 was applied to promote the participation of qualified small businesses. Policy 5.12 provides a preference of up to five percent (5%) to small businesses in the award of selected Authority contracts. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$100,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid.

In accordance to Policy 5.12, the recommended firm, US Bank, received 0% small business preference.

Prepared by:

SCOTT BRICKNER
VICE PRESIDENT, FINANCE AND ASSET MANAGEMENT/TREASURER

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REVOLVING CREDIT AGREEMENT

dated as of [_____] 1], 2014

by and between

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION

Relating to
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS
SERIES A (NON-AMT)
SERIES B (AMT)
AND
SERIES C (TAXABLE)

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REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT, dated as of [____ 1], 2014 (this “*Agreement*”), is entered into by and between the SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, a local government entity of regional government with jurisdiction extending throughout the County of San Diego, organized and existing under the laws of the State of California (the “*Authority*”) and U.S. BANK NATIONAL ASSOCIATION and its successors and permitted assigns (the “*Lender*”).

RECITALS

WHEREAS, the Authority wishes to obtain revolving lines of credit (the “*Lines of Credit*”) from the Lender hereunder and the Lender is willing, upon the terms and subject to the conditions set forth below, to provide the Lines of Credit to the Authority to pay Costs of a Project (as defined herein), costs of issuance in connection with this Agreement or for any other purpose permitted under the Act (as defined herein) and/or the Subordinate Trust Indenture (as defined herein); and

WHEREAS, all obligations of the Authority to repay the Lender for extensions of credit made by the Lender under the Lines of Credit and to pay all other amounts payable to the Lender arising under or pursuant to this Agreement or the promissory notes to be issued to the Lender hereunder are created under and will be evidenced by this Agreement and such promissory notes and will be secured by a pledge of and lien on Subordinate Net Revenues (as defined herein), all in accordance with the terms and conditions hereof;

NOW, THEREFORE, in consideration of the foregoing Recitals and other consideration, the receipt and sufficiency of which is hereby acknowledged, and to induce the Lender to extend to the Authority the Lines of Credit, the Authority and the Lender hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. In addition to the terms defined in the recitals and elsewhere in this Agreement and the Subordinate Trust Indenture, the following terms shall have the following meanings:

“*Act*” means § 170000 *et seq.* of the California Public Utilities Code, as amended from time to time.

“*Advance*” means a Revolving Loan requested by the Authority under the AMT Loan Commitment, the Non-AMT Loan Commitment or the Taxable Loan Commitment, as applicable, and the terms hereof for the payment of Costs of a Project, costs of issuance in connection with this Agreement or for any other purpose permitted under the Act and/or the Subordinate Trust Indenture.

“*Advance Date*” means the date on which the Lender honors a Request for Advance and

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makes the funds requested available to the Authority.

“*Affiliate*” means, as to any Person, a corporation, partnership, association, agency, authority, instrumentality, joint venture, business trust or similar entity organized under the laws of any state that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person.

~~“*Aggregate Annual Debt Service*” has the meaning set forth in the Master Subordinate Trust Indenture.¹”~~

“*Agreement*” means this Revolving Credit Agreement, as the same may be amended from time to time.

“*Airport System*” has the meaning set forth in the Master Subordinate Trust Indenture.

“*Amortization End Date*” means the earliest to occur of (A) the third (3rd) anniversary of the Conversion Date; (B) the seventh (7th) day immediately succeeding an Event of Default specified in Section 10.1(a)(i), 10.1(a)(ii), 10.1(d)(i), 10.1(d)(ii), 10.1(e)(i), 10.1(e)(ii), 10.1(hg) or 10.1(kj) hereof; (C) the one hundred eightieth (180th) day immediately succeeding the date on which the Lender has notified the Authority of an acceleration of the Obligations following any Event of Default specified in Section ~~10.1(a)(ii)~~ 10.1(a)(iii), 10.1(b), 10.1(c), 10.1(d)(iii), 10.1(e)(iii), 10.1(f), 10.1(gh), 10.1(i), 10.1(jk), and 10.1(l) ~~and 10.1(m)~~ hereof; and (D) the day any other holder or credit enhancer of Debt secured by a lien or charge on ~~Net Revenues or Subordinate Net Revenues~~ or any counterparty under any Swap Contract related thereto causes any such Debt or obligations under such Swap Contract or any other obligations of the Authority to become immediately due and payable.

“*Amortization Payment*” has the meaning set forth in Section 4.5 hereof.

“*Amortization Payment Date*” means (a) the Initial Amortization Payment Date and each three-month anniversary of the Initial Amortization Payment Date occurring thereafter which occurs prior to the Amortization End Date and (b) the Amortization End Date.

“*Amortization Period*” has the meaning set forth in Section 4.5 hereof.

“*AMT Loan*” and “*AMT Loans*” means individually and collectively, AMT Revolving Loans and AMT Term Loans.

“*AMT Loan Commitment*” means, on any date, an initial amount equal to **[\$125,000,000]** and thereafter such initial amount adjusted from time to time as follows: (a) downward in an amount equal to any Advance or any Revolving Loan in respect of such Advance made to the Authority under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the

¹ ~~Note that the definition of “Unissued Subordinate Program Obligations” in the SMTI should be modified/supplemented to include the unutilized Commitment hereunder.~~

Taxable Loan Commitment, as applicable; (b) upward in an amount equal to the principal amount of any Revolving Loan under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable Loan Commitment, as applicable, that is repaid or prepaid in the manner provided herein; (c) downward in an amount equal to any reduction thereof effected pursuant to Section 2.7 or 10.2(a)(iii) hereof; and (d) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof; *provided*, that, after giving effect to any of the foregoing adjustments the AMT Loan Commitment shall never exceed \$125,000,000 at any one time.

“*AMT Note*” has the meaning set forth in Section 3.2(a) hereof.

“*AMT Revolving Loan*” means any Revolving Loan identified by the Authority in a Request for Advance as an “AMT Revolving Loan.”

“*AMT Term Loan*” means an AMT Revolving Loan that is converted to a Term Loan pursuant to the terms of Section 4.1 hereof.

“*Anti-Terrorism Laws*” has the meaning set forth in Section 7.25 hereof.

“*Applicable Factor*” means 75%.

“*Applicable Law*” means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of all governmental and non-governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity) and arbitrators.

“*Approving Opinion*” means, with respect to any action or matter that may affect a Tax-Exempt Loan, an opinion delivered by Bond Counsel to the effect that such action (i) is permitted by this Agreement and the other Related Documents and (ii) will not adversely affect the exclusion of interest on any Tax-Exempt Loan from gross income of the Lender or any Participant for purposes of federal income taxation.

“*Authority*” means San Diego County Regional Airport Authority, a local government entity of regional government, created pursuant to and existing under the laws of the State.

“*Authority Rating*” means the long-term unenhanced rating (without regard to any bond insurance policy or credit enhancement) assigned by Moody’s, Fitch or S&P to the Subordinate Obligations.

“*Authorized Authority Representative*” has the meaning set forth in the Master Subordinate Trust Indenture.

“*Available Commitment*” means, on any date, an initial amount equal to \$125,000,000 and thereafter such initial amount adjusted from time to time as follows: (a) downward in an amount equal to any Advance or any Revolving Loan in respect of such Advance made to the Authority under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable

Loan Commitment, as applicable; (b) upward in an amount equal to the principal amount of any Revolving Loan under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable Loan Commitment, as applicable, that is repaid or prepaid in the manner provided herein; (c) downward in an amount equal to any reduction thereof effected pursuant to Section 2.7 or Section 10.2(a)(iii) hereof; and (d) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof; *provided, that*, after giving effect to any of the foregoing adjustments the Available Commitment shall never exceed \$125,000,000 at any one time.

“Bank Agreement” means any credit agreement, bond purchase agreement, liquidity agreement or other agreement or instrument (or any amendment, supplemental or modification thereto) entered into by the Authority with any Person, directly or indirectly, or otherwise consented to by the Authority, under which any Person or Persons undertakes to make loans, extend credit or liquidity to the Authority in connection with, or purchase on a private placement basis, any Debt secured by or payable from Net Revenues or Subordinate Net Revenues.

“Bankruptcy Code” means the federal Bankruptcy Code of 1978, as it may be amended from time to time (Title 11 of the United States Code), and any successor statute thereto.

“Base Rate” means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate in effect at such time *plus* one percent (1.0%), (ii) the Federal Funds Rate in effect at such time *plus* two percent (2.0%), and (iii) seven and one half percent (7.5%).

“Board” has the meaning set forth in the Master Subordinate Trust Indenture.

“Bond Counsel” means Kutak Rock LLP or such other counsel of recognized national standing in the field of law relating to municipal bonds and the exemption from federal income taxation of interest thereon, appointed and paid by the Authority.

“Business Day” means any day other than (a) a Saturday, Sunday, or other day on which commercial banks located in the States of New York or California are authorized or required by law or executive order to close; or (b) a day on which the New York Stock Exchange is closed.

“Change in Law” means the occurrence, after the Effective Date, of any of the following: (a) the adoption or taking effect of any Law, including, without limitation, any Risk-Based Capital Guidelines, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, ruling, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“*Code*” means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

“*Commitment*” means the agreement of the Lender pursuant to Section 2.1 hereof to make Advances under the terms hereof for the account of the Authority for the purpose of providing funds to pay Costs of a Project, costs of issuance in connection with this Agreement or for any other purpose permitted under the Act and/or the Subordinate Trust Indenture.

“*Commitment Expiration Date*” means [_____, 2017], unless extended as provided herein.

“*Commitment Fee*” has the meaning set forth in Section 2.6(a) hereof.

“*Commitment Fee Rate*” has the meaning set forth in Section 2.6(a) hereof.

“*Computation Date*” means the second New York Banking Day preceding each applicable Rate Reset Date.

“*Conversion Date*” means the date on which a Revolving Loan is converted to a Term Loan pursuant to Article IV hereof.

“*Costs of a Project*” has the meaning set forth in the Master Subordinate Trust Indenture.

“*Debt*” means, with respect to any Person, without duplication: (a) all indebtedness of such Person for borrowed money (including, but not limited to, amounts drawn under a letter of credit, line of credit or other credit or liquidity facilities or amounts loaned pursuant to a Bank Agreement); (b) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable in the ordinary course of business; (c) all obligations of such Person evidenced by notes, certificates, debentures or similar instruments; (d) all Guarantees by such Person of Debt of other Persons (each such Guarantee to constitute Debt in an amount equal to the amount of such other Person’s Debt guaranteed thereby); (e) all obligations of other Persons secured by a lien on, or security interest in, any asset of such Person whether or not such obligation is assumed by such Person; (f) all obligations under leases that constitute capital leases for which such Person is liable; and (g) all obligations of such Person under any Swap Contract, in each case, whether such Person is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss.

“*Default*” means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“*Default Rate*” means, for any day, a fluctuating rate per annum equal to the sum of the Base Rate in effect on such day *plus* three percent (3.00%).

“*Designated Representative*” has the meaning set forth in the Third Supplemental Subordinate Trust Indenture.

“*Determination of Taxability*” means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the Authority files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when the Lender has received written notification from the Authority, supported by a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance, to the effect that an Event of Taxability has occurred;

(iii) on the date when the Authority shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that based upon filings of the Authority (or a statutory notice of deficiency, or a document of substantially similar import), or upon any review or audit of the Authority, or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on the date when the Authority shall receive notice from the Lender that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Lender or any Participant the interest on any Tax-Exempt Loan due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) above unless the Authority has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined after taking into account any permitted appeals; *provided further, however*, that upon demand from the Lender, the Authority shall promptly reimburse the Lender for any payments, including any taxes, interest, penalties or other charges, the Lender shall be obligated to make as a result of the Determination of Taxability.

“*Dollar*” and “*\$*” mean lawful money of the United States.

“*Effective Date*” means [____], 2014, subject to the satisfaction or waiver by the Lender of the conditions precedent set forth in Section 2.4(a) hereof.

“*EMMA*” means the Electronic Municipal Market Access system and any successor thereto.

“*Environmental Laws*” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, or rules, and all judgments, orders, decrees, permits, concessions, grants, franchises, licenses, permits, agreements or governmental restrictions relating to air, water or land pollution, wetlands, or the protection of the environment or the release of any materials into the environment, including air, water or land and those related to Hazardous Materials, air emissions

and discharges to waste or public systems.

“*Environmental Liability*” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Authority directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA shall be construed also to refer to any successor Sections.

“*Event of Default*” with respect to this Agreement has the meaning set forth in Section 10.1 of this Agreement and, with respect to any other Related Document, has the meaning assigned therein.

“*Event of Taxability*” means (i) a change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Authority, or the failure to take any action by the Authority, or the making by the Authority of any misrepresentation herein or in any certificate required to be given in connection with this Agreement) which has the effect of causing interest paid or payable on any Tax-Exempt Loan to become includable, in whole or in part, in the gross income of a Holder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on any Tax-Exempt Loan to become includable, in whole or in part, in the gross income of a Holder for federal income tax purposes, other than for a period during which the Holder is or was a “substantial user” of the projects financed or refinanced from proceeds of an AMT Loan or a “related person” for purposes of Section 147(a) of the Code. An Event of Taxability does not include any event, condition or ~~circumstances~~ circumstance which results in interest on any AMT Loan being an item of tax preference subject to the federal alternative minimum tax, or any other tax consequences which depend upon a Holder’s particular tax status.

“*Excess Interest Amount*” has the meaning set forth in Section 6.5(c) hereof.

“*Excluded Tax*” means, with respect to the Lender or any other recipient of any payment to be made by or on account of any obligation of the Authority hereunder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which the Lender or such other recipient is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any

other jurisdiction in which the Authority is located.

“*Executive Director*” has the meaning set forth in the Master Subordinate Trust Indenture.

“*Executive Order*” has the meaning set forth in Section 7.25 hereof.

“*Federal Funds Rate*” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that: (a) if such day is not a Business Day, then the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day; and (b) if no such rate is so published on such next succeeding Business Day, then the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one-hundredth of one percent) (1/100 of 1%) charged to the Lender on such day on such transactions as determined by the Lender.

“*Fiscal Year*” means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other period designated by the Board as the Authority’s fiscal year.

“*Fitch*” means Fitch Ratings, Inc., and any successor rating agency.

“*FRB*” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

“*Generally Accepted Accounting Principles*” or “*GAAP*” means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Authority.

“*Governmental Approval*” means an authorization, consent, approval, license, or exemption of, registration or filing with, or report to any Governmental Authority.

“*Governmental Authority*” means the government of the United States or any state or political subdivision thereof or any other nation or political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“*Guarantee*” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by

agreement to keep well, to purchase assets, goods, securities or services, to take or pay, or to maintain financial statement conditions or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

“Hazardous Materials” means (a) any petroleum or petroleum products, flammable substance, explosives, radioactive materials, hazardous waste or contaminants, toxic wastes, substances or contaminants, or any other wastes, contaminants, or pollutants; (b) asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers, or other equipment that contains dielectric fluid containing levels of polychlorinated biphenyls or radon gas; (c) any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous materials,” “extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants,” “contaminants” or “pollutants,” or words of similar import, under any applicable Environmental Law; (d) any other chemical, material or substance, exposure to which is prohibited, limited, or regulated by any governmental authority; and (e) any other chemical, material or substance which may or could pose a hazard to the environment.

“Indemnitee” has the meaning set forth in Section 6.2 hereof.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Initial Amortization Payment Date” means the ninetieth (90th) calendar day following the Conversion Date.

“Initial Commitment Amount” means \$125,000,000.

“Interest Payment Date” means (a) with respect to any AMT Revolving Loan, Non-AMT Revolving Loan or Taxable Revolving Loan, the first Business Day of every calendar month and on the Revolving Loan Maturity Date, (b) as to any Term Loan, the first Business Day of every calendar month and on the Amortization End Date and (c) as to any Loan, the date such Loan is paid or prepaid.

“Interest Period” means, with respect to any Loan, the period from (and including) the date such Loan is made to (but excluding) the next succeeding Rate Reset Date, and thereafter shall mean the period from (and including) such Rate Reset Date to (but excluding) the next succeeding Rate Reset Date (or, if sooner, to but excluding the Revolving Loan Maturity Date).

“Law” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“*Lender*” means U.S. Bank National Association and its successors and assigns.

“*Lender Affiliate*” means the Lender and any Affiliate of the Lender.

“*Lender Rate*” means, for each day of determination on and after the Conversion Date, a fluctuating rate per annum, with respect to any Term Loan, equal to the Base Rate from time to time in effect plus one and one-half percent (1.50%); *provided* that from and after the occurrence of an Event of Default, “*Lender Rate*” shall mean the Default Rate.

“*Lender’s Office*” means the Lender’s address and, as appropriate, the account as set forth in Section 11.3 hereof, or such other address or account of which the Lender may from time to time notify the Authority.

“*LIBOR*” means, as of any Computation Date, the rate of interest per annum for United States Dollar deposits in the London Interbank Market, as quoted by the Lender from Reuters Screen LIBOR01 Page or any successor thereto, which shall be that one-month LIBOR rate in effect two New York Banking Days prior to the related Advance Date or the Rate Reset Date, as the case may be, such rate to be reset monthly on each Rate Reset Date. If for any reason such LIBOR is illegal, unavailable and/or the Lender is unable to determine the Taxable LIBOR Rate or the Tax-Exempt LIBOR Rate, as applicable, for any Interest Period, then the Lender and the Authority shall reach agreement to: (a) select a replacement index based on the arithmetic mean of the quotations, if any, of the interbank offered rate by first class banks in London or New York for deposits with comparable maturities or (b) deem the LIBOR to be a rate per annum equal to the Lender’s Federal Funds Rate plus an agreed upon margin as of the first day of any Interest Period for which such LIBOR is unavailable or cannot be determined; *provided that*, if for any reason the Lender and the Authority fail to reach agreement as to the selection of (a) or (b), the LIBOR shall be deemed to be a rate per annum equal to the Lender’s Federal Funds Rate as of the first day of any Interest Period for which such LIBOR is unavailable or cannot be determined plus the Tax-Exempt Applicable Spread or Taxable Applicable Spread, as applicable. The Lender’s internal records of applicable interest rates shall be determinative in the absence of manifest error.

“*Lien*” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“*Loan*” and “*Loans*” means individually, each Revolving Loan and each Term Loan under this Agreement, and collectively the Revolving Loans and the Term Loans under this Agreement.

“*Margin Rate Factor*” means the greater of (i) 1.0, and (ii) the product of (a) one minus the Maximum Federal Corporate Tax Rate multiplied by (b) 1.53846. The effective date of any change in the Margin Rate Factor shall be the effective date of the decrease or increase (as applicable) in the Maximum Federal Corporate Tax Rate resulting in such change. As of the

Effective Date, the Margin Rate Factor is 1.0.

“*Margin Stock*” has the meaning ascribed to such term in Regulation U and/or Regulation X promulgated by the FRB, as now and hereafter from time to time in effect.

“*Master Senior Trust Indenture*” means that certain Master Trust Indenture dated as of November 1, 2005, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, as the same may be amended or otherwise modified in accordance with the terms thereof and hereof.

“*Master Subordinate Trust Indenture*” means that certain Master Subordinate Trust Indenture, dated as of September 1, 2007, by and between the Authority and the Trustee, as amended by the Second Supplemental Subordinate Trust Indenture, and as the same may be further amended or otherwise modified in accordance with the terms thereof and hereof.

~~“*Master Senior Trust Indenture*” means that certain Master Senior Trust Indenture dated as of November 1, 2005, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, as the same may be amended or otherwise modified in accordance with the terms thereof and hereof.~~

“*Material Adverse Change*” means the occurrence of any event or change, including but not limited to a change revealed by a comparison of any financial statements delivered pursuant to Section 8.2 hereof to the financial statements for the most recent prior Fiscal Year, which separately or in the aggregate with the occurrence of other events, results or could reasonably be expected to result in a Material Adverse Effect.

“*Material Adverse Effect*” means any event or occurrence (including, without limitation, a change in Applicable Law) that causes a material adverse change in or a material adverse effect on (A) the validity or enforceability of this Agreement, the Notes or any of the other the Related Documents, (B) the validity, enforceability or perfection of the pledge of and lien on the Subordinate Net Revenues under the Subordinate Trust Indenture or hereunder, (C) the status of the Authority as a public entity created and validly existing under the laws of the State, (D) the exemption of interest on any Tax-Exempt Loan from federal income tax, other than for a period during which a Holder is or was a “substantial user” of the projects financed or refinanced from proceeds of an AMT Loan or a “related person” for purposes of Section 147(a) of the Code, or (E) the collection of the Revenues that could reasonably be expected to have a material adverse effect on the ability of the Authority to pay debt service on the Loans, the Senior Lien Revenue Bonds or the Subordinate Obligations or amounts due on any other Obligations hereunder or (F) the rights, remedies, security or interests of the Lender under the Related Documents.

“*Maximum Federal Corporate Tax Rate*” means the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect from time to time (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to the Lender, the maximum statutory rate of federal income taxation which could apply to the Lender). As of the Effective Date, the Maximum Federal Corporate Tax Rate is 35%.

“*Maximum Rate*” means the lesser of (a) the maximum non-usurious interest rate payable by the Authority under applicable law, and (b) 15% per annum.

“*Miscellaneous Taxes*” means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Related Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Related Document.

“*Moody’s*” means Moody’s Investors Service, Inc. and any successor rating agency.

“*1933 Act*” means the Securities Act of 1933, as amended.

“*Net Revenues*” has the meaning set forth in the Master Subordinate Trust Indenture.

“*New York Banking Day*” shall mean any date (other than a Saturday or Sunday) on which commercial banks are open for business in New York, New York.

“*Non-AMT Loan*” and “*Non-AMT Loans*” means individually and collectively, Non-AMT Revolving Loans and Non-AMT Term Loans.

“*Non-AMT Loan Commitment*” means, on any date, an initial amount equal to \$125,000,000 and thereafter such initial amount adjusted from time to time as follows: (a) downward in an amount equal to any Advance or any Revolving Loan in respect of such Advance made to the Authority under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable Loan Commitment, as applicable; (b) upward in an amount equal to the principal amount of any Revolving Loan under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable Loan Commitment, as applicable, that is repaid or prepaid in the manner provided herein; (c) downward in an amount equal to any reduction thereof effected pursuant to Section 2.7 or 10.2(a)(iii) hereof; and (d) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof; *provided*, that, after giving effect to any of the foregoing adjustments the Non-AMT Loan Commitment shall never exceed \$125,000,000 at any one time.

“*Non-AMT Note*” has the meaning set forth in Section 3.2(a) hereof.

“*Non-AMT Revolving Loan*” means any Revolving Loan identified by the Authority in a Request for Advance as a “Non-AMT Revolving Loan.”

“*Non-AMT Term Loan*” means a Non-AMT Revolving Loan that is converted to a Term Loan pursuant to the terms of Section 4.1 hereof.

“*Noteholder*” or “*Holder*” means the holder or owner of a Note.

“*Notes*” means the AMT Note, the Non-AMT Note and the Taxable Note, each evidencing the Revolving Obligations.

“*OFAC*” has the meaning set forth in Section 7.25 hereof.

“*Obligations*” means all Repayment Obligations, all fees, expenses and charges payable or reimbursable hereunder to the Lender (including, without limitation, any amounts to reimburse the Lender for any advances or expenditures by it under any of such documents) and all other payment obligations of the Authority to the Lender arising under or in relation to this Agreement or the other Related Documents, in each, case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired.

“*Outstanding*” has the meaning set forth in the Master Subordinate Trust Indenture.

“*Participant*” means any entity to which the Lender has granted a participation in the obligations of the Lender hereunder and of the Authority hereunder and under the Notes.

“*Patriot Act*” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001), as amended.

“*Person*” means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

“*Plan*” means an employee benefit plan maintained for employees of the Authority that is covered by ERISA.

“*Prime Rate*” means on any day, the rate of interest per annum then most recently established by the Lender as its “prime rate.” Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by the Lender to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that the Lender may make various business or other loans at rates of interest having no relationship to such rate. If the Lender ceases to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

“*Property*” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“*Qualified Transferee*” means:~~(a)~~—Any any of the following entities, acting for its own account or the accounts of other Qualified Transferees:

- (i) Any bank as defined in section 3(a)(2) of the ~~Securities Act of 1933 (the “Act”)~~, or any savings and loan association or other institution as defined in section

3(a)(5)(A) of the 1933 Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to ~~section~~Section 15 of the Securities Exchange Act of ~~1934~~1934, as amended; any insurance company as defined in Section 2(a)(13) of the 1933 Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that 1933 Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) Any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940; or

(iii) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of ~~\$5,000,000;~~ or \$5,000,000.

~~(b) Any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1,000,000.~~

~~(i) Except as provided in paragraph (b)(ii), for purposes of calculating net worth under this paragraph (b):~~

~~(1) The person's primary residence shall not be included as an asset;~~

~~(2) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and~~

~~(3) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability;~~

~~(ii) Paragraph (b)(i), above, will not apply to any calculation of a person's net worth made in connection with a purchase of an obligation in accordance with a right to purchase such obligation, provided that:~~

~~_____ (1) Such right was held by the person on July 20, 2010;~~

~~_____ (2) The person satisfies the net worth requirement set forth in paragraph (b)(i) at the time the person acquired such right; and~~

~~_____ (3) The person held obligations of the same issuer, other than such right, on July 20, 2010.~~

“*Rate Reset Date*” means each date on which the interest rate borne by any Loan shall be reset hereunder, and with respect to any Loan, shall mean the first calendar day of each calendar month.

“*Rating Agency*” means any of S&P, Moody’s and/or Fitch, as context may require.

“*Rating Documentation*” has the meaning set forth in Section 2.4(a)(viii) hereof.

“*Reduction Fee*” means an amount equal to the product of (A) the Commitment Fee Rate in effect on the date of the permanent reduction of the Commitment pursuant to Section 2.7(a) hereof, (B) the difference between (x) the Initial Commitment Amount and (y) the sum of the Available Commitment after the reduction and the aggregate principal amount of the Loans outstanding after the reduction and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including the second anniversary of the Effective Date, and the denominator of which is 360.

“*Related Documents*” means this Agreement, the Notes, the Tax Certificate, the Master Senior Trust Indenture, the Master Subordinate Trust Indenture, the Third Supplemental Subordinate Trust Indenture, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

“*Repayment Obligations*” means any and all obligations of the Authority under this Agreement to repay the Notes ~~(including all principal of and interest on the Loans and, the Advances) together with interest thereon~~ and the Notes, pursuant to and in accordance with this Agreement.²

“*Request for Advance*” means any request for an Advance made by the Authority to the Lender, in the form of Exhibit B hereto, executed and delivered on behalf of the Authority by the manual or facsimile signatures of any Designated Representative.

“*Revenues*” has the meaning set forth in the Master Subordinate Trust Indenture.

“*Revolving Loan*” has the meaning set forth in Section 3.1 hereof.

² ~~Note the definition of “Repayment Obligations” under the SMTI needs to be amended to include the Repayment Obligations hereunder.~~

“*Revolving Loan Maturity Date*” means, with respect to any Revolving Loan, the Commitment Expiration Date or any earlier Termination Date.

“*Revolving Obligations*” has the meaning set forth in the Third Supplemental Subordinate Trust Indenture and includes all Loans, Advances and Notes.

“*Risk-Based Capital Guidelines*” means (i) the risk-based capital guidelines in effect in the United States, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations.

“*S&P*” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and any successor rating agency.

“*Second Supplemental Subordinate Trust Indenture*” means that certain Second Supplemental Subordinate Trust Indenture, {dated as of October 1, 20 , 2010, between the Authority and the Trustee, as the same may be amended or otherwise modified in accordance with the terms thereof and hereof.

“*Senior Lien Revenue Bonds*” has the meaning set forth in the Master Subordinate Trust Indenture.

“*Senior Lien Trustee*” means The Bank of New York Mellon Trust Company, N.A. as trustee, or its permitted successor as trustee under the Master Senior Trust Indenture from time to time.

“*State*” means the State of California.

“*Subordinate Net Revenues*” has the meaning set forth in the Master Subordinate Trust Indenture.

“*Subordinate Obligations*” has the meaning set forth in the Master Subordinate Trust Indenture.

“*Subordinate Trust Indenture*” means, the Master Subordinate Trust Indenture as supplemented by the Third Supplemental Subordinate Trust Indenture, ~~as the same may be further amended or supplemented in accordance with the terms thereof and hereof.~~

“*Supplemental Subordinate Indenture*” has the meaning set forth in the Master Subordinate Indenture.

“*Swap Contract*” means (a) any and all rate swap transactions, total return swaps, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor

transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Tax Certificate*” means that certain Tax Compliance Certificate dated [____], 2014, by the Authority, relating to the Tax-Exempt Loans, as the same may be amended or supplemented from time to time.

“*Tax-Exempt Applicable Spread*” means, initially 42 basis points (0.42%), which is subject to maintenance of the current Authority Rating. In the event of a change in the Authority Rating, the Tax-Exempt Applicable Spread shall equal the number of basis points set forth in the Level associated with the lowest Authority Rating as set forth in the schedule below:

	Authority Rating			Applicable Spread
	Moody’s	S&P	Fitch	basis points (%)
Level I	A2 or above	A or above	A or above	42 bps (0.42%)
Level II	A3	A-	A-	57 bps (0.57%)
Level III	Baa1	BBB+	BBB+	82 bps (0.82%)
Level IV	Baa2	BBB	BBB	132 bps (1.32%)

Any change in the Tax-Exempt Applicable Spread resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in the Authority Rating. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a “*global*” rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The Authority acknowledges that as of the Effective Date the Tax-Exempt Applicable Spread is that specified above for Level I.

“*Tax-Exempt LIBOR Rate*” means a fluctuating rate per annum, determined as of each applicable Rate Reset Date, equal to the product of (x) the sum of (a) the Tax-Exempt Applicable Spread plus (b) the product of (i) LIBOR, as in effect on such Rate Reset Date, multiplied by (ii) the Applicable Factor, as in effect on such Rate Reset Date, multiplied by (y) the Margin Rate Factor, rounded upward to the fifth decimal place.

“*Tax-Exempt Loan*” and “*Tax-Exempt Loans*” means individually and collectively, AMT Loans and Non-AMT Loans.

“*Tax-Exempt Term Loan*” means an AMT Revolving Loan or a Non-AMT Revolving Loan that is converted to a Term Loan pursuant to the terms of Section 4.1 hereof.

“*Taxable Date*” means the date on which interest on any Tax-Exempt Loan is first includable in gross income of any holder thereof (including the Lender) as a result of an Event of Taxability as such a date is established pursuant to a Determination of Taxability.

“*Taxable Applicable Spread*” means, initially 60 basis points (0.60%), which is subject to maintenance of the current Authority Rating. In the event of a change in the Authority Rating, the Taxable Applicable Spread shall equal the number of basis points set forth in the Level associated with the lowest Authority Rating as set forth in the schedule below:

	<u>Authority Rating</u>			<u>Applicable Spread</u>
	<u>Moody’s</u>	<u>S&P</u>	<u>Fitch</u>	<u>basis points (%)</u>
Level I	A2 or above	A or above	A or above	60 bps (0.60%)
Level II	A3	A-	A-	75 bps (0.75%)
Level III	Baa1	BBB+	BBB+	100 bps (1.00%)
Level IV	Baa2	BBB	BBB	150 bps (1.50%)

Any change in the Taxable Applicable Spread resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in the Authority Rating. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a “*global*” rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The Authority acknowledges that as of the Effective Date the Taxable Applicable Spread is that specified above for Level I.

“*Taxable LIBOR Rate*” means a fluctuating rate per annum, determined as of each applicable Rate Reset Date, equal to the sum of (i) the Taxable Applicable Spread *plus* (ii) LIBOR, as in effect on such Rate Reset Date, rounded upward to the fifth decimal place.

“*Taxable Loan*” and “*Taxable Loans*” means individually and collectively, Taxable Revolving Loans and Taxable Term Loans.

“*Taxable Loan Commitment*” means, on any date, an initial amount equal to \$125,000,000 and thereafter such initial amount adjusted from time to time as follows: (a) downward in an

amount equal to any Advance or any Revolving Loan in respect of such Advance made to the Authority under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable Loan Commitment, as applicable; (b) upward in an amount equal to the principal amount of any Revolving Loan under the AMT Loan Commitment and/or the Non-AMT Loan Commitment and/or the Taxable Loan Commitment, as applicable, that is repaid or prepaid in the manner provided herein; (c) downward in an amount equal to any reduction thereof effected pursuant to Section 2.7 or 10.2(a)(iii) hereof; and (d) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof; *provided*, that, after giving effect to any of the foregoing adjustments the Taxable Loan Commitment shall never exceed \$125,000,000 at any one time.

“*Taxable Note*” has the meaning set forth in Section 3.2(b) hereof.

“*Taxable Period*” has the meaning set forth in Section 6.3(e) hereof.

“*Taxable Rate*” means, with respect to a Taxable Period, the product of (i) the average interest rate on the Non-AMT Loan during such period and (ii) 1.54.

“*Taxable Revolving Loan*” means any Revolving Loan ~~bearing interest at the~~ identified by the Authority in a Request for Advance as a “Taxable LIBOR Rate Revolving Loan.”

“*Taxable Term Loan*” means a Taxable Revolving Loan that is converted to a Term Loan pursuant to the terms of Section 4.1 hereof.

“*Taxes*” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

“*Termination Date*” means the earliest of (i) the Commitment Expiration Date, as such date may be extended pursuant to Section 2.7 hereof, (ii) the date on which the Commitment and Available Commitment are otherwise terminated or reduced to zero in accordance with Section 2.7 hereof and (iii) the date the Commitment terminates by its terms in accordance with Section 10.2 hereof.

“*Termination Fee*” means an amount equal to the product of (A) the Commitment Fee Rate in effect on the date of termination of the Commitment pursuant to Section 2.7(b) hereof, (B) the difference between (x) the Initial Commitment Amount and (y) the principal amount of any permanent reduction to the Commitment pursuant to Section 2.7(a) hereof for which a Reduction Fee has been paid to the Lender and (C) a fraction, the numerator of which is equal to the number of days from and including the date of termination to and including the second anniversary of the Effective Date, and the denominator of which is 360.

“*Term Loan*” means an AMT Term Loan, a Non-AMT Term Loan and a Taxable Term Loan.

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“*Third Supplemental Subordinate Trust Indenture*” means that certain Third Supplemental Subordinate Trust Indenture, dated as of [September] 1, 2014, by and between the Authority and the Trustee, as the same may be amended or otherwise modified in accordance with the terms thereof and hereof.

“*Trustee*” means U.S. Bank National Association as trustee or its permitted successor as trustee under the Trust Indenture.

“*United States*” means the United States of America.

“*Vice President, Finance and Asset Management/Treasurer*” means the person at a given time who is the Vice President, Finance and Asset Management/Treasurer of the Authority (including any person serving in an acting or interim capacity) or such other title as the Board may from time to time assign for such position and the officer or officers succeeding to such position as certified by the Board.

Section 1.2. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP. If, after the Effective Date, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Sections 8.2 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement including, without limitation, a recharacterization of operating leases to the effect that certain operating leases are to be treated as capital leases, either the Authority or the Lender may by notice to the other party hereto, require that the Lender and the Authority negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Authority shall be the same as if such change had not been made. No delay by the Authority or the Lender in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 1.2, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles.

Section 1.3. Interpretation. The following rules shall apply to the construction of this Agreement unless the context requires otherwise: (i) the singular includes the plural, and the plural the singular; (ii) words importing any gender include the other gender; (iii) references to statutes are to be construed as including all statutory provisions consolidating and amending, and all regulations promulgated pursuant to, such statutes; (iv) references to “writing” include printing, photocopy, typing, lithography and other means of reproducing words in a tangible visible font; (v) the words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation”; (vi) references to the introductory paragraph, recitals, articles, sections (or clauses or subdivisions of sections), exhibits, appendices, annexes or schedules are to those of this Agreement unless otherwise indicated; (vii) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are

permitted or not prohibited by the terms of this Agreement; (viii) section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose; (ix) references to Persons include their respective permitted successors and assigns; and (x) in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each means “to but excluding.” All references to “funds” herein shall include all accounts and subaccounts therein unless the context clearly requires otherwise.

Section 1.4. Times of Day. Unless otherwise specified, all references herein to times of day shall be references to California time (daylight or standard, as applicable).

Section 1.5. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference. (a) Nothing in this Agreement shall be deemed to amend, or relieve the Authority of its obligations under, any Related Document to which it is a party. Conversely, to the extent that the provisions of any Related Document allow the Authority to take certain actions, or not to take certain actions, with regard for example to permitted liens, transfers of assets, maintenance of financial ratios and similar matters, the Authority nevertheless shall be fully bound by the provisions of this Agreement.

(b) Except as provided in subsection (c) of this Section 1.5, all references to other documents shall be deemed to include all amendments, modifications and supplements thereto to the extent such amendment, modification or supplement is made in accordance with the provisions of such document and this Agreement.

(c) All provisions of this Agreement making reference to specific Sections of any Related Document shall be deemed to incorporate such Sections into this Agreement by reference as though specifically set forth herein (with such changes and modifications as may be herein provided) and shall continue in full force and effect with respect to this Agreement notwithstanding payment of all amounts due under or secured by the Related Documents, the termination or defeasance thereof or any amendment thereto or any waiver given in connection therewith, so long as this Agreement is in effect and until all Obligations are paid in full. No amendment, modification, consent, waiver or termination with respect to any of such Sections shall be effective as to this Agreement until specifically agreed to in writing by the parties hereto with specific reference to this Agreement.

ARTICLE II

FACILITIES; APPLICATION AND ISSUANCE OF THE LOANS; PAYMENTS

Section 2.1. Revolving Credit Commitments. Subject to the terms and conditions hereof, the Lender, by its acceptance hereof, agrees to make a loan or loans in U.S. Dollars to the Authority from time to time on a revolving basis up to the amount of the Available Commitment, subject to any reductions thereof pursuant to the terms hereof, before the Termination Date. The sum of the aggregate principal amount of AMT Loans, Non-AMT Loans and Taxable Loans at any time outstanding shall not exceed the Available Commitment in effect at such time. As provided

in Section 2.3(c) hereof, the Authority may elect that any such Revolving Loan be an AMT Loan pursuant to the AMT Loan Commitment, a Non-AMT Loan pursuant to the Non-AMT Loan Commitment or a Taxable Loan pursuant to the Taxable Loan Commitment. Revolving Loans may be repaid and the principal amount thereof reborrowed before the Termination Date, subject to the terms and conditions hereof.

Section 2.2. Application. The Authority hereby applies to the Lender for, and authorizes and instructs the Lender to issue for its account, the Commitment in an initial amount equal to the Initial Commitment Amount.

Section 2.3. Making of Advances; Use of Proceeds. (a) Subject to the terms and conditions of this Agreement, the Lender agrees to make Advances from time to time on any Business Day, commencing on the Effective Date and ending on the Termination Date, in amounts not to exceed at any time outstanding the Available Commitment; *provided*, that the Lender shall not be required to make more than three Advances during any calendar month. Each Advance requested shall be in a minimum principal amount of \$1,000,000 or any integral multiples of \$250,000 in excess thereof. Each Advance shall be made solely for the purpose of providing funds to pay Costs of a Project, costs of issuance in connection with this Agreement or any other purpose permitted under the Act and/or the Subordinate Trust Indenture; *provided* that in no event shall any of the proceeds of a Non-AMT Loan be used to pay or prepay an AMT Loan or a Taxable Loan nor shall the proceeds of an AMT Loan be used to pay or prepay a Taxable Loan, unless the Authority receives an Approving Opinion of Bond Counsel, which shall also be addressed to the Lender or upon which the Lender is entitled to rely. The aggregate amount of all Advances made on any Advance Date shall not exceed the applicable Available Commitment (calculated without giving effect to any Advances made on such date) at 9:00 am (California time) on such date. The aggregate amount of all Advances bearing interest at an Tax-Exempt LIBOR Rate made on any Advance Date shall not exceed the applicable AMT Loan Commitment or the Non-AMT Loan Commitment (calculated without giving effect to any Advances made on such date) at 9:00 am (California time) on such date. The aggregate amount of all Advances bearing interest at a Taxable LIBOR Rate made on any Advance Date shall not exceed the applicable Taxable Loan Commitment (calculated without giving effect to any Advances made on such date) at 9:00 am (California time) on such date.

(b) *Reborrowing.* Within the limits of this Section 2.3, the Authority may borrow, repay pursuant to Section 3.4 hereof and reborrow under this Section 2.3. Upon any prepayment of the related Revolving Loan, the related Available Commitment shall be reinstated as set forth in the definition thereof.

(c) *Method of Borrowing.* Upon receipt of a Request for Advance by the Lender not later than 9:00 a.m. California time on the Business Day which is three New York Banking Days' immediately prior to the day of the proposed borrowing, the Lender, subject to the terms and conditions of this Agreement, shall be required to make an Advance by 12:30 p.m. California time on such day of the proposed borrowing for the account of the Authority in an amount equal to the amount of the requested borrowing. Notwithstanding the foregoing, in the event such Request for Advance is received by the Lender after 9:00 a.m. California time on the Business Day which is three New York Banking Days immediately prior to the day of the proposed borrowing, the Lender

shall be required to make the related Advance by 12:30 p.m. California time on the fourth New York Banking Day after receipt of the related Request for Advance. Any Request for Advance shall be signed by a Designated Representative and shall specify whether the requested Advance shall be an AMT Loan, a Non-AMT Loan or a Taxable Loan. Pursuant to Section 3.3 hereof, the Lender shall determine the initial Tax-Exempt LIBOR Rate or Taxable LIBOR Rate, as applicable, for the Advance two New York Banking Days prior to the related Advance Date. Each Advance shall be made by the Lender by wire transfer of immediately available funds to the Trustee (on behalf of the Authority) in accordance with written instructions provided by the Authority. If, after examination, the Lender shall have determined that a Request for Advance does not conform to the terms and conditions hereof, then the Lender shall use its best efforts to give notice to the Authority to the effect that documentation was not in accordance with the terms and conditions hereof and stating the reasons therefor. The Authority may attempt to correct any such nonconforming Request for Advance, if, and to the extent that, the Authority is entitled (without regard to the provisions of this sentence) and able to do so.

Section 2.4. Conditions Precedent.

(a) *Conditions Precedent to Effective Date.* The obligations of the Lender to make the Commitment available hereunder shall be subject to the fulfillment of each of the following conditions precedent on or before the Effective Date in a manner satisfactory to the Lender:

(i) The Lender shall have received the following documents, each dated and in form and substance as is satisfactory to the Lender:

(1) copies of the resolution(s) of the Board approving the execution and delivery of this Agreement, the Notes and the Third Supplemental Subordinate Trust Indenture, certified by the Director, Corporate ~~Services~~ & Information Governance/Authority Clerk as being true and complete and in full force and effect on the Effective Date;

(2) certified copies of all approvals, authorizations and consents of any trustee, or holder of any indebtedness or obligation of the Authority or any Governmental Authority necessary for the Authority to enter into each of the Related Documents and the transactions contemplated herein and therein;

(3) the audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2013 and a copy of the most recent budget of the Authority (such requirement to be satisfied if such information is available on the Authority's website); and

(4) a certificate of the Authority dated the Effective Date certifying as to the authority, incumbency and specimen signatures of the Authorized Authority Representatives and the Designated Representatives authorized to sign this Agreement, the Third Supplemental Subordinate Trust Indenture and the Notes and any other documents to be delivered by it hereunder and who will be authorized to represent the Authority in connection with this Agreement, upon which the Lender

may rely until it receives a new such certificate;

(5) an executed original or certified copy, as applicable, of each of the Related Documents;

(6) the original executed Notes; and

(7) an IRS Form W-9 duly completed by the Authority.

(ii) The Lender shall have received a written description of all actions, suits or proceedings pending or threatened against the Authority in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a material adverse effect on the Authority's ability to perform its obligation under this Agreement and the other Related Documents, if any, and such other statements, certificates, agreements, documents and information with respect thereto as the Lender may reasonably request. There shall not have occurred any change or any development involving a prospective change in the financial or operating condition of the Authority or its ability to pay the Obligations from that set forth in the audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2013 provided to the Lender, that in the judgment of the Lender is material or adverse to the Lender. No law, regulation, ruling or other action of the United States, the State of California or the State of New York or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Authority or the Lender from fulfilling its respective obligations under this Agreement and the other Related Documents.

(iii) The Lender shall have received an opinion addressed to the Lender and dated the Effective Date from the General Counsel of the Authority, in form and substance reasonably satisfactory to the Lender and its counsel, which provides for, among other opinions, the following: (1) the Authority is a local government entity of regional government, duly organized and validly existing under the laws of the State, (2) the execution, delivery and performance by the Authority of this Agreement, the Notes and the other Related Documents are within the Authority's powers, have been duly authorized by all necessary action, and require no action by or in respect of, or filing with, any governmental body, agency or official that has not been accomplished, (3) this Agreement, the Notes and the other Related Documents have been duly authorized, executed and delivered and are valid, binding and enforceable against the Authority, and (4) such other matters as the Lender may reasonably request, in form and substance satisfactory to the Lender and its counsel.

(iv) The following statements shall be true and correct on the Effective Date, and the Lender shall have received a certificate signed by a Designated Representative, dated the Effective Date, certifying that: (A) the representations and warranties of the Authority contained in each of the Related Documents and each certificate, letter, other writing or instrument delivered by the Authority to the Lender pursuant hereto or thereto are true and correct on and as of the Effective Date as though made on and as of such date;

(B) no Default or Event of Default has occurred and is continuing or would result from the Authority's execution and delivery of this Agreement, the Notes or the Third Supplemental Subordinate Trust Indenture or the acceptance of the Commitment by the Authority; (C) the audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2013, including the balance sheet as of such date of said period, all examined and reported on by McGladery LLP, as heretofore delivered to the Lender correctly and fairly present the financial condition of the Authority as of said date and the results of the operations of the Authority for such period, have been prepared in accordance with GAAP consistently applied except as stated in the notes thereto; (D) since the release of the audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2013, no material adverse change has occurred in the financial condition of the Authority prior to the Effective Date, and on and prior to the Effective Date no material transactions or obligations (not in the ordinary course of business) shall have been entered into by the Authority, other than as previously advised in writing to the Lender; (E) the acceptance of the Commitment by the Authority pursuant to this Agreement is an arm's length commercial transaction between the Authority and the Lender; (F) the Authority has consulted with its own respective legal and financial advisors in connection with the acceptance of the Commitment by the Authority pursuant to this Agreement; (G) the Lender has not acted as a municipal advisor or fiduciary in favor of the Authority with respect to this Agreement, the Related Documents, the Notes or the acceptance of the Commitment by the Authority; and (H) to the best knowledge of the Authority, the underlying unenhanced long-term ratings assigned to the Subordinate Obligations by ~~Moody's, S&P and S&P, Fitch?~~ have not been reduced, withdrawn or suspended since the dated date of the Rating Documentation.

(v) The Lender shall have received an opinion addressed to the Lender and dated the Effective Date of Bond Counsel as to the due authorization, execution and delivery of this Agreement, the Notes, and the Third Supplemental Subordinate Trust Indenture, and as to the validity and enforceability with respect to the Authority of this Agreement, the Notes, the Master Subordinate Trust Indenture and the Third Supplemental Subordinate Trust Indenture, the exclusion of interest on the Tax-Exempt Loans from gross income for federal income tax purposes of the Lender (subject to the inclusion of any ~~an exception~~ exceptions with respect to interest payable to a Holder on an AMT Loan in the event a Holder is a "substantial user" or "related party" within the meaning of Section 147(a) of the Code), the pledge of Subordinate Net Revenues securing the Notes and the Obligations constituting a valid pledge, and such other matters as the Lender may reasonably request, in form and substance satisfactory to the Lender and its counsel.

(vi) All necessary action on the part of the Authority shall have been taken as required for the assignment and pledge of a lien on the Subordinate Net Revenues for the benefit of the Lender as described in Section 5.1 hereof.

(vii) All other legal matters pertaining to the execution and delivery of this Agreement, the Notes and the Third Supplemental Subordinate Trust Indenture shall be satisfactory to the Lender and its counsel. The Lender shall have received evidence satisfactory to the Lender that all conditions precedent to the issuance of the Notes as

Subordinate Obligations pursuant to Section 2.09 of the Master Subordinate Trust Indenture have been satisfied.

(viii) The Lender shall have received evidence from ~~{Moody's and S&P —need to verify}~~ and Fitch confirming that the underlying unenhanced long-term ratings assigned to the Subordinate Obligations by Moody's is "A2" (or its equivalent), ~~and "A" (or its equivalent) by S&P and "A" (or its equivalent) by Fitch~~ (referred to herein as the "Rating Documentation").

(ix) On or prior to the Effective Date, (1) the Lender shall have received reimbursement of the Lender's fees and expenses and any other fees incurred in connection with the transaction contemplated by this Agreement due on the Effective Date and (2) Chapman and Cutler LLP, as counsel to the Lender, shall have received payment of its legal fees and expenses and disbursements incurred in connection with the preparation, review, negotiation, execution and delivery of the Related Documents.

(x) None of the AMT Note, the Non-AMT Note or the Taxable Note shall be (1) assigned a separate rating by any Rating Agency, (2) registered with The Depository Trust Company or any other securities depository or (3) assigned a CUSIP number by Standard & Poor's CUSIP Service. No offering document or official statement shall be prepared with respect to the AMT Note, the Non-AMT Note or the Taxable Note.

(xiii) The Lender shall have received such other documents, certificates, opinions, approvals and filings with respect to this Agreement, the Notes and the other Related Documents as the Lender may reasonably request.

(b) *Conditions Precedent to Each Advance.* The obligation of the Lender to make an Advance on any date is subject to the conditions precedent that on the date of such Advance:

(i) The Lender shall have received a Request for Advance as provided in Section 2.3(c) hereof specifying whether such Advance will be an AMT Loan, a Non-AMT Loan or a Taxable Loan;

(ii) All representations and warranties of the Authority as set forth in Article VII hereof shall be true and correct as though made on the date of such Request for Advance and on the date of the proposed Advance and no Default or Event of Default shall have occurred and be continuing;

(iii) After giving effect to any Revolving Loan, the aggregate principal amount of all Loans outstanding hereunder shall not exceed the Initial Commitment Amount (or, following a reduction of the Available Commitment pursuant to Section 2.7 hereof, the Available Commitment as so reduced). The proposed amount of the Revolving Loan does not exceed the Available Commitment;

(iv) The Lender shall have received satisfactory evidence that all representations and certifications of the Authority that the Lender deems necessary to

maintain the tax-exempt status of the interest on any Tax-Exempt Loan have been delivered and are true and correct;

(v) No Material Adverse Change shall have occurred;

(vi) The Lender shall be satisfied that the opinion of Bond Counsel delivered pursuant to Section 2.4(a)(v) hereof remains in full force and effect or the Lender shall have received an opinion from Bond Counsel dated the date of such Advance as to the exclusion of interest on the Tax-Exempt Loans from gross income for federal income tax purposes, in form and substance satisfactory to the Lender;

(vii) Neither the Authority or the Lender shall have received actual notice (either verbal or written) from Bond Counsel that the opinion delivered pursuant to Section 2.4(a)(v) hereof may no longer be relied upon.

(viii) With respect to an Advance for an AMT Revolving Loan, the Lender shall have received evidence that an IRS Form 8038-G has been duly completed by the Authority and signed by the Authority; and with respect to an Advance for Non-AMT Revolving Loan, the Lender shall have received evidence that an IRS Form 8038-G has been duly completed by the Authority and signed by the Authority; and

(ix) The Commitment and the obligation of the Lender to make an Advance hereunder shall not have terminated pursuant to Section 10.2 hereof or pursuant to Section 2.7 hereof. Unless the Authority shall have otherwise previously advised the Lender in writing, delivery to the Lender of a Request for Advance shall be deemed to constitute a representation and warranty by the Authority that on the date of such Request for Advance and on the date of the proposed Advance each of the foregoing conditions has been satisfied and that all representations and warranties of the Authority as set forth in Article VII hereof is true and correct as though made on the date of such Request for Advance and on the date of the proposed Advance and no Default or Event of Default shall have occurred and be continuing on the date of such Request for Advance or on the date of the proposed Advance and the Authority has not received actual notice (either verbal or written) from Bond Counsel that the opinion delivered pursuant to Section 2.4(a)(v) hereof may no longer be relied upon.

Section 2.5. Interest Rate Determinations. The Lender shall promptly notify the Authority of the interest rate applicable to any Loan upon determination of such interest rate; *provided, however,* that the failure by the Lender to provide notice of the applicable interest rate shall not relieve the Authority of its obligation to make payment of amounts as and when due hereunder. At any time that a Term Loan is outstanding, the Lender shall notify the Authority of any change in Lender's Prime Rate used in determining the Base Rate promptly following the establishment of such change; *provided, however,* that the failure by the Lender to provide notice of such change shall not relieve the Authority of its obligation to make payment of amounts as and when due hereunder. Each determination by the Lender of an interest rate shall be conclusive and binding for all purposes, absent manifest error.

Section 2.6. Fees. (a) Commitment Fees. The Authority agrees to pay to the Lender a nonrefundable annual fee (the “*Commitment Fee*”) initially accruing at a rate of 37 basis points (0.37%) per annum multiplied by the daily Available Commitment, which is subject to maintenance of the current Authority Rating. In the event of a change in the Authority Rating, the Commitment Fee shall be calculated based on the number of basis points set forth in the Level associated with the lowest Authority Rating as set forth in the schedule (the “*Commitment Fee Rate*”) below multiplied by the daily Available Commitment:

	Authority Rating			Commitment Fee Rate
	Moody’s	S&P	Fitch	basis points (%)
Level I	A2 or above	A or above	A or above	37 bps (0.37%)
Level II	A3	A-	A-	52 bps (0.52%)
Level III	Baa1	BBB+	BBB+	77 bps (0.77%)
Level IV	Baa2	BBB	BBB	127 bps (1.27%)

Any change in the Commitment Fee resulting from a change in the Authority Rating shall be and become effective as of and on the date of the announcement of the change in the Authority Rating. The Commitment Fee shall be payable monthly in arrears on the first Business Day of each calendar month (beginning on the first such date to occur after the Effective Date) and on the Commitment Expiration Date, or such earlier date on which the Commitment may be terminated in accordance with the terms of this Agreement. The Commitment Fee shall be calculated on the basis of 360-day year and actual days elapsed. References to the Authority Rating above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration of the Authority Rating in connection with the adoption of a “*global*” rating scale, each Authority Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. In the event that any Authority Rating is suspended, withdrawn, or otherwise unavailable from any Rating Agency, or if any Authority Rating is reduced below “Baa2,” “BBB” or “BBB” by any of Moody’s, S&P or Fitch, respectively, or upon the occurrence of and during the continuance of an Event of Default, in each such case the Commitment Fee Rate shall increase automatically by an additional 100 bps (1.00%) per annum above the Commitment Fee Rate otherwise in effect, without notice to the Authority. The Authority acknowledges that as of the Effective Date the Commitment Fee Rate is that specified above for Level 1.

(b) *Termination or Reduction Fee.* The Authority shall pay to the Lender a Reduction Fee or Termination Fee, as applicable, in connection with each permanent reduction or termination of the Available Commitment or Commitment pursuant to Section 2.7 hereof prior to the second anniversary of the Effective Date, in an amount equal to the Reduction Fee or Termination Fee, as applicable, payable on the date of such termination or each such reduction.

(c) *Amendment, Consent or Waiver Fee.* Upon each amendment hereof, consent or waiver hereunder or under any Related Document, the Authority shall pay or cause to be paid attorneys' fees and expenses, if any, incurred by the Lender in processing such amendment, consent or waiver and a fee in a minimum amount of \$2,500.

(d) *Draw Fee.* The Authority will pay to the Lender a non-refundable draw fee of \$250 for each Advance under this Agreement. The draw fee shall be payable on the date on which such Advance is made by the Lender.

(e) *Costs, Expenses and Taxes.* The Authority will promptly pay on demand (i) the reasonable fees, costs and expenses of the Lender incurred in connection with the preparation, negotiation, execution and delivery of this Agreement, the Notes and the other Related Documents, (ii) the fees and disbursements of Chapman and Cutler LLP, special U.S. counsel to the Lender, incurred in connection with the preparation, execution, filing and administration and delivery of this Agreement and the other Related Documents, (iii) the fees and disbursements of counsel or other reasonably required consultants to the Lender with respect to advising the Lender as to the rights and responsibilities under this Agreement and the other Related Documents after the occurrence of any Default or alleged Default hereunder, or an Event of Default, (iv) all costs and expenses, if any, in connection with any waiver or amendment of, or the giving of any approval or consent under, or any response thereto or the enforcement of this Agreement, the Related Documents and any other documents which may be delivered in connection herewith or therewith, including in each case the reasonable fees and disbursements of counsel to the Lender or other reasonably required consultants and (v) any amounts advanced by or on behalf of the Lender to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate. In addition, the Authority shall pay any and all stamp taxes, transfer taxes, documentary taxes, and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing, and recording of this Agreement and the security contemplated by the Related Documents (other than taxes based on the net income or share capital of the Lender) and agrees to indemnify and hold the Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying, or omission to pay, such taxes and fees, including interest and penalties thereon; *provided, however,* that the Authority may reasonably contest any such taxes or fees with the prior written consent of the Lender, which consent, if an Event of Default does not then exist, shall not be unreasonably withheld. In addition, the Authority agrees to pay, after the occurrence of a Default, alleged Default or an Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by the Lender in enforcing any obligations or in collecting any payments due from the Authority hereunder by reason of such Default, alleged Default or Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any collection, insolvency, bankruptcy proceedings or other enforcement proceedings resulting therefrom.

(f) If the Authority shall fail to pay any amount payable under this Section 2.6 as and when due, each such unpaid amount shall bear interest for each day from and including the date it was due until paid in full at the applicable Default Rate. The obligations of the Authority under this Section 2.6 shall survive the termination of this Agreement.

Section 2.7. Reduction and Termination. (a) Subject to the provisions of Section 2.6(b) hereof, the Available Commitment shall be reduced from time to time as requested by the Authority within three (3) days of the Authority's written notice to the Lender requesting such reduction in the form of Exhibit E hereto; *provided*, that (i) each such reduction amount shall be in an amount equal to \$1,000,000 or an integral multiple thereof, and (ii) any reduction in the Available Commitment shall not be effective until the Lender delivers to the Authority a notice in the form attached hereto as Exhibit F reflecting such reduction.

(b) Subject to the provisions of Section 2.6(b) hereof, the Authority may at any time and at its sole option terminate the Commitment upon three (3) Business Days' prior written notice to the Lender. As a condition to any such termination, the Authority shall pay or cause to be paid all Obligations owed to the Lender (other than Term Loans which shall be payable pursuant to the terms of Section 4.5 hereof).

Section 2.8. Extension of Commitment Expiration Date. The Authority may request an extension of the Commitment Expiration Date in writing in the form of Exhibit C hereto not more than one (1) year prior to the then current Commitment Expiration Date and not less than 150 days prior to the then current Commitment Expiration Date. The Lender will make reasonable efforts to respond to such request within sixty (60) days after receipt of all information necessary, in the Lender's judgment, to permit the Lender to make an informed credit decision. If the Lender fails to definitively respond to such request within such 60-day period, the Lender shall be deemed to have refused to grant the extension requested. The Lender may, in its sole and absolute discretion, decide to accept or reject any such proposed extension and no extension shall become effective unless the Lender shall have consented thereto in writing in the form of Exhibit G hereto or otherwise. The Lender's consent, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance satisfactory to the Lender (which may include, but shall not be limited to the delivery of a "no adverse effect opinion" of Bond Counsel to the Lender with respect to the tax-exempt status of the Tax-Exempt Loans).

Section 2.9. Funding Indemnity. In the event the Lender shall incur any loss, cost, or expense (including, without limitation, any loss, cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired or contracted to be acquired by the Lender to make any Advance, Revolving Loan or Term Loan or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to the Lender) as a result of any optional payment or prepayment of any Advance, Revolving Loan or Term Loan on a date other than a Rate Reset Date for any reason, whether before or after default, then upon the demand of the Lender, the Authority shall pay to the Lender a payment or prepayment premium, as applicable in such amount as will reimburse the Lender for such loss, cost, or expense. If the Lender requests such payment or prepayment premium, as applicable, it shall provide to the Authority a certificate setting forth the computation of the loss, cost, or expense giving rise to the request for such payment or prepayment premium, as applicable in reasonable detail and such certificate shall be conclusive if reasonably determined.

Section 2.10. Payments. All payments to be made by the Authority shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Authority hereunder shall be made to the Lender at

the Lender's Office in Dollars and in immediately available funds not later than 12:00 noon, California time, on the date specified herein. All payments received by the Lender after 12:00 noon, California time, shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Authority shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be. Notwithstanding anything herein to the contrary, where this Agreement provides for payment by the Authority to the Lender for any amount, the Authority may satisfy such obligation by causing the Trustee to pay such amount directly to the Lender from Subordinate Net Revenues under the Subordinate Trust Indenture.

ARTICLE III

REVOLVING LOANS

Section 3.1. Making of Revolving Loans. Each Advance shall constitute a loan made by the Lender to the Authority on the date of such Advance (individually, a "*Revolving Loan*" and collectively, the "*Revolving Loans*"). Each Revolving Loan shall constitute a Subordinate Obligation under the Master Subordinate Trust Indenture.

Section 3.2. Revolving Loans Evidenced by Notes. (a) The Non-AMT Revolving Loans shall be evidenced by a promissory note of the Authority to the Lender in substantially the form set forth in Exhibit A-1 hereto (as amended or supplemented from time to time, the "*Non-AMT Note*") to be issued on the Effective Date, payable to the Lender in a principal amount up to the Available Commitment on the Effective Date and otherwise duly completed. All Non-AMT Revolving Loans made by the Lender and all payments and prepayments made on account of principal thereof shall be recorded by the Lender on the schedule (or a continuation thereof) attached to the Non-AMT Note, it being understood, however, that failure by the Lender to make any such endorsement shall not affect the obligations of the Authority hereunder or under the Non-AMT Note in respect of unpaid principal and interest on any Non-AMT Revolving Loan. Each entry on the Non-AMT Note with respect to a Non-AMT Revolving Loan schedule shall reflect the applicable principal amount and the applicable interest rate.

(b) The AMT Revolving Loans shall be evidenced by a promissory note of the Authority to the Lender in substantially the form set forth in Exhibit A-2 hereto (as amended or supplemented from time to time, the "*AMT Note*") to be issued on the Effective Date, payable to the Lender in a principal amount up to the Available Commitment on the Effective Date and otherwise duly completed. All AMT Revolving Loans made by the Lender and all payments and prepayments made on account of principal thereof shall be recorded by the Lender on the schedule (or a continuation thereof) attached to the AMT Note, it being understood, however, that failure by the Lender to make any such endorsement shall not affect the obligations of the Authority hereunder or under the AMT Note in respect of unpaid principal and interest on any AMT Revolving Loan. Each entry on the AMT Note with respect to a AMT Revolving Loan schedule shall reflect the applicable principal amount and the applicable interest rate.

(c) The Taxable Revolving Loans shall be evidenced by a promissory note of the

Authority to the Lender in substantially the form set forth in Exhibit A-3 hereto (as amended or supplemented from time to time, the "*Taxable Note*") to be issued on the Effective Date, payable to the Lender in a principal amount up to the Available Commitment on the Effective Date and otherwise duly completed. All Taxable Revolving Loans made by the Lender and all payments and prepayments made on account of principal thereof shall be recorded by the Lender on the schedule (or a continuation thereof) attached to the Taxable Note, it being understood, however, that failure by the Lender to make any such endorsement shall not affect the obligations of the Authority hereunder or under the Taxable Note in respect of unpaid principal and interest on any Taxable Revolving Loan. Each entry on the Taxable Note with respect to a Taxable Revolving Loan schedule shall reflect the applicable principal amount and the applicable interest rate.

Section 3.3. Interest on Revolving Loans. Each Loan made or maintained by the Lender shall bear interest during each Interest Period it is outstanding (computed on the basis of a year of 360 days and actual days elapsed) on the unpaid principal amount thereof. Each AMT Loan and each Non-AMT Loan shall bear interest at a rate per annum equal to the applicable Tax-Exempt LIBOR Rate for such Interest Period. Each Taxable Loan shall bear interest at a rate per annum equal to the applicable Taxable LIBOR Rate for such Interest Period. The initial Tax-Exempt LIBOR Rate or Taxable LIBOR Rate, as applicable, for a particular Advance relating to a Loan shall be determined by the Lender two New York Banking Days prior to the related Advance Date. Following the determination of the initial rate, the applicable Tax-Exempt LIBOR Rate or Taxable LIBOR Rate for the next succeeding Interest Period shall be determined by the Lender on the Computation Date immediately succeeding the Advance Date, and such rate shall be effective on the immediately succeeding Rate Reset Date. Thereafter the applicable Tax-Exempt LIBOR Rate or Taxable LIBOR Rate for the next succeeding Interest Period shall be determined by the Lender on the applicable Computation Date, and such rate shall be effective on the immediately succeeding Rate Reset Date. Interest on each Loan shall be payable by the Authority on each Interest Payment Date and on the Revolving Loan Maturity Date.

Section 3.4. Repayment of Revolving Loans. The principal of each Revolving Loan shall be repaid in full on the Revolving Loan Maturity Date; *provided*, that if the conditions to the making of the Term Loan set forth in Section 4.2 hereof are satisfied on the Revolving Loan Maturity Date, the principal of all Revolving Loans shall be paid from the proceeds of the applicable Term Loan.

Section 3.5. Prepayment of Revolving Loans. The Authority may prepay any Loan, in whole or in part, on a Rate Reset Date, without cost, penalty or premium, provided at least three (3) days' written notice is provided by the Authority to the Lender. Each such notice of optional prepayment shall be irrevocable and shall bind the Authority to make such prepayment in accordance with such notice. All prepayments of principal shall include accrued interest to the date of prepayment and all other amounts due pursuant to this Agreement.

ARTICLE IV

THE TERM LOAN

Section 4.1. Term Loan. The Authority shall have the option to convert (a) the unpaid principal amount of any Taxable Revolving Loan to a Taxable Term Loan, (b) the unpaid principal amount of any Non-AMT Revolving Loan to a Non-AMT Term Loan and (c) the unpaid principal amount of any AMT Revolving Loan to an AMT Term Loan, in each case on the Revolving Loan Maturity Date, if the conditions set forth in Section 4.2 hereof are satisfied on the Revolving Loan Maturity Date. Each Term Loan shall constitute a Subordinate Obligation under the Master Subordinate Trust Indenture.

Section 4.2. Conditions Precedent to Term Loan. The obligation of the Lender to convert the principal amount owed on a Revolving Loan to a Taxable Term Loan, a Non-AMT Term Loan or an AMT Term Loan, as applicable, shall be subject to the fulfillment of each of the following conditions precedent on or before the Revolving Loan Maturity Date in a manner satisfactory to the Lender:

(a) The following statements shall be true and correct on the Conversion Date, and the Lender shall have received a certificate incorporating by reference the definitions of the capitalized terms defined in this Agreement, signed by a Designated Representative and dated the Conversion Date, stating that:

(i) the representations and warranties of the Authority contained herein and in each of the other Related Documents and each certificate, letter, other writing or instrument delivered by the Authority to the Lender pursuant hereto or thereto are true and correct on and as of the Conversion Date as though made on and as of such date; and

(ii) no Default or Event of Default has occurred and is continuing as of such Conversion Date or would result from converting the Revolving Loans to a Term Loan as requested; and

(b) In the case of the conversion to a Tax-Exempt Term Loan, (A)(i) the Lender shall be satisfied that the opinion of Bond Counsel delivered pursuant to Section 2.4(a)(v) hereof remains in full force and effect with respect to such Tax-Exempt Term Loan or (ii) the Lender shall have received an opinion from Bond Counsel dated the date of such Term Loan as to the exclusion of interest on the Tax-Exempt Term Loans from gross income for federal income tax purposes, in form and substance satisfactory to the Lender and (B) the Lender shall have received an opinion of Bond Counsel in form and substance satisfactory to the Lender that such conversion will not adversely affect the tax exempt status of the interest on any Tax-Exempt Loans.

Section 4.3. Term Loans Evidenced by Notes. (a) The principal amount of each Non-AMT Term Loan shall also be evidenced by the Non-AMT Note. Each Non-AMT Term Loan made by the Lender and all payments and prepayments on the account of the principal and

interest of each Non-AMT Term Loan shall be recorded by the Lender on the schedule attached to the Non-AMT Note; *provided, however*, that the failure of the Lender to make any such endorsement or any error therein shall not affect the obligations of the Authority hereunder or under the Non-AMT Note in respect of unpaid principal and interest on each Non-AMT Term Loan.

(b) The principal amount of each AMT Term Loan shall also be evidenced by the AMT Note. Each AMT Term Loan made by the Lender and all payments and prepayments on the account of the principal and interest of each AMT Term Loan shall be recorded by the Lender on the schedule attached to the AMT Note; *provided, however*, that the failure of the Lender to make any such endorsement or any error therein shall not affect the obligations of the Authority hereunder or under the AMT Note in respect of unpaid principal and interest on each AMT Term Loan.

(c) The principal amount of each Taxable Term Loan shall also be evidenced by the Taxable Note. Each Taxable Term Loan made by the Lender and all payments and prepayments on the account of the principal and interest of each Taxable Term Loan shall be recorded by the Lender on the schedule attached to the Taxable Note; *provided, however*, that the failure of the Lender to make any such endorsement or any error therein shall not affect the obligations of the Authority hereunder or under the Taxable Note in respect of unpaid principal and interest on each Taxable Term Loan.

Section 4.4. Interest on Term Loan. Each Term Loan shall bear interest from the Conversion Date to the date such Term Loan is paid in full at a rate per annum equal to the Lender Rate as determined by the Lender pursuant to Section 2.5 hereof. Interest on each Term Loan shall be paid to the Lender monthly in arrears on each Interest Payment Date. Interest on each Term Loan shall be calculated on the basis of a year of 360 days based on the actual number of days elapsed.

Section 4.5. Repayment of Term Loan. The principal of each Term Loan shall be paid in installments payable on each Amortization Payment Date (each such payment, an "*Amortization Payment*"), with the final installment in an amount equal to the entire then-outstanding principal amount of such Term Loan to be paid in full on the Amortization End Date (the period commencing on the Conversion Date and ending on the Amortization End Date is herein referred to as the "*Amortization Period*"). Each Amortization Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Amortization Payments over the Amortization Period. The Authority acknowledges that the foregoing payment schedule may result in a final payment substantially higher than the preceding payments. Subject to Section 10.2(a)(ii) hereof, upon an Event of Default, the Lender may cause a mandatory redemption of the Notes hereunder and a corresponding mandatory prepayment of the Term Loans by delivering a written notice to the Trustee and the Authority that an Event of Default has occurred and is continuing and instructing the Trustee and the Authority that the Notes are subject to mandatory redemption under this Agreement and the Term Loans are subject to corresponding mandatory prepayment.

Section 4.6. Prepayment of Term Loan. The Authority may prepay each Term Loan, in

whole or in part, on any Business Day, without cost, penalty or premium, provided at least three (3) days' written notice is provided by the Authority to the Lender. Each such notice of optional prepayment shall be irrevocable and shall bind the Authority to make such prepayment in accordance with such notice. All prepayments of principal shall include accrued interest to the date of prepayment and all other amounts due pursuant to this Agreement.

ARTICLE V

SECURITY AND PLEDGE

Section 5.1. Security and Pledge. (a) The Authority hereby grants to the Lender a Lien on and pledge of Subordinate Net Revenues to secure the payment of all Repayment Obligations and the Notes. The pledge of the Subordinate Net Revenues for Repayment Obligations and the Notes pursuant to this Section 5.1(a) is a valid and binding obligation of the Authority, on a *pari passu* basis with the holders of all other Subordinate Obligations. No filing, registration, recording or publication of this Agreement or the Subordinate Trust Indenture or any other instrument nor any prior separation or physical delivery of the Subordinate Net Revenues is required to establish the pledge provided for hereunder or under the Subordinate Trust Indenture or to perfect, protect or maintain the Lien created thereby on the Subordinate Net Revenues to secure the payment of Repayment Obligations and the payment of principal of and interest on the Notes.

(b) The Authority hereby grants to the Lender a Lien on and pledge of the Subordinate Net Revenues to secure all Obligations of the Authority under this Agreement ~~for the equal and proportionate benefit of and security of the Repayment Obligations, the Notes and~~ on a *pari passu* basis with the holders of all other Subordinate Obligations and shall be secured and payable on parity therewith. No filing, registration, recording or publication of this Agreement or the Subordinate Trust Indenture or any other instrument nor any prior separation or physical delivery of the Subordinate Net Revenues is required to establish the pledge provided for under this Agreement or the Subordinate Trust Indenture or to perfect, protect or maintain the Lien created thereby on the Subordinate Net Revenues to secure the Obligations hereunder.

ARTICLE VI

LIABILITY, INDEMNITY AND PAYMENT

Section 6.1. Liability of the Authority. The Authority and the Lender agree that the obligation of the Authority to pay the Obligations are contractual obligations of the Authority payable solely from the Subordinate Net Revenues and shall not be affected by, and the Lender shall not be responsible for, among other things, (i) the validity, genuineness or enforceability of this Agreement, the Notes or documents, notices or endorsements relating thereto (even if this Agreement or any documents, notices endorsements relating thereto should in fact prove to be in any and all respects invalid, fraudulent or forged), (ii) the use to which the amounts disbursed by the Lender may be put, or (iii) any other circumstances or happenings whatsoever, whether or not similar to any of the foregoing.

Section 6.2. Indemnification by the Authority. (a) In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the Authority hereby agrees (to the extent permitted by law) to indemnify and hold harmless the Lender and each Participant and their respective officers, directors and agents (each, an "Indemnitee") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys' fees) which may incur or which may be claimed against an Indemnitee by any Person or entity whatsoever (collectively, the "Liabilities") by reason of or in connection with (i) the execution and delivery or transfer of, or payment or failure to pay under, any Related Document; (ii) the making of any Advances or any Loans; (iii) the use of the proceeds of the Notes, Advances or Loans; (iv) any breach by the Authority of any warranty, covenant, term or condition in, or the occurrence of any default under any of the Related Documents, together with all reasonable expenses resulting from the compromise or defense of any claims or liabilities arising as a result of any such breach or default; (v) any action or proceeding relating to a court order, injunction or other process or decree restraining or seeking to restrain the Lender from paying any amount under this Agreement (other than actions or proceedings instituted by or on behalf of the Lender); or (vi) any investigation, litigation or other proceeding (whether or not the Lender or any Participant is a party thereto) related to the entering into and/or each performance of any of the Related Document or the use of the proceeds of any Advance or any Loan under this Agreement; ~~provided further~~ that the Authority shall not be required to indemnify an Indemnitee for any (i) claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnitee, or (ii) with respect to disputes solely between the Authority and the Lender; *provided* that the Authority shall only be liable to the Indemnitee to the extent, and only to the extent of any direct, as opposed to special, indirect consequential or punitive damages (the right to receive special, indirect, consequential or punitive damages being hereby waived). Nothing under this Section 6.2 is intended to limit the Authority's payment of the Obligations.

(b) Notwithstanding anything to the contrary contained in this Section 6.2, (i) the Authority shall have no obligation to indemnify an Indemnitee for damages that the Authority proves were caused solely out of the gross negligence or willful misconduct of such Indemnitee, as determined by a court of competent jurisdiction, and (ii) the Authority shall have a claim against the Lender, and the Lender shall be liable to the Authority, to the extent of any direct, as opposed to special, indirect, consequential, damages suffered by the Authority which the Authority proves were caused solely by such Indemnitee's gross negligence or willful misconduct, as determined by a court of competent jurisdiction.

(c) The obligations of the Authority under this Section 6.2 shall survive the payment of the Notes, the Loans and all other Obligations and the termination of this Agreement.

Section 6.3. Increased Costs. (a) If the Lender shall determine that any Change in Law now existing or hereafter adopted shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or

participated in by, or other acquisitions of funds by, the Lender, any Participant or any Noteholder;

(ii) subject the Lender, any Participant or any Noteholder to any Tax (except for Taxes on the overall net income or share capital of the Lender, such Participant or such Noteholder) of any kind whatsoever with respect to this Agreement, the Notes, the Advances, the Revolving Loans or the Term Loans or change the basis of taxation of payments to the Lender, such Participant or such Noteholder in respect thereof (except for Indemnified Taxes or Miscellaneous Taxes covered by Section 6.4 hereof and the imposition of, or any change in the rate of any Excluded Tax payable by the Lender, such Participant or such Noteholder);

(iii) impose upon the Lender, any Participant or any Noteholder any other condition or expense with respect to this Agreement, the Notes, the Advances, the Revolving Loans, or the Term Loans; and the result of any of the foregoing is to increase the cost to, reduce the income receivable by, or impose any expense (including loss of margin) upon the Lender, such Participant or such Noteholder with respect to this Agreement, the Notes, the Advances, the Revolving Loans or the Term Loans (or in the case of any capital adequacy or similar requirement, to have the effect of reducing the rate of return on the Lender's, any Participant's or any Noteholder's capital),

then the Lender shall from time to time notify, or cause to be notified, the Authority of the amount determined in good faith by the Lender, such Participant or such Noteholder, as applicable (which determination shall be conclusive absent manifest error) to be necessary to compensate the Lender, such Participant or such Noteholder, as applicable, for such increase, reduction or imposition. All references to a Lender, Participant or Noteholder in Sections 6.3(a), (b), (c) and (d) shall also be deemed to refer to the holding company or parent of the Lender, such Participant and such Noteholder.

(b) *Capital Requirements.* If the Lender, any Participant or any Noteholder determines that any Change in Law affecting the Lender, such Participant or such Noteholder, as applicable, or any of their parent or holding companies, if any, regarding capital requirements, has or would have the effect of reducing the rate of return on the Lender, such Participant or such Noteholder, or any of their parent or holding companies, holding, if any, as a consequence of this Agreement, or making, maintenance or funding of, any Loan hereunder, to a level below that which the Lender, such Participant or such Noteholder, or their respective parent or holding companies could have achieved but for such Change in Law (taking into consideration the Lender's, such Participant's or such Noteholder's policies and the policies of their parent or holding companies with respect to capital adequacy, as applicable), then from time to time upon written request of the Lender as set forth in clause (c) of this Section, the Authority shall promptly pay to the Lender, such Participant or such Noteholder, as the case may be, such additional amount or amounts as will compensate the Lender, such Participant or such Noteholder, or their parent or holding companies, as applicable, for any such reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of the Lender, any Participant or any Noteholder setting forth the amount or amounts necessary to compensate the Lender, such

Participant or such Noteholder, or their parent or holding companies, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Authority, shall be conclusive absent manifest error. The Authority shall pay the Lender, such Participant or such Noteholder, as the case may be, the amount shown as due on any such certificate within ~~thirtysixty (3060)~~ days after receipt thereof.

(d) *Delay in Requests.* Failure or delay on the part of the Lender, such Participant or such Noteholder to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's, such Participant's or such Noteholder's right to demand such compensation.

(e) (i) In the event a Taxable Date occurs, the Authority hereby agrees to pay to the Lender, any Participant or the Noteholder on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to the Lender, such Participant or the Noteholder, as applicable, on any Tax-Exempt Loans during the period for which interest on such Tax-Exempt Loans, as applicable, is includable in the gross income of the Lender, such Participant or the Noteholder, as applicable, if such Tax-Exempt Loans had borne interest at the Taxable Rate, beginning on the Taxable Date (the "*Taxable Period*"), and (B) the amount of interest actually paid to the Lender, such Participant or the Noteholder, as applicable, during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by the Lender, any Participant or a Noteholder, as applicable, as a result of interest on the Tax-Exempt Loans becoming includable in the gross income of the Lender, such Participant or such Noteholder, as applicable, together with any and all reasonable attorneys' fees, court costs, or other out-of-pocket costs incurred by the Lender, such Participant or such Noteholder, as applicable, in connection therewith.

(ii) Subject to the provisions of clauses (iii) and (iv) below, the Lender shall afford the Authority the opportunity, at the Authority's sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on any Tax-Exempt Loan to be includable in the gross income of the Lender, any Participant or the Noteholder or (2) any challenge to the validity of the tax exemption with respect to the interest on any Tax-Exempt Loan, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals).

(iii) As a condition precedent to the exercise by the Authority of its right to contest set forth in clause (ii) above, the Authority shall, on demand, immediately reimburse the Lender, such Participant or the Noteholder, as applicable, for any and all expenses (including reasonable attorneys' fees for services that may be required or desirable) that may be incurred by the Lender, such Participant or the Noteholder, as applicable, in connection with any such contest, and shall, on demand, immediately reimburse the Lender, such Participant or the Noteholder, as applicable, for any and all penalties or other charges payable by the Lender, such Participant or the Noteholder, as applicable, for failure to include such interest in its gross income; and

(iv) The obligations of the Authority under this Section 6.3 shall survive the termination of the Commitment and this Agreement.

Section 6.4. Taxes.

(a) *Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.* Any and all payments by or on account of any obligation of the Authority hereunder or under the Notes shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Miscellaneous Taxes; provided that if the Authority shall be required by Applicable Law to deduct any Indemnified Taxes (including any Miscellaneous Taxes) from such payments, then (i) to the fullest extent permitted by Applicable Law, the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Lender, such Participant or such Noteholder receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Authority shall make such deductions and (iii) the Authority shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) *Payment of Miscellaneous Taxes by the Authority.* Without limiting the provisions of paragraph (a) above, the Authority shall timely pay any Miscellaneous Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) *Indemnification by the Authority.* The Authority, to the fullest extent permitted by law, shall indemnify the Lender, each Participant and each Noteholder, within ~~thirtysixty (3060)~~ thirty (30) days after demand therefor, for the full amount of any Indemnified Taxes or Miscellaneous Taxes (including Indemnified Taxes or Miscellaneous Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Lender, such Participant or such Noteholder and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Miscellaneous Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate stating the amount of such payment or liability delivered to the Authority by the Lender shall be conclusive absent manifest error. In addition, the Authority shall indemnify the Lender, any Participant and the other Noteholder, within ten (10) days after demand therefor, for any additional amounts that the Lender, any Participant or any Noteholder is required to pay as a result of any failure of the Authority to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Lender, any Participant and the other holders of a Note, as applicable, pursuant to clause (d), documentation evidencing the payment of Taxes.

Prior to claiming compensation pursuant to this subsection (c), the Lender, the Participant or the holder of the Note, as applicable, will use reasonable efforts to investigate the alternatives (if any) for avoiding the need for, or the reduction of the amount of, such compensation, and the Lender, the Participant or the holder of the Note, as applicable, shall take all reasonable steps to so avoid the need for, or reduce the amount of such compensation, *provided that*, none of the Lender, the Participant or the holder of the Note shall be obligated to take any steps that are adverse to its business or operations or inconsistent with its policies. The Lender, the Participant and the holder of the Note, as applicable, agrees to repay the Authority any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the Authority pursuant to this subsection (c) received by the Lender, the Participant or the holder of the Note, as applicable, for Taxes or Other Taxes that were paid by the Authority pursuant to this subsection (c).

(d) *Evidence of Payments.* As soon as practicable after any payment of Indemnified Taxes or Miscellaneous Taxes by the Authority to a Governmental Authority, the Authority shall deliver to the Lender, such Participant or such holder of the Note, as applicable, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender, such Participant or such holder of the Note, as applicable.

(e) *Treatment of Certain Refunds.* If the Lender, any Participant or any Noteholder determines, in its sole discretion, that it has received a refund of any Taxes or Miscellaneous Taxes as to which it has been indemnified pursuant to this Section (including additional amounts paid by the Authority pursuant to this Section), it shall pay to the Authority an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, under this Section with respect to the Taxes or Miscellaneous Taxes giving rise to such refund), net of all out-of-pocket expenses of the Lender, such Participant or such Noteholder, as applicable, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that the Authority, upon the request of the Lender, such Participant or such holder of the Note, as applicable, agrees to repay the amount paid over pursuant to this Section (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender, such Participant or such holder of the Note, as applicable, in the event the Lender, such Participant or such holder of the Note, as applicable, is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no event will the Lender, such Participant or such holder of the Note, as applicable, be required to pay any amount to the Authority pursuant to this paragraph (e) the payment of which would place the Lender, such Participant or such holder of the Note, as applicable, in a less favorable net after-Tax position than the Lender, such Participant or such holder of the Note, as applicable, would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require the Lender, such Participant or such Noteholder, as applicable, to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Authority or any other Person.

(f) *Survival.* Without prejudice to the survival of any other agreement of the Authority hereunder, the agreements and obligations of the Authority contained in this Section shall survive the termination of this Agreement and the payment in full of the Notes and the Obligations of the Authority thereunder and hereunder.

(g) *Status of Lenders; Tax Documentation.* (i) If the Lender, a Participant or a holder of the Note is entitled to an exemption from or reduction of withholding Taxes with respect to payments made hereunder or under any Related Document, the Lender, such Participant or such holder of the Note, as applicable, shall deliver to the Authority at the time or times reasonably requested by the Authority, such properly completed and executed documentation reasonably requested by the Authority or as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, the Lender, such Participant or such holder of the Note if reasonably requested by the Authority, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Authority as will enable the Authority to determine whether or not the Lender, such Participant or such holder of the Note is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in

the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 6.4(g)(ii) below) shall not be required if, in the Lender's, such Participant's or such Noteholder's reasonable judgment, such completion, execution or submission would subject the Lender, such Participant or such holder of the Note to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of the Lender, such Participant or such holder of the Note.

(ii) Without limiting the generality of the foregoing, if the Authority is resident for tax purposes in the United States, the Lender, such Participant or such holder of the Note shall deliver to the Authority (and from time to time thereafter upon the reasonable request of the Authority), executed originals of IRS Form W-9 certifying that the Lender, such Participant or such holder of the Note, as applicable, is exempt from U.S. federal backup withholding tax.

Section 6.5. Calculation of Interest and Fees; Maximum Interest Rate; Default Rate.

(a) Interest on Loans and fees payable hereunder shall be calculated on the basis of a year of 360 days based on the actual number of days elapsed.

(b) Any and all amounts remaining unpaid when due under this Agreement shall bear interest at the Default Rate until repaid and shall be payable upon demand. Any such amounts which constitute interest remaining unpaid when due shall be added to principal, and such interest shall, in turn, bear interest at the Default Rate until repaid and shall be payable upon demand. Upon the occurrence and during the continuance of an Event of Default, the Loans and all other Obligations shall bear interest at the Default Rate, which shall be payable by the Authority to the Lender upon demand therefor and be calculated on the basis of a 360-day year and actual days elapsed.

(c) In the event that the rate of interest payable hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (i) interest at the Maximum Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof and (B) the Maximum Rate (the "*Excess Interest Amount*"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time the Authority shall pay to the Lender, with respect to amounts then payable to the Lender that are required to accrue interest hereunder, such portion of the deferred Excess Interest Amount as will cause the rate of interest then paid to the Lender, to equal the Maximum Rate, which payments of deferred Excess Interest Amount shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest Amount is fully paid to the Lender. Notwithstanding the foregoing, on the date on which no principal amount with respect to the Loans remains unpaid, the Authority shall pay to the Lender a fee equal to any accrued and unpaid Excess Interest Amount.

(d) All amounts paid pursuant to this Agreement shall be non-refundable and shall be paid in immediately available funds.

Section 6.6. Liability of the Lender. Neither the Lender nor any of its officers, directors, employees, representatives or agents shall be liable or responsible for (i) the use which may be

made of any Advances, any Loans or this Agreement or for any acts, omissions, errors, interruptions, delays in transmission, dispatch or delivery of any message or advice, however transmitted, of the Lender in connection with this Agreement, any Advances, any Loans or the Notes, (ii) any action, inaction or omission which may be taken by the Lender in connection with this Agreement, any Advances, any Loans or the Notes, (iii) the validity, sufficiency or genuineness of documents, or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged, (iv) payment by the Lender against presentation of documents which do not comply with the terms of this Agreement or a Request for Advance, including failure of any documents to bear any reference or adequate reference to this Agreement, or (v) any other circumstances whatsoever in making or failing to make payment under this Agreement or pursuant to a Request for Advance, except for acts or events described in the immediately preceding clauses (i) through (v), to the extent, but only to the extent, of any direct, as opposed to special, indirect, consequential or punitive, damages (the right to receive special, indirect, consequential or punitive damages being hereby waived) suffered by it which the Authority proves were caused by (y) the Lender's willful misconduct or gross negligence in determining whether documents presented under this Agreement comply with the terms of this Agreement or (z) the Lender's failure to pay hereunder after the presentation to it of a Request for Advance strictly complying with the terms and conditions of this Agreement. The Authority further agrees that any action taken or omitted by the Lender under or in connection with this Agreement or the related draft or documents, if done without willful misconduct or gross negligence, shall be effective against the Authority as to the rights, duties and obligations of the Lender and shall not place the Lender under any liability to the Authority. In furtherance and not in limitation of the foregoing, the Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

Section 6.7. Obligations Unconditional. The Authority's obligation to repay the Revolving Loans and the Term Loans and all of its other Obligations under this Agreement shall be absolute and unconditional under any and all circumstances, including without limitation: (a) any lack of validity or enforceability of this Agreement, the Notes or any of the other Related Documents; (b) any amendment or waiver of or any consent to departure from all or any of the Related Documents; (c) the existence of any claim, set-off, defense or other right which the Authority may have at any time against the Lender or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or (d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing; and irrespective of any setoff, counterclaim or defense to payment which the Authority may have against the Lender, any Participant, or any other Person, including, without limitation, any defense based on the failure of any nonapplication or misapplication of the proceeds of Advances hereunder, and irrespective of the legality, validity, regularity or enforceability of this Agreement, the Notes or any or all other Related Documents, and notwithstanding any amendment or waiver of (other than an amendment or waiver signed by the Lender explicitly reciting the release or discharge of any such obligation), or any consent to, or departure from, this Agreement, the Notes or any or all other Related Documents or any exchange, release, or nonperfection of any collateral securing the obligations of the Authority hereunder; *provided, however*, that nothing contained in this Section 6.7 shall abrogate or otherwise affect the rights of the Authority pursuant to Section 6.6 hereof.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

In order to induce the Lender to enter into this Agreement, the Authority makes the following representations and warranties to the Lender:

Section 7.1. Organization; Existence. The Authority is duly organized and validly existing as a local government entity of regional government organized and existing pursuant to the Act.

Section 7.2. Power and Authority. The Authority has (and had at the time of adoption, execution, delivery, issuance, sale or performance) full power, right and authority to (a) execute, deliver and perform its obligations under this Agreement and each of the Related Documents to which it is a party, and any and all instruments and documents required to be executed, adopted or delivered pursuant to or in connection herewith or therewith; (b) borrow amounts hereunder and to execute, deliver and perform its obligations under the Notes and to repay the Obligations at the times and in the manner set forth herein; (c) possess, manage and operate the Airport System and carry on its business as now conducted; and (d) perform each and all of the matters and things herein and therein provided for and the Authority has complied in all material respects with the laws of the State in all matters relating to such execution, delivery and performance.

Section 7.3. Due Authorization. This Agreement, the Subordinate Trust Indenture and each of the Related Documents to which the Authority is a party have been duly authorized, executed, issued and delivered. This Agreement, the Subordinate Trust Indenture, the Notes and each of the Related Documents to which the Authority is a party constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except as such enforceability may be limited by the valid exercise of judicial discretion and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium, or other similar laws and equitable principles relating to or affecting creditors' rights generally from time to time in effect. The Obligations are payable from and secured by Subordinate Net Revenues as set forth herein and in the Subordinate Trust Indenture. The Notes will be duly issued, executed and delivered in conformity with the Act and the Subordinate Trust Indenture, and constitute legal, valid and binding special obligations of the Authority, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and entitled to the benefit and security of the Subordinate Trust Indenture.

Section 7.4. Necessary Actions Taken. The Authority has taken all actions necessary to be taken by it (a) for the execution and delivery of the Notes as Subordinate Obligations; (b) for the execution, adoption and delivery by the Authority of any and all instruments and the taking of all such other actions on the part of the Authority as may be necessary or appropriate for the effectuation and consummation of the transactions on the part of the Authority contemplated by

this Agreement and the Related Documents or in connection herewith or therewith; and (c) to authorize or approve, as appropriate, the execution or adoption, issuance and delivery of, and the performance of its obligations under and the transactions contemplated by this Agreement and each of the Related Documents to which it is a party and the payment of the Obligations and the Notes at the times and in the manner set forth.

Section 7.5. No Contravention. The execution and delivery of this Agreement and each of the Related Documents to which the Authority is a party and compliance with the provisions hereof and thereof, will not conflict with or result in a violation of the Constitution or the laws of the State, including any debt limitations or other restrictions or conditions on the debt issuing power of the Authority, and will not conflict with or result in a violation of, or breach of, or constitute a default under, any law, judgment, order, decree or administrative regulation or any of the terms, conditions or provisions of the Act, the Master Senior Trust Indenture or the Subordinate Trust Indenture or any ordinance, judgment, decree, contract, loan agreement, note, bond, resolution, indenture, mortgage, deed of trust or other agreement or instrument to which the Authority is a party or by which it or any property of the Authority is bound and will not, except as expressly provided herein, result in the imposition or creation of any lien, charge, or encumbrance upon or invalidate or adversely affect in any way the Subordinate Net Revenues. The Authority has not received any notice, not subsequently withdrawn, given in accordance with the remedy provisions of any bond resolution or ordinance, trust indenture, guarantee or agreement or State law pertaining to bonds or notes secured by the Subordinate Net Revenues, of any default or event of default of the Authority which has not been cured, remedied or waived.

Section 7.6. Compliance. The current collection of Subordinate Net Revenues and the management of the Airport System and the accounting and recordkeeping therefor are in material compliance with all applicable state and federal laws and all applicable resolutions, ordinances and rules of the Authority. The Authority is in compliance with the terms and conditions of the Subordinate Trust Indenture and each of the Related Documents to which it is a party, and no breach of the terms hereof or thereof has occurred and is continuing, and no Default or Event of Default has occurred and is continuing.

Section 7.7. No Default. No default by the Authority has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness issued by the Authority and secured by the Subordinate Net Revenues. No bankruptcy, insolvency or other similar proceedings pertaining to the Authority or any agency or instrumentality of the Authority are pending or presently contemplated.

Section 7.8. No Public Vote, Referendum or Legal Change. (a) To the best knowledge of the Authority, there is no proposed amendment to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any public vote or referendum (or proposed public vote or referendum) or other ballot initiative or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a Material Adverse Effect.

(b) There is no amendment to the Constitution of the State or any published

administrative interpretation of the Constitution of the State or any State law, or any public vote or referendum (or proposed public vote or referendum) or other ballot initiative or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a Material Adverse Effect.

Section 7.9. No Immunity. Under existing law, the Authority is not entitled to raise the defense of sovereign or governmental immunity in connection with any legal proceedings to enforce or collect upon this Agreement, the Related Documents or the transactions contemplated hereby or thereby, including the payment of the Obligations; *provided, however*, that a claimant shall be required to comply with the provisions of the Tort Claims Act set forth in California Government Code Section 810 *et seq.* in tort or contract suits, actions or proceedings brought against the Authority.

Section 7.10. Litigation. There is no action, investigation, suit or proceeding pending in any court, any other governmental authority with jurisdiction over the Authority or the Airport System or any arbitration in which service of process has been completed against the Authority or the Airport System or, to the knowledge of the Authority, any other action, investigation, suit or proceeding pending or threatened in any court, any other governmental authority with jurisdiction over the Authority or the Airport System or any arbitration, in either case against the Authority or the Airport System or any of their respective properties or revenues, or any of the Related Documents to which it is a party, which if determined adversely to the Authority would adversely affect (A) the legality, validity or enforceability of this Agreement, the Notes or the Related Documents to which it is a party, (B) the validity, enforceability or perfection of the pledge of and lien on the Subordinate Net Revenues or on the amounts held in funds, accounts and subaccounts under the Subordinate Trust Indenture, (C) the status of the Authority as a local government entity of regional government, organized and validly existing under the laws of the State, ~~or~~ (D) the exemption of interest on the Tax-Exempt Loans from the gross income of the recipients thereof for Federal income tax purposes, or (E) the rights and remedies of the Lender under any of the Related Documents or which is reasonably likely to have a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Effective Date as to which the Lender has received an opinion of counsel satisfactory to the Lender, in form and substance satisfactory to the Lender and its counsel, to the effect that such action, suit or proceeding is without substantial merit.

Section 7.11. Disclosure. All information, reports and other papers and data with respect to the Authority furnished to the Lender, at the time the same were so furnished, were accurate in all material respects. Any financial, budget and other projections furnished to the Lender were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections.

Section 7.12. Financial Information. The Authority has delivered to the Lender a copy of the audited financial statements for the Authority and the Airport System for the fiscal year ended June 30, 2013. These together with related notes, fairly present the financial position and results of operation of the Authority and the Airport System as of the date and for the periods therein set

forth. All such financial statements have been prepared in accordance with GAAP. There has been no material adverse change in the financial position, including the Net Revenues and Subordinate Net Revenues, results of operations or projections of revenues of the Airport System since June 30, 2013, except as disclosed in writing to the Lender prior to [_____, 2014], which would be reasonably likely to result in a Material Adverse Effect. The Authority has no material contingent liabilities or other material contracts or commitments payable from Subordinate Net Revenues which are not reflected in such financial statements previously delivered to the Lender or in the notes thereto or otherwise as disclosed to the Lender.

Section 7.13. Official Signatures. The Authorized Authority Representative has and had full power and authority to execute, deliver and perform under this Agreement and each of the Related Documents to which the Authority is a party. Any agreement, certificate or request signed by or on behalf of any Authorized Authority Representative or Designated Representative and delivered to the Lender shall be deemed a representation and warranty by the Authority to the Lender as to the truth, accuracy and completeness of the statements made by the Authority therein.

Section 7.14. Incorporation of Representations and Warranties by Reference. The Authority hereby makes to the Lender the same representations and warranties made by the Authority in each Related Document to which the Authority is a party, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference for the benefit of the Lender with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. Except as permitted by Section 8.15 hereof, no amendment to such representations and warranties or defined terms made pursuant to any Related Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Lender.

Section 7.15. Environmental Matters. To the best knowledge of the Authority, the operations of the Airport System (i) have not become subject to any Environmental Liability nor does the Authority know of any basis for any Environmental Liability and (ii) are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations (including all Environmental Laws) and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action would have a Material Adverse Effect. The Authority has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law.

Section 7.16. Security; Pledge of Subordinate Net Revenues Securing Obligations. The Master Subordinate Trust Indenture creates, for the benefit of the Lenders and the Noteholders, with respect to the payment of the principal of and interest on the Loans, the Notes and the Obligations, the legally valid, binding and irrevocable lien on and pledge of the Subordinate Net Revenues. There is no lien on the Subordinate Net Revenues other than the liens created by the Subordinate Trust Indenture. None of the Master Senior Trust Indenture, the Master Subordinate Trust Indenture or the Third Supplemental Subordinate Trust Indenture permit the issuance of any Debt secured by the Subordinate Net Revenues to rank senior to the payment of the principal of and interest on the Subordinate Obligations, the Notes, the Loans, Advances or the Obligations,

other than the Senior Lien Revenue Bonds and reserves established with respect to the Senior Lien Revenue Bonds. The payment of the Obligations ranks on a parity with the payment of the principal of and interest on the Subordinate Obligations and is not subordinate to any payment secured by a lien on the Subordinate Net Revenues or any other claim other than payments with respect to the principal of, purchase price, premium, if any, and interest on the Senior Lien Revenue Bonds and the funding of reserves therefor as set forth in the Master Senior Trust Indenture and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such lien. No filing, registration, recording or publication of the Master Senior Trust Indenture, the Subordinate Trust Indenture or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the lien created thereby on the Subordinate Net Revenues to secure the Notes, the Loans, Advances and the Obligations. As of the Effective Date, there is no indebtedness of the Authority payable from or secured by the Subordinate Net Revenues or amounts held in funds, accounts or subaccounts under the Subordinate Trust Indenture or any portion thereof on a basis that is on a parity with the Obligations (including the Repayment Obligations and the Notes) other than the Subordinate Obligations existing as of the Effective Date. The Obligations and the Notes constitute "Subordinate Obligations" for purposes of the Subordinate Trust Indenture.

Section 7.17. Tax Exempt Status of Tax-Exempt Loans. The Authority has not taken any action and knows of no action that any other Person has taken which would cause interest on any Tax-Exempt Loan to be included in the gross income of the recipients thereof for Federal income tax purposes.

Section 7.18. Margin Regulations. The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of the Advances, the Loans or the Notes or any amounts furnished by the Lender pursuant to a Request for Advance will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

Section 7.19. The Notes. The Notes will be duly issued and the Notes and the Repayment Obligations shall constitute Subordinate Obligations under the Subordinate Trust Indenture and will be entitled to the benefits thereof.³

Section 7.20. Pari Passu. Under the laws of the State, the obligation of the Authority under this Agreement to pay interest at the Taxable LIBOR Rate, the Tax-Exempt LIBOR Rate, the Lender Rate, the Default Rate or the Taxable Rate as set forth herein constitutes a charge and lien on the Subordinate Net Revenues equal to and on a parity with the charge and lien upon the Subordinate Net Revenues for the payment of the Repayment Obligations and the principal of and interest on the Notes and all other Subordinate Obligations under the Subordinate Trust Indenture, and, with respect to Net Revenues, subordinate only to the Senior Lien Revenue Bonds and reserves relating thereto.

Section 7.21. Maximum Rate. The terms of the Related Documents (including the Notes)

³ ~~Note SMTI to be amended to provide that this Agreement constitutes a "Credit Facility" thereunder.~~

regarding the calculation of interest and fees do not violate any applicable usury laws.

Section 7.22. Valid Lien. The Authority's irrevocable pledge of the Subordinate Net Revenues and amounts hereunder and under the Subordinate Trust Indenture and in the funds, accounts and subaccounts established and maintained under the Subordinate Trust Indenture to and for the payment of the Obligations of the Authority under this Agreement and for the payment of the Repayment Obligations and the Notes is valid and binding and no further acts, instruments, approvals or consents are necessary for the creation, validity or perfection thereof. The provisions of the Subordinate Trust Indenture constitute a contract between the Authority and the Lender subject to the provisions of the Subordinate Trust Indenture, and the Lender, may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the Authority as a result of issuing the Notes.

Section 7.23. ERISA; Plans; Employee Benefit Plans. The Authority is not subject to ERISA and maintains no Plans.

Section 7.24. Solvency. After giving effect to the issuance of the Notes and the other obligations contemplated by this Agreement, the Authority is solvent, having assets of a fair value which exceeds the amount required to pay its debts (including contingent, subordinated, unmatured and unliquidated liabilities) as they become absolute and matured, and the Authority is able to and anticipates that it will be able to meet its debts as they mature and has adequate capital to conduct its business in which it is engaged.

Section 7.25. Anti-Terrorism Laws. Neither the Authority nor any of Affiliates thereof is in violation of any Laws relating to terrorism or money laundering ("*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), and the Patriot Act;

- (i) neither the Authority nor any Affiliate thereof is any of the following:
 - (A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;
 - (B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;
 - (C) a Person with which the Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;
 - (D) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or
 - (E) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control ("*OFAC*") or any list of Persons issued by OFAC pursuant to the Executive Order at its

official website or any replacement website or other replacement official publication of such list; and

(ii) to the best of the Authority's knowledge neither the Authority nor any Affiliate thereof (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (i) above, (B) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

ARTICLE VIII

COVENANTS OF THE AUTHORITY

The Authority will do the following so long as the Commitment is outstanding or any Obligations remain outstanding under this Agreement, unless the Lender shall otherwise consent in writing:

Section 8.1. Maintenance of Existence. To the extent permitted by law, the Authority shall maintain its existence pursuant to the Act and the laws of the State and at all times maintain its ownership of the Airport System.

Section 8.2. Reports, Certificates and Other Information. The Authority shall furnish or cause to be furnished to the Lender copies of:

(a) as soon as available, but in any event within one hundred eighty-one (181) days after the end of each Fiscal Year, the annual audited financial statements for the Authority together with the opinion of the Authority's independent accountants and a certificate from the Executive Director or the Vice President, Finance and Asset Management/Treasurer addressed to the Lender demonstrating compliance with Section 8.7 hereof and stating that neither a Default nor an Event of Default has occurred which was continuing at the end of such Fiscal Year or on the date of his certification, or, if such an event has occurred and was continuing at the end of such Fiscal Year or on the date of his certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto;

(b) as soon as available, but in any event within sixty (60) days after December 31 of each year, a copy of the unaudited financial statements of the Authority for the six months ended on such December 31, accompanied by a certification from the Executive Director or the Vice President, Finance and Asset Management/Treasurer addressed to the Lender stating that neither a Default nor an Event of Default has occurred which was continuing at the end of such six month period or on the date of the certification, or, if such an event has occurred and was continuing at the end of such six month period or on the date of the certification, indicating the nature of such event and the action which the Authority

proposes to take with respect thereto;

(c) as soon as available, but in any event within thirty (30) days following the approval thereof, the Authority Budget and annual appropriation resolution for the Authority;

(d) as soon as available, all notices, certificates, instruments, letters and written commitments in connection with the Revolving Obligations provided to the Trustee other than those notices, certificates, instruments, letters and written commitments that relate solely to the routine issuance and payment of the Revolving Obligations;

(e) within ten (10) days after the issuance by the Authority of any Senior Lien Revenue Bonds secured by Net Revenues or any Subordinate Obligations secured by Subordinate Net Revenues, with respect to which a final official statement or other offering circular has been prepared by the Authority, the Authority will provide to the Lender notice of such issuance and a copy of such official statement or offering circular (or a link to EMMA with respect to such official statement or offering circular);

(f) (i) promptly upon obtaining knowledge of any Default or Event of Default, or notice thereof, and within five (5) days thereafter, a certificate signed by a Designated Representative specifying in reasonable detail the nature and period of existence thereof and what action the Authority has taken or proposes to take with respect thereto; and (ii) promptly following a written request of the Lender, a certificate of a Designated Representative as to the existence or absence, as the case may be, of a Default or an Event of Default under this Agreement;

(g) as promptly as practicable, written notice to the Lender of all litigation served against the Authority and all proceedings before any court or governmental authority which could reasonably be expected to have a Material Adverse Effect or of any other event which is likely to have a Material Adverse Effect; and

(h) such other information regarding the affairs and condition of the Authority and the Airport System as the Lender may from time to time reasonably request; *provided* that the Authority shall not be required to furnish such information if doing so violates applicable law as reasonably construed.

Section 8.3. Maintenance of Books and Records. The Authority will keep, and cause to be kept, proper books of record and account in which full, true and correct entries in accordance with the Authority's budget basis accounting principles and reporting practices will be made of all dealings or transactions in relation to its activities.

Section 8.4. Access to Books and Records. To the extent permitted by law, the Authority will permit any Person designated by the Lender (at the expense of the Lender) to visit any of the offices of the Authority to examine the books and financial records (except books and financial records the examination of which by the Lender is prohibited by law or subject to some privilege), including minutes of meetings of any relevant governmental committees or agencies, and make

copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Authority with their principal officials, all at such reasonable times and as often as the Lender may reasonably request.

Section 8.5. Compliance with Documents. The Authority agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in each of the Related Documents to which it is a party, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Lender and shall be enforceable against the Authority. To the extent that any such incorporated provision permits the Authority or any other Person to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the Authority or any Person, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Lender in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Lender which shall only be evidenced by the written approval by the Lender of the same. Except as permitted by Section 8.15 hereof, no termination or amendment to such covenants and agreements or defined terms or release of the Authority with respect thereto made pursuant to any of the Related Documents to which the Authority is a party, shall be effective to terminate or amend such covenants and agreements and defined terms or release the Authority with respect thereto in each case as incorporated by reference herein without the prior written consent of the Lender. Notwithstanding any termination or expiration of any such Related Document to which the Authority is a party, the Authority shall, unless such Related Document has terminated in accordance with its terms and has been replaced by a new Related Document, continue to observe the covenants therein contained for the benefit of the Lender until the termination of this Agreement. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

Section 8.6. Compliance with Law. The Authority shall comply with and observe the obligations and requirements set forth in the Constitution of the State of California and in all statutes and regulations binding upon it relating to the Airport System and the Related Documents to which the Authority is a party.

Section 8.7. Rate Covenant. The Authority covenants and agrees that it shall take any and all action necessary such that Revenues and Subordinate Net Revenues in each Fiscal Year shall equal an amount at least sufficient to satisfy the provisions of Section 5.04 of the Master Subordinate Trust Indenture ~~as in effect as of the Effective Date.~~

Section 8.8. Further Assurances. From time to time hereafter, the Authority will execute and deliver such additional instruments, certificates or documents, and will take all such actions as the Lender may reasonably request for the purposes of implementing or effectuating the provisions of the Related Documents to which the Authority is a party or for the purpose of more fully perfecting or renewing the rights of the Lender with respect to the rights, properties or assets subject to such documents (or with respect to any additions thereto or replacements or proceeds

thereof or with respect to any other property or assets hereafter acquired by the Authority which may be deemed to be a part thereof). Upon the exercise by the Lender of any power, right, privilege or remedy pursuant to the Related Documents to which the Authority is a party which requires any consent, approval, registration, qualification or authorization of any governmental authority or instrumentality, the Authority will, to the extent permitted by law, execute and deliver all necessary applications, certifications, instruments and other documents and papers that the Lender may be required to obtain for such governmental consent, approval, registration, qualification or authorization.

Section 8.9. No Impairment. The Authority will neither take any action, nor cause any Person to take any action, under any Related Document which would materially adversely affect the rights, remedies or security of the Lender under this Agreement or any other Related Document or which could result in a Material Adverse Effect.

Section 8.10. Application of Proceeds. The Authority will not take or omit to take any action, which action or omission will in any way result in the proceeds from any Loan being applied in a manner other than as provided in the Subordinate Trust Indenture, the Tax Certificate and this Agreement.

Section 8.11. Reserved.

Section 8.12. Reserved.

Section 8.13. Limitation on Additional Debt. The Authority will not issue any additional Subordinate ~~Obligation~~Obligations payable from or secured by Subordinate Net Revenues (other than the Revolving Obligations issued in accordance with the provisions of the Third Supplemental Subordinate Trust Indenture and this Agreement) unless the Authority complies with the provisions of Section 2.11 of the Master Subordinate Trust Indenture. Within ten (10) days after the issuance by the Authority of any Subordinate Obligations secured by Subordinate Net Revenues, the Authority will provide the Lender copies of the certificates required to be delivered by the Authority pursuant to Section 2.09(d) and (e) of the Master Subordinate Trust Indenture.

Section 8.14. Maintenance of Tax Exempt Status. The Authority will not take any action or omit to take any action that, if taken or omitted, would adversely affect the exclusion of interest on any Tax-Exempt Loan from the gross income of ~~the Lender, any Participant or any Noteholder~~any Holder for Federal income tax purposes; *provided, however*, that the Authority shall not be in violation of the provisions of this Section 8.14 as a result of a Holder being a “substantial user” of the projects financed ~~from~~or refinanced with proceeds of ~~such an~~an AMT Loan or a “related person” for purposes of Section 147(a) of the Code.

Section 8.15. Amendments to Master Senior Trust Indenture, Master Subordinate Trust Indenture and Other Related Documents. The Authority will not amend or modify, or permit to be amended or modified in any manner whatsoever (i) Sections 2.11, 4.01, 4.02 (excluding clauses (vi) and (vii) of subparagraph (b) thereof), 5.03, 5.04, 5.06, 5.08, 5.09 or 5.12 of the Master Senior Trust Indenture and Sections 2.11, 4.01, 5.05, 5.07 and 5.08 of the Master Subordinate Trust

Indenture, in each case without the prior written consent of the Lender nor shall it amend, modify or supplement any other provision of the Master Senior Trust Indenture or the Master Subordinate Trust Indenture (other than those set forth above) in a manner which would have a material adverse effect upon the Authority's ability to perform its obligations under this Agreement or to repay indebtedness that is secured by the Subordinate Net Revenues or which adversely affects the security for the Notes or the Authority's ability to repay when due the Obligations or the rights or remedies of the Lender under the Related Documents or hereunder; or (ii) any other Related Document without the prior written consent of the Lender.

Section 8.16. Maintenance of Insurance. The Authority covenants and agrees that it shall comply with Section 5.10 of the Master Senior Trust Indenture.

Section 8.17. [Reserved].

Section 8.18. Taxes and Liabilities. The Authority shall pay all its indebtedness and obligations promptly and in accordance with their terms and pay and discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default, which default could have a Material Adverse Effect; *provided* that the Authority shall have the right to defer payment or performance of obligations to Persons other than the Lender so long as it is contesting in good faith the validity of such obligations by appropriate legal action and no final order or judgment has been entered with respect to such obligations.

Section 8.19. Trustee. Unless otherwise consented to in writing by the Lender, the Authority shall ensure that any replacement Trustee shall have capital of not less than \$500,000,000, and such Trustee or its respective parent organization shall have an underlying rating from Moody's and S&P of at least "A2" (or its equivalent) and "A" (or its equivalent), respectively.

Section 8.20. Waiver of Sovereign Immunity. The Authority hereby agrees not to assert the defense of any future right of sovereign or governmental immunity in any legal proceeding to enforce or collect upon the obligations of the Authority under this Agreement or any other Related Document or the transactions contemplated hereby or thereby.

Section 8.22. Credit Facilities. (i) In the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides such Person with additional or more restrictive covenants (including without limitation financial covenants) and/or additional or more restrictive events of default (collectively, the "Additional Rights") than are provided to the Lender in this Agreement, then, upon the occurrence of an event of default (without regard to a waiver of such event of default) under such agreement (or amendment thereto) caused by such Additional Rights, such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Lender shall have the benefits of such Additional Rights; *provided, however,* that such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Lender shall have the benefits of such Additional Rights only from and after the occurrence of an event of default under

the related Bank Agreement caused by the Additional Rights or a failure by the Authority to comply with such Additional Rights. The Authority shall promptly, upon the occurrence of an event of default (without regard to a waiver of such event of default) under the related Bank Agreement caused by such Additional Rights or a failure by the Authority to comply with such Additional Rights, enter into an amendment to this Agreement to include such Additional Rights, *provided* that the Lender shall maintain the benefit of such Additional Rights even if the Authority fails to provide such amendment. If the Authority shall amend the related Bank Agreement such that it no longer provides for such Additional Rights, then, without the consent of the Lender, this Agreement shall automatically no longer contain the related Additional Rights and the Lender shall no longer have the benefits of any of the related Additional Rights.

{(ii) In the event that the Authority shall enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides for any term or provision which permits any outstanding advance, loan or drawing to be amortized over a period shorter than the Amortization Period set forth in Section 4.5 hereof (such shorter amortization period, the "*Shorter Amortization Period*"), this Agreement shall automatically be deemed to be amended such that the Amortization Period set forth in Section 4.5 hereof shall be such Shorter Amortization Period. Upon the occurrence of the conditions set forth in the immediately preceding sentence, the Authority shall promptly enter into an amendment to this Agreement such that the Amortization Period equals such Shorter Amortization Period, *provided* that the Amortization Period shall equal the Shorter Amortization Period regardless of whether this Agreement is amended. If the Authority shall amend the Bank Agreement such that it no longer provides for an amortization of the related advance, loan, drawing or other obligation for a period less than the Amortization Period as of the Effective Date, then, the Authority shall promptly enter into an amendment to this Agreement such that the Amortization Period equals the Amortization Period set forth in Section 4.5 hereof as of the Effective Date, *provided* that the Amortization Period shall equal the Amortization Period set forth in Section 4.5 hereof as of the Effective Date regardless of whether this Agreement is amended.}

Section 8.23. Right to Accelerate. In the event the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which Bank Agreement includes the right to accelerate the payment of the principal of or interest on any series of Senior Lien Revenue Bonds or Subordinate Obligations upon the occurrence and continuation of an event of default or event of termination under such Bank Agreement, or such Bank Agreement includes the right to accelerate the payment of the principal of or interest on any series of Senior Lien Revenue Bonds or Subordinate Obligations upon the occurrence and continuation of an event of default or event of termination under such Bank Agreement within a shorter period than is available to the Lender under this Agreement (herein referred to as "*New Acceleration Provisions*"), then such New Acceleration Provisions shall automatically be deemed incorporated herein and the Lender shall automatically have the benefit of such New Acceleration Provisions. The Authority shall promptly, upon the occurrence of the Authority entering into any Bank Agreement (or amendment thereto) which provides for New Acceleration Provisions, enter into an amendment to this Agreement to include such New Acceleration Provisions; *provided* that the Lender shall maintain

the benefit of such New Acceleration Provisions even if the Authority fails to provide such amendment. The release, termination or other discharge of such Bank Agreement that provides for such New Acceleration Provisions shall be effective to amend, release, terminate or discharge (as applicable) such provisions as incorporated by reference herein without the consent of the Lender.

Section 8.24. Maintenance of Ratings. The Authority shall at all times maintain long-term unenhanced ratings on Subordinate Obligations (other than this Agreement, the Note and the Repayment Obligations hereunder) by any two Nationally Recognized Statistical Rating Organizations (as defined under the Securities Exchange Act of 1934, as amended) approved by the Lender. As of the Effective Date, the Authority maintains long-term unenhanced ratings on the Subordinate Obligations from {Fitch, Moody's and S&P}. Such Rating Agencies are approved by the Lender (unless and until the Lender notifies the Authority in writing that it no longer approves of {Fitch, Moody's or S&P}).

Section 8.25. Liens, Etc. The Authority shall not create or suffer to exist any Lien upon or with respect to any of the funds or accounts created under the Subordinate Trust Indenture except those Liens specifically permitted under the Subordinate Trust Indenture; *provided, however*, that, unless otherwise consented to in advance in writing by the Lender, in no event will the Authority permit any Lien upon the Net Revenues or the Subordinate Net Revenues securing any termination payment pursuant to any Swap Contract to be on parity with or senior to the Lien on Subordinate Net Revenues securing the Repayment Obligations and the Notes.

Section 8.26. Federal Reserve Board Regulations. The Authority shall not use any portion of the proceeds of any Advances, any Loans or the Notes for the purpose of carrying or purchasing any Margin Stock.

Section 8.27. Use of Lender's Name. Except as may be required by law (including, but not limited to, federal and state securities laws), the Authority shall not use the Lender's name in any published materials (other than the Authority's staff reports, annual statements, audited financial statements, and rating agency presentations) without the prior written consent of the Lender (which consent shall not be unreasonably withheld); *provided* that, without the prior written consent of the Lender, the Authority may identify the Lender as a party to this Agreement, the stated amount of the Commitment, the expiration date of the Commitment, that the interest rate on the Loans is based on the one-month LIBOR plus a spread (such spread shall not be identified) and that the Authority's obligations under this Agreement are secured by Subordinate Net Revenues, in offering documents with respect to the Senior Lien Revenue Bonds and the Subordinate Obligations, so long as no other information relating to this Agreement or the Lender is disclosed in such offering documents without the prior written consent of the Lender.

Section 8.28. Consolidation, Merger, Etc. The Authority shall not dissolve or otherwise dispose of all or substantially all of the assets of the Authority or consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Authority; *provided, however*, that the Authority may consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Authority if each of the following conditions shall have been fulfilled:

(i) such merger or consolidation shall be with or into another governmental entity which shall assume in writing, reasonably satisfactory in form and substance to the Lender, or by operation of law the due and punctual performance and observance of all of the covenants, agreements and conditions of this Agreement and the other Related Documents;

(ii) such merger or consolidation shall not adversely affect or impair to any extent or in any manner (1) the Subordinate Net Revenues, (2) the availability of the Subordinate Net Revenues for the payment and security of the obligations of the Authority under this Agreement, or (3) the pledge or security afforded by the Master Senior Trust Indenture and the Master Subordinate Trust Indenture to the Senior Lien Revenue Bonds and the Subordinate Obligations, and the Authority shall have furnished to the Lender, for the benefit of the Lender, an opinion of its Bond Counsel, satisfactory in form and substance to the Lender, to such effect; and

(iii) the Authority shall have given the Lender not less than 60 days' prior written notice of such merger or consolidation and furnished to the Lender all such information concerning such merger or consolidation as shall have been reasonably requested by the Lender.

Section 8.29. Incorporation of Waiver of Jury Trial and Judicial Reference from Bank Agreements. In the event that the Department has or shall enter into, or otherwise consent to any Bank Agreement which (i) provides that the Authority waives any right to a trial by jury in any action, suit or proceeding arising under or relating to such Bank Agreement, or (ii) provides that the Authority consents to the adjudication of any action, suit or proceeding arising under or relating to such Bank Agreement pursuant to judicial reference as provided in California Code of Civil Procedure Section 638, this Agreement shall be deemed to be amended to include a substantially similar provision for the benefit of the Lender (any such provision described in (i) or (ii) referred to herein as a "Section 8.29 Bank Agreement Provision"). The Authority shall promptly notify the Lender of any Bank Agreement which it enters into with any other Person which contains a Section 8.29 Bank Agreement Provision, and the Authority shall promptly, and in any event within thirty (30) Business Days after the effective date of such Bank Agreement provide the Lender with a copy of such Bank Agreement. To evidence the foregoing, upon the reasonable request of the Lender, the Authority shall enter into an amendment to this Agreement within sixty (60) days after a request by the Lender to document any Section 8.29 Bank Agreement Provision deemed to be added to this Agreement pursuant to this Section. Notwithstanding the foregoing, the Lender shall automatically maintain the benefit of any Section 8.29 Bank Agreement Provision, even if the Authority fails to provide the Lender with a copy of such Bank Agreement containing the Section 8.29 Bank Agreement Provision or fails to enter into any such amendment to this Agreement with the Lender.

ARTICLE IX

RESERVED

ARTICLE X

DEFAULTS AND REMEDIES

Section 10.1. Events of Default and Remedies. If any of the following events shall occur, each such event shall be an “Event of Default”:

(a) the Authority fails to pay, or cause to be paid, when due (i) any principal of or interest on any Note, (ii) any Repayment Obligation or (iii) any other Obligation;

(b) any representation, warranty or statement made by or on behalf of the Authority herein or in any Related Document to which the Authority is a party or in any certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or the documents, certificates or statements of the Authority (including unaudited financial reports, budgets, projections and cash flows of the Authority and the Airport System) furnished to the Lender by or on behalf of the Authority in connection with the transactions contemplated hereby, when taken as a whole, are materially inaccurate in light of the circumstances under which they were made and as of the date on which they were made;

(c) (i) the Authority fails to perform or observe any term, covenant or agreement contained in Sections 8.1, 8.9, 8.13, 8.14, 8.15, 8.18, 8.24, and 8.25 inclusive; or (ii) the Authority fails to perform or observe any other term, covenant or agreement contained in this Agreement (other than those referred to in Sections 10.1(a) and 10.1(c)(i)) and any such failure cannot be cured or, if curable, remains uncured for thirty (30) days after written notice thereof to the Authority;

(d) the Authority shall (i) default in the payment of the principal of or interest on the Senior Lien Revenue Bonds or the Subordinate Obligations (other than the Revolving Obligations, the Notes or the Loans), beyond the period of grace, if any, provided in the instrument or agreement under which such Senior Lien Revenue Bonds or the Subordinate Obligations was issued or incurred; (ii) default in the observance or performance of any agreement or condition relating to any Senior Lien Revenue Bonds or the Subordinate Obligations or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause the holder or holders of such Senior Lien Revenue Bonds or the Subordinate Obligations (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Senior Lien Revenue Bonds or the Subordinate Obligations to become due prior to its stated maturity; or (iii) default in the observance or performance of any agreement or condition relating to any Senior Lien Revenue Bonds or the Subordinate Obligations or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to ~~cause~~permit the holder or holders of such Senior Lien Revenue Bonds or the Subordinate Obligations (or a trustee or agent on behalf of such holder or holders) to ~~permit~~cause (determined without regard to whether any notice is required), any such Senior Lien Revenue Bonds or the Subordinate Obligations to become due prior to its

stated maturity;

(e) (i) any provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Notes, the Loans, the Advances or any other Subordinate Obligations or (B) the validity or enforceability of the pledge of the Subordinate Net Revenues or any other pledge or security interest created by the Subordinate Trust Indenture shall at any time for any reason cease to be valid and binding on the Authority as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction, or shall be declared, in a final nonappealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable;

(ii) the validity or enforceability of any material provision of this Agreement or any Related Document related to (A) the payment of the principal of or interest on the Notes, the Loans, the Advances or any other Subordinate Obligations, or (B) the validity or enforceability of the pledge of the Subordinate Net Revenues or any other pledge or security interest created by the Subordinate Trust Indenture shall be publicly contested by the Authority; or

(iii) any other material provision of this Agreement or any other Related Document, other than a provision described in clause (i) above, shall at any time for any reason cease to be valid and binding on the Authority as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Authority;

(g) a final judgment or order for the payment of money in excess of \$10,000,000 (in excess of the coverage limits of any applicable insurance therefor) shall have been rendered against the Authority and such judgment or order shall not have been satisfied, stayed, vacated, discharged or bonded pending appeal within a period of sixty (60) days from the date on which it was first so rendered;

(h) (i) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of any obligation secured by a lien, charge or encumbrance upon the Net Revenues or Subordinate Net Revenues; (ii) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, the Authority seeks to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to it or its debts; (iii) the Authority seeks appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of the Authority's property or a receiver, trustee, custodian or other similar official shall be appointed for the Authority or for any substantial part of the Authority's property, or the Authority shall make a general assignment for the benefit of its creditors; (iv) there shall be commenced against the Authority any case, proceeding or other action of

a nature referred to in clause (ii) above and the same shall remain undismissed; (v) there shall be commenced against the Authority any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal, within sixty (60) days from the entry thereof; (vi) the Authority takes action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), (iv) or (v) above; or (vii) the Authority shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(~~ih~~) in the event that any Authority Rating is suspended, withdrawn, or otherwise unavailable ~~for~~ from any Rating Agency, or if any Authority Rating is reduced below "Baa2" (or its equivalent), "BBB" (or its equivalent) or "BBB" (or its equivalent) by any of Moody's, S&P or Fitch, respectively (but excluding any suspension or withdrawal of any such Authority Rating if the applicable Rating Agency has stipulated in writing that the rating action is being taken for non-credit related reasons) ~~from any Rating Agency, or if any Authority Rating is reduced below "Baa2" (or its equivalent), "BBB" (or its equivalent) or "BBB" (or its equivalent) by any of Moody's, S&P or Fitch, respectively;~~ or

(~~ji~~) any event of default under the Master Senior Trust Indenture or the Subordinate Trust Indenture, ~~the Third Supplemental Subordinate Trust Indenture or any other Related Document~~ shall occur; or

(~~kj~~) except as otherwise permitted under Section 8.28 hereof, the dissolution or termination of the existence of the Authority shall occur; or

(~~lk~~) any Governmental Authority of competent jurisdiction shall declare a financial emergency or similar declaration with respect to the Authority and shall appoint or designate, with respect to the Authority, an entity such as an organization, a board, a commission, an authority, an agency or any other similar body to manage the affairs and operations of the Authority; or

(~~ml~~) any Lien created by this Agreement or the Subordinate Trust Indenture or any other Related Document in favor of, or for the benefit of, the Lender or any Noteholder shall at any time or for any reason (except as expressly permitted to be released by the terms of such governing document) not constitute a valid Lien.]

Section 10.2. Remedies. (a) Upon the occurrence and continuation of any Event of Default the Lender may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law *provided*:

(i) by notice to the Authority, declare all Obligations to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Authority; *provided* that upon the occurrence of an Event of Default under Section 10.1(h) hereof such acceleration shall automatically occur (unless such automatic acceleration is waived by the

Lender in writing);⁴

(ii) deliver a written notice to the Trustee and the Authority that an Event of Default has occurred and is continuing and direct the Trustee and the Authority, as applicable, to accelerate repayment of the Loans and cause a mandatory redemption of the Notes or take such other remedial action as is provided for in the Trust Indenture;⁵

(iii) by written notice to the Authority, reduce the Available Commitment to zero and thereafter the Lender will have no further obligation to make Advances hereunder and/or terminate the Commitment;

(iv) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Authority under the Related Documents, whether for specific performance of any agreement or covenant of the Authority or in aid of the execution of any power granted to the Lender in the Related Documents;

(v) cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however*, that the Lender shall have no obligation to effect such a cure; and

(vi) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents and as otherwise available at law and at equity.

(b) Notwithstanding the provisions of Section 10.2(a)(i) or 10.2(a)(ii) hereof, (x) the Lender shall not declare the outstanding amount of the Obligations under this Agreement to be immediately due and payable or cause a mandatory redemption of the Notes as described in Section 10.2(a)(i) or 10.2(a)(ii) until seven (7) days after the occurrence of an Event of Default specified in Section 10.1(a)(i), 10.1(a)(ii), 10.1(d)(i), 10.1(d)(ii), 10.1(e)(i), 10.1(e)(ii), 10.1(hg) or 10.1(kj) hereof and (y) the Lender shall notify the Authority of mandatory redemption of the Notes at least one hundred eighty (180) days prior thereto in the case of any Event of Default not specified in the immediately preceding clause (x). Notwithstanding the foregoing sentence of this Section 10.2(b), if any other holder or credit enhancer of Debt secured by a lien or charge on Net Revenues or Subordinate Net Revenues or any counterparty under any Swap Contract related thereto causes any such Debt or other obligations of the Authority to become immediately due and payable, the Lender may immediately, without notice, avail itself of the remedies set forth in Section 10.2(a) hereof and/or declare or cause to be declared the unpaid principal amount of all outstanding Notes, all interest accrued and unpaid thereon, and all other amounts owing or payable

⁴ ~~Note definition of Credit Facility under SMTI to be amended to include this Agreement.~~

⁵ ~~Note: Third Supplemental SMTI to include right of acceleration per Section 8.02(e) of SMTI.~~

hereunder to be immediately due and payable.

Section 10.3. No Waiver. No failure on the part of Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. No delay or omission by the Lender in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Lender or to be acquiescence therein. No express or implied waiver by the Lender of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default.

Section 10.4. Discontinuance of Proceedings. In case the Lender shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Lender shall have the unqualified right so to do and, in such event, the Authority and the Lender shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Lender hereunder shall continue as if the same had never been invoked.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Evidence of Debt. The Lender shall maintain in accordance with its usual practices an account or accounts evidencing the indebtedness resulting from each Advance, each Revolving Loan and each Term Loan made from time to time hereunder and the amounts of principal and interest payable and paid from time to time hereunder. In any legal action or proceeding in respect of this Agreement, the entries made in such account or accounts shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations therein recorded.

Section 11.2. Amendments and Waivers. No amendment or waiver of any provision of this Agreement nor consent to any departure by the parties hereto shall in any event be effective unless the same shall be in writing and signed by such parties, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 11.3. Addresses for Notices. Any notice required or permitted to be given under or in connection with this Agreement shall be in writing and shall be mailed by first-class mail, registered or certified, return receipt requested, or express mail, postage prepaid, or sent by telex, telegram, telecopy or other similar form of rapid transmission confirmed by mailing (by first-class mail, registered or certified, return receipt requested, or express mail, postage prepaid) written confirmation at substantially the same time as such rapid transmission, or personally delivered to an officer of the receiving party. All such communications shall be mailed, sent or delivered to the address or numbers set forth below, or as to each party at such other address or numbers as shall be

designated by such party in a written notice to the other parties.

The Authority: San Diego County Regional Airport Authority
Commuter Terminal, 3rd Floor
3225 North Harbor Drive
San Diego, California 92101
Attention: Vice President Finance & Asset
Management/Treasurer
Telephone: (619) 400-2802
Facsimile: (619) 400-2801

with a copy to: San Diego County Regional Airport Authority
Commuter Terminal, 3rd Floor
3225 North Harbor Drive
San Diego, California 92101
Attention: General Counsel
Telephone: (619) 400-2802
Facsimile: (619) 400-2801

The Lender: U.S. Bank National Association
[Address]
Attention: _____
Telephone: _____
Facsimile: _____

The Trustee: U.S. Bank National Association
[Address]
Attention: _____
Telephone: _____
Facsimile: _____

Section 11.4. Survival of This Agreement. All covenants, agreements, representations and warranties made in this Agreement shall survive the extension by the Lender of the Commitment and shall continue in full force and effect so long as the Commitment shall be unexpired or any sums drawn or due thereunder or any other obligations shall be outstanding and unpaid, regardless of any investigation made by any Person and so long as any amount payable hereunder remains unpaid. The agreement of the Authority to indemnify the Lender and each Indemnitee under Section 6.2 hereof shall continue in full force and effect notwithstanding a termination of the Commitment or the fulfillment of all Obligations. The obligations of the Authority under Sections 6.3 and 2.6(e) hereof shall also continue in full force and effect notwithstanding a termination of the Commitment or the fulfillment of all Obligations. Whenever in this Agreement the Lender is referred to, such reference shall be deemed to include the successors and assigns of the Lender and all covenants, promises and agreements by or on behalf of the Authority which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Lender. The rights

and duties of the Authority may not be assigned or transferred without the prior written consent of the Lender, and all obligations of the Authority hereunder shall continue in full force and effect notwithstanding any assignment by the Authority of any of its rights or obligations under any of the Related Documents or any entering into, or consent by the Authority to, any supplement or amendment to, or termination of, any of the Related Documents.

Section 11.5. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 11.6. Governing Law; Waiver of Jury Trial; Jurisdiction and Venue. (a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

~~(b) TO THE EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE RELATED DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO HEREBY CONSENTS TO THE ADJUDICATION OF ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN STATE CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER STATE CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.~~ (e)

EACH OF PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA AND ANY COURT IN THE STATE OF CALIFORNIA, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST OR BY IT IN CONNECTION WITH THIS AGREEMENT OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT RELATED THERETO, AND THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD OR DETERMINED IN SUCH CALIFORNIA STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. THE PARTIES AGREE THAT A FINAL NONAPPEALABLE JUDGMENT IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY WAIVE AND AGREE NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT,

ACTION OR PROCEEDING IS IMPROPER OR THAT THE RELATED DOCUMENTS OR THE SUBJECT MATTER THEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS.

~~(d) In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.~~

Section 11.7. Successors and Assigns.

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the Authority, its successors, transferees and assigns and shall inure to the benefit of the Noteholders and their respective permitted successors, transferees and assigns. The Authority may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender. Notwithstanding anything to the contrary set forth herein, so long as no Event of Default shall have occurred and be continuing hereunder, U.S. Bank National Association may not assign its obligations to fund Advances and Loans pursuant to the terms of this Agreement without the prior written consent of the Authority (such consent not to be unreasonably withheld). Each Noteholder may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Note(s) and the other Related Documents in accordance with the provisions of paragraph (b) or (c) of this Section. Each Noteholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Noteholder may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section.

(b) *Sales and Transfers by Noteholder to a Lender Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer to one or more transferees all or a portion of the Bonds to a Person that is (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to Qualified Transferees (each, a "Lender Transferee"). From and after the date of such sale or transfer, U.S. Bank National Association (and its successors) shall continue to have all of the rights of the Lender hereunder and under the other Related Documents as if no such transfer or sale had occurred; *provided, however*, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Lender hereunder, (B) any such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall be in a minimum amount of \$250,000, (C) the Authority and the Trustee shall be required to deal only with the Lender with respect to any matters under this Agreement and (D) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Lender shall be entitled to enforce the provisions of this Agreement against the Authority. Additionally, each Lender Transferee of all or a portion of the Note(s) shall be deemed to have acknowledged, represented, warranted and agreed with the Authority to all of the provisions set forth in the "Noteholder Representations" attached to the applicable Note. The Lender shall endeavor to provide written notice of such sale or transfer to the Authority and the Trustee for purposes of Section 2.04 of the Master Subordinate Trust Indenture. Upon the request of the Authority, the Lender shall provide the addresses and related information with respect to the Lender Transferee to the Authority.

Anything herein to the contrary notwithstanding, including without limitation Section 6.3 hereof, if any Lender Transferee shall incur increased costs or capital adequacy requirements as contemplated by Section 6.3 hereof, and such increased costs or capital adequacy requirements are greater than those that the Lender would have incurred had it not sold or otherwise transferred all or a portion of the Note(s) to such Lender Transferee provided for in this Section 11.7(b), then the Authority shall not be obligated to pay to such Lender Transferee any portion of the cost greater than that which the Authority would have paid under the provisions of Section 6.3 hereof had the Lender not sold or otherwise transferred all or a portion of the Note(s) to a Lender Transferee.

(c) *Sales and Transfers by Noteholder to a Non-Lender Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer all or any portion of the Note(s) to one or more transferees that the Lender reasonably believes is qualified to purchase or hold the Bonds which are not Lender Transferees but each of which constitutes either: ~~(i) a Qualified Transferee or (ii) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, determined as of the date of any transfer pursuant to this clause (c), of not less than \$5,000,000,000~~ a Qualified Transferee (each, a “*Non-Lender Transferee*”) if written notice of such sale or transfer, including that such sale or transfer is to a Non-Lender Transferee, together with addresses and related information with respect to the Non-Lender Transferee, shall have been given to the Authority, the Trustee and the Lender (if different than the Noteholder) by such selling Noteholder and Non-Lender Transferee; provided, however, that (x) in any such case the Authority and the Trustee shall be required to deal only with the Lender with respect to any matters under this Agreement and (y) any such sale or transfer shall be in a minimum amount of \$250,000. Additionally, each Non-Lender Transferee of all or a portion of the Note(s) shall be deemed to have acknowledged, represented, warranted and agreed with the Authority to all of the provisions set forth in the “*Noteholder Representations*” attached to the Notes. The Lender shall endeavor to provide written notice of such sale or transfer to the Authority and the Trustee for purposes of Section 2.04 of the Master Subordinate Trust Indenture.

From and after the date the Authority, the Trustee and the selling Noteholder have received written notice ~~and an executed Lender Letter~~, (A) the Non-Lender Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Noteholder (other than its obligation to fund Advances and Loans, as more fully set forth in paragraph (a) of this Section 11.7) hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Lender Transferee, and any reference to the assigning Noteholder hereunder and under the other Related Documents shall thereafter refer to such transferring Noteholder and to the Non-Lender Transferee to the extent of their respective interests, and (B) if the transferring Noteholder no longer owns any Notes, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents (other than its obligation to fund Advances and Loans, as more fully set forth in paragraph (a) of this Section 11.7); *provided, however*, that in any such case the Authority and the Trustee shall be required to deal only with the Lender with respect to any matters under this Agreement.

Anything herein to the contrary notwithstanding, including without limitation Section 6.3

hereof, if any Non-Lender Transferee shall incur increased costs or capital adequacy requirements as contemplated by Section 6.3 hereof, and such increased costs or capital adequacy requirements are greater than those that the Lender would have incurred had all or a portion of the Note(s) not been sold or otherwise transferred to such Non-Lender Transferee provided for in this Section 11.7(c), then the Authority shall not be obligated to pay to such Non-Lender Transferee any portion of the cost greater than that which the Authority would have paid under the provisions of Section 6.3 hereof had all or a portion of the Note(s) not been sold or otherwise transferred to such Lender Transferee.

(d) *Participations.* The Lender shall have the right to grant participations in all or a portion of the Lender's interest in the Notes, this Agreement and the other Related Documents to one or more other banking institutions; *provided, however,* that (i) no such participation by any such participant shall in any way affect the obligations of the Lender hereunder and (ii) the Authority and the Trustee shall be required to deal only with the Lender, with respect to any matters under this Agreement, the Bonds and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the Authority.

Anything herein to the contrary notwithstanding, including without limitation Section 6.3 hereof, if any Participant shall incur increased costs or capital adequacy requirements as contemplated by Section 6.3 hereof, and such increased costs or capital adequacy requirements are greater than those that the Lender would have incurred had it not granted a participation interest as provided for in this Section 11.7(d), then the Authority shall not be obligated to pay to such Participant any portion of the cost greater than that which the Authority would have paid under the provisions of Section 6.3 hereof had the Lender not granted such participation interest.

(e) *Certain Pledges.* The Lender may at any time pledge or grant a security interest in all or any portion of its rights under the Notes, this Agreement and the Related Documents to secure obligations of the Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto.

Section 11.8. No Setoff. Notwithstanding anything to the contrary contained herein, the Lender, any Participant and any Noteholder hereby agrees that it will not assert any of its statutory or common law rights of setoff as the depository bank of the Authority in connection with the collection or repayment of any of the Obligations or any other obligation of the Authority owing to the Lender, any Participant or any Noteholder under this Agreement or the other Related Documents.

Section 11.9. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 11.10. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, taken together, shall constitute but one and the same Agreement. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such

party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

Section 11.11. Patriot Act. The Lender hereby notifies the Authority that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Lender to identify the Authority in accordance with the Patriot Act. The Authority hereby agrees that it shall promptly provide such information upon request by the Lender.

[The remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Thella F. Bowens,
President and CEO

Attest:

By: _____
Tony R. Russell
Director, Corporate Services &
Information Governance/
Authority Clerk

Approved as to form:

By: _____
Breton K. Lobner
General Counsel

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

Exhibit A-1

[FORM OF NON-AMT NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES A
NON-AMT NOTE**

Dated: [_____] , 2014

[\$125,000,000]

For value received, the San Diego County Regional Airport Authority (the "Authority") promises to pay to the order of U.S. Bank National Association, and its successors and assigns (the "Lender"), located at [Address], the aggregate unpaid principal amount of all Non-AMT Revolving Loans and Non-AMT Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of [_____] 1, 2014 (together with any amendments or supplements thereto, the "Agreement"), by and between the Authority and the Lender, on the dates and in the amounts provided for in the Agreement.

The Authority promises to pay interest on the unpaid principal amount of all Non-AMT Revolving Loans and Non-AMT Term Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Lender in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the Non-AMT Note referred to in the Agreement and is entitled to the benefits thereof and of the Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Lender agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all Non-AMT Revolving Loans and Non-AMT Term Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Authority hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, in entitled to the benefits of, and is subject to, the provisions of the Agreement, that certain Master Subordinate Trust Indenture, dated as of

September 1, 2007, (the "*Master Subordinate Trust Indenture*"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "*Trustee*"), as heretofore amended, and as amended from time to time in accordance with the terms thereof, and that certain **Third Supplemental Subordinate Trust Indenture** dated as of _____ 1, 2014 (the "*Third Supplemental Subordinate Trust Indenture*," and together with the Master Subordinate Trust Indenture, the "*Subordinate Trust Indenture*"), by and between the Authority and the Trustee. This Note constitutes a Subordinate Obligation within the meaning of the Subordinate Trust Indenture.

This Note is payable solely from the Subordinate Net Revenues in accordance with the Agreement, and this Note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the Authority. The holder hereof shall not have the right to demand payment of this obligation from any sources or properties of the Authority except the Subordinate Net Revenues.

THIS NOTE IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF SUBORDINATE NET REVENUES DERIVED BY THE AUTHORITY FROM THE OPERATIONS OF THE AIRPORT SYSTEM AND CERTAIN FUNDS AND ACCOUNTS. NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THIS NOTE, AND ~~NEITHER~~ NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE.

THIS NOTE AND THE INTEREST THEREON IS JUNIOR AND SUBORDINATE IN ALL RESPECTS TO THE SENIOR LIEN REVENUE BONDS AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Name: _____
Title: _____

Attest:

By: _____
Name: _____
Title: _____

CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Third Supplemental Subordinate Trust Indenture.

Date of Authentication: [____ _], 2014

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Authority as follows:

1. If Noteholder is:

(a) a Lender Transferee, such Noteholder is either (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to Qualified Transferees; or

(b) a Non-Lender Transferee, such Noteholder is a transferee that the Lender reasonably believes is qualified to purchase or hold this Note which is not a Lender Transferee but which constitutes either: ~~(i) a Qualified Transferee or (ii) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, determined as of the date of this transfer, of not less than \$5,000,000,000.~~ a Qualified Transferee.

2. The Noteholder has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase and/or acceptance of this Note.

3. The Noteholder is able to bear the economic risks of an investment in this Note.

4. The Noteholder understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. The Noteholder has made its own inquiry and analysis with respect to the Authority, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.

5. The Noteholder has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Authority, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, this Note and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase and/or accept this Note.

6. The Noteholder understands that this Note (a) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) is not listed on any stock or other securities exchange, and (c) carries no rating from any credit rating agency.

7. This Note is being acquired by the Noteholder for investment for its own account and not with a present view toward resale or distribution; provided, however, that the Noteholder

reserves the right to sell, transfer or redistribute this Note, but agrees that any such sale, transfer or distribution by the Noteholder shall be to a Person that is either a Lender Transferee or a Non-Lender Transferee.

**TRANSACTIONS
ON
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES A
NON-AMT NOTE**

DATE	NON-AMT LOAN COMMITMENT	INTEREST RATE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	NOTATION MADE BY
------	----------------------------	------------------	--------------------------------	--------------------------------------	---------------------

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or
Taxpayer Identification Number of Transferee

_____/

(Please print or typewrite name and address, including zip code, of Transferee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member or participant of a signature guarantee program

NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Note in every particular, without alteration or enlargement or change whatsoever.

EXHIBIT A-2

[FORM OF AMT NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES B
AMT NOTE**

Dated: [____], 2014

[\$125,000,000]

For value received, the San Diego County Regional Airport Authority (the "Authority") promises to pay to the order of U.S. Bank National Association, and its successors and assigns (the "Lender"), located at [Address], the aggregate unpaid principal amount of all AMT Revolving Loans and AMT Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of [____] 1, 2014 (together with any amendments or supplements thereto, the "Agreement"), by and between the Authority and the Lender, on the dates and in the amounts provided for in the Agreement.

The Authority promises to pay interest on the unpaid principal amount of all AMT Revolving Loans and AMT Term Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Lender in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the AMT Note referred to in the Agreement and is entitled to the benefits thereof and of the Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Lender agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all AMT Revolving Loans and AMT Term Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Authority hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, in entitled to the benefits of, and is subject to, the provisions of the Agreement, that certain Master Subordinate Trust Indenture, dated as of

September 1, 2007, (the “*Master Subordinate Trust Indenture*”), by and between the Authority and U.S. Bank National Association, as successor trustee (the “*Trustee*”), as heretofore amended, and as amended from time to time in accordance with the terms thereof, and that certain Third Supplemental Subordinate Trust Indenture dated as of _____ 1, 2014 (the “*Third Supplemental Subordinate Trust Indenture*,” and together with the Master Subordinate Trust Indenture, the “*Subordinate Trust Indenture*”), by and between the Authority and the Trustee. This Note constitutes a Subordinate Obligation within the meaning of the Subordinate Trust Indenture.

This Note is payable solely from the Subordinate Net Revenues in accordance with the Agreement, and this Note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the Authority. The holder hereof shall not have the right to demand payment of this obligation from any sources or properties of the Authority except the Subordinate Net Revenues.

THIS NOTE IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF SUBORDINATE NET REVENUES DERIVED BY THE AUTHORITY FROM THE OPERATIONS OF THE AIRPORT SYSTEM AND CERTAIN FUNDS AND ACCOUNTS. NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THIS NOTE, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY OF THE AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE.

THIS NOTE AND THE INTEREST THEREON IS JUNIOR AND SUBORDINATE IN ALL RESPECTS TO THE SENIOR LIEN REVENUE BONDS AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Name: _____
Title: _____

Attest:

By: _____
Name: _____
Title: _____

CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Third Supplemental Subordinate Trust Indenture.

Date of Authentication: [____ _], 2014

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Authority as follows:

1. If Noteholder is:

(a) a Lender Transferee, such Noteholder is either (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to Qualified Transferees; or

(b) a Non-Lender Transferee, such Noteholder is a transferee that the Lender reasonably believes is qualified to purchase or hold this Note which is not a Lender Transferee but which constitutes ~~either: (i) a Qualified Transferee or (ii) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, determined as of the date of this transfer, of not less than \$5,000,000,000.~~ a Qualified Transferee.

2. The Noteholder has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase and/or acceptance of this Note.

3. The Noteholder is able to bear the economic risks of an investment in this Note.

4. The Noteholder understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. The Noteholder has made its own inquiry and analysis with respect to the Authority, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.

5. The Noteholder has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Authority, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, this Note and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase and/or accept this Note.

6. The Noteholder understands that this Note (a) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) is not listed on any stock or other securities exchange, and (c) carries no rating from any credit rating agency.

7. This Note is being acquired by the Noteholder for investment for its own account and not with a present view toward resale or distribution; provided, however, that the Noteholder

reserves the right to sell, transfer or redistribute this Note, but agrees that any such sale, transfer or distribution by the Noteholder shall be to a Person that is either a Lender Transferee or a Non-Lender Transferee.

**TRANSACTIONS
ON
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES B
AMT NOTE**

DATE	TAXABLE LOAN COMMITMENT	INTEREST RATE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	NOTATION MADE BY
------	----------------------------	------------------	--------------------------------	--------------------------------------	---------------------

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or
Taxpayer Identification Number of Transferee

_____/

(Please print or typewrite name and address, including zip code, of Transferee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member or participant of a signature guarantee program

NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Note in every particular, without alteration or enlargement or change whatsoever.

EXHIBIT A-3

[FORM OF TAXABLE NOTE]

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES C
TAXABLE NOTE**

Dated: [____], 2014

[\$125,000,000]

For value received, the San Diego County Regional Airport Authority (the "*Authority*") promises to pay to the order of U.S. Bank National Association, and its successors and assigns (the "*Lender*"), located at [Address], the aggregate unpaid principal amount of all Taxable Revolving Loans and Taxable Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of [____] 1, 2014 (together with any amendments or supplements thereto, the "*Agreement*"), by and between the Authority and the Lender, on the dates and in the amounts provided for in the Agreement.

The Authority promises to pay interest on the unpaid principal amount of all Taxable Revolving Loans and Taxable Term Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Lender in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the Taxable Note referred to in the Agreement and is entitled to the benefits thereof and of the Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Lender agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all Taxable Revolving Loans and Taxable Term Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Authority hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, in entitled to the benefits of, and is subject to, the

provisions of the Agreement, that certain Master Subordinate Trust Indenture, dated as of September 1, 2007, (the "*Master Subordinate Trust Indenture*"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "*Trustee*"), as heretofore amended, and as amended from time to time in accordance with the terms thereof, and that certain Third Supplemental Subordinate Trust Indenture dated as of _____ 1, 2014 (the "*Third Supplemental Subordinate Trust Indenture*," and together with the Master Subordinate Trust Indenture, the "*Subordinate Trust Indenture*"), by and between the Authority and the Trustee. This Note constitutes a Subordinate Obligation within the meaning of the Subordinate Trust Indenture.

This Note is payable solely from the Subordinate Net Revenues in accordance with the Agreement, and this Note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the Authority. The holder hereof shall not have the right to demand payment of this obligation from any sources or properties of the Authority except the Subordinate Net Revenues.

THIS NOTE IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF SUBORDINATE NET REVENUES DERIVED BY THE AUTHORITY FROM THE OPERATIONS OF THE AIRPORT SYSTEM AND CERTAIN FUNDS AND ACCOUNTS. NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THIS NOTE, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY OF THE AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE.

THIS NOTE AND THE INTEREST THEREON IS JUNIOR AND SUBORDINATE IN ALL RESPECTS TO THE SENIOR LIEN REVENUE BONDS AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Name: _____
Title: _____

Attest:

By: _____
Name: _____
Title: _____

CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Third Supplemental Subordinate Trust Indenture.

Date of Authentication: [____ _], 2014

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Signatory

NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Authority as follows:

1. If Noteholder is:

(a) a Lender Transferee, such Noteholder is either (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to Qualified Transferees; or

(b) a Non-Lender Transferee, such Noteholder is a transferee that the Lender reasonably believes is qualified to purchase or hold this Note which is not a Lender Transferee but which constitutes ~~either: (i) a Qualified Transferee or (ii) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, determined as of the date of this transfer, of not less than \$5,000,000,000, a Qualified Transferee.~~

2. The Noteholder has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase and/or acceptance of this Note.

3. The Noteholder is able to bear the economic risks of an investment in this Note.

4. The Noteholder understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. The Noteholder has made its own inquiry and analysis with respect to the Authority, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.

5. The Noteholder has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Authority, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, this Note and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase and/or accept this Note.

6. The Noteholder understands that this Note (a) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) is not listed on any stock or other securities exchange, and (c) carries no rating from any credit rating agency.

7. This Note is being acquired by the Noteholder for investment for its own account and not with a present view toward resale or distribution; provided, however, that the Noteholder

reserves the right to sell, transfer or redistribute this Note, but agrees that any such sale, transfer or distribution by the Noteholder shall be to a Person that is either a Lender Transferee or a Non-Lender Transferee.

**TRANSACTIONS
ON
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES C
TAXABLE NOTE**

DATE	TAXABLE LOAN COMMITMENT	INTEREST RATE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	NOTATION MADE BY
------	----------------------------	------------------	--------------------------------	--------------------------------------	---------------------

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or
Taxpayer Identification Number of Transferee

/ _____ /

(Please print or typewrite name and address, including zip code, of Transferee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member or participant of a signature guarantee program

NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Note in every particular, without alteration or enlargement or change whatsoever.

Exhibit B

[FORM OF REQUEST FOR ADVANCE]

REQUEST FOR ADVANCE AND REVOLVING LOAN

U.S. Bank National Association

[Address]

Attention: _____

Telephone: () ____ - ____

Facsimile: () ____ - ____

U.S. Bank National Association

[Address]

Attention: _____

Telephone: () ____ - ____

Facsimile: () ____ - ____

Ladies and Gentlemen:

The undersigned, a Designated Representative, refers to the Revolving Credit Agreement, dated as of [] 1, 2014 (together with any amendments or supplements thereto, the "Agreement"), by and between the San Diego County Regional Airport Authority (the "Authority") and U.S. Bank National Association (the "Lender") (the terms defined therein being used herein as therein defined) and hereby requests, pursuant to Section 2.3 of the Agreement, that the Lender make an Advance under the Agreement, and in that connection sets forth below the following information relating to such Advance (the "Proposed Advance"):

1. The Business Day of the Proposed Advance is _____, 20__ (the "Advance Date"), which is at least three New York Banking Days after the date hereof.

2. The principal amount of the Proposed Advance is \$_____, which is not greater than the Available Commitment as of the Advance Date set forth in 1 above.

3. The aggregate amount of the Proposed Advance shall be used solely for the payment of [Cost of a Project] or [costs of issuance in connection with this Agreement] or [any other purpose permitted under the Act].

4. The Proposed Advance is hereby identified as [an AMT Revolving Loan] [a Non-AMT Revolving Loan] [a Taxable Revolving Loan]. The Proposed Advance shall constitute [an AMT Loan bearing interest at the Tax-Exempt LIBOR Rate] [a Non-AMT Loan bearing interest at the Tax-Exempt LIBOR Rate] [a Taxable Loan bearing interest at the Taxable LIBOR Rate].

5. **[For a Proposed Advance that will be a Non-AMT Loan bearing interest at the Tax-Exempt LIBOR Rate:]** The principal amount of the Proposed Advance set forth in 2 above does not exceed the Non-AMT Loan Commitment as of the Advance Date set forth in 1 above.

[For a Proposed Advance that will be an AMT Loan bearing interest at the Tax-Exempt LIBOR Rate:] The principal amount of the Proposed Advance set forth in 2 above does not exceed the AMT Loan Commitment as of the Advance Date set forth in 1 above.

[For a Proposed Advance that will be a Taxable Loan bearing interest at the Taxable LIBOR Rate:] The principal amount of the Proposed Advance set forth in 2 above does not exceed the Taxable Loan Commitment as of the Advance Date set forth in 1 above.

6. After giving effect to the Proposed Advance, the aggregate principal amount of all Loans outstanding under the Agreement will not exceed the Available Commitment.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Advance Date, before and after giving effect thereto:

(a) the undersigned is a Designated Representative;

(b) the representations and warranties of the Authority set forth in Article VII of the Agreement and in each other Related Document shall be true and correct in all material respects on the date hereof and on such Advance Date as though made on the date hereof and on the date of Advance Date;

(c) no Default or Event of Default shall have occurred and be continuing on such Advance Date; and

(d) no Material Adverse Change shall have occurred on or before such Advance Date.

[ADD SPECIFIC PROVISIONS RELATING TO ADDITIONAL CONDITIONS PRECEDENT DESCRIBED IN SECTION 2.4(B)]

The Proposed Advance shall be made by the Lender by wire transfer of immediately available funds to the undersigned in accordance with the instructions set forth below:

[Insert wire instructions]

Very truly yours,

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Name: _____
Title: _____

000262

Exhibit C

[FORM OF REQUEST FOR EXTENSION]

REQUEST FOR EXTENSION

[Date]

U.S. Bank National Association

[Address]

Attention: _____

Telephone: () ____ - ____

Facsimile: () ____ - ____

[Address]

Attention: _____

Telephone: () ____ - ____

Facsimile: () ____ - ____

Ladies and Gentlemen:

Reference is made to the Revolving Credit Agreement dated as of [] 1, 2014 (together with any amendments or supplements thereto, the "Agreement") by and between the undersigned, the San Diego County Regional Airport Authority (the "Authority") and U.S. Bank National Association (the "Lender"). All terms defined in the Agreement are used herein as defined therein.

The Authority hereby requests, pursuant to Section 2.8 of the Agreement, that the Commitment Expiration Date with respect to the Available Commitment as of the date hereof be extended by one year to _____, _____. Pursuant to such Section 2.8, we have enclosed with this request the following information:

1. A reasonably detailed description of any and all Defaults that have occurred and are continuing;
2. Confirmation that all representations and warranties of the Authority as set forth in Article VII of the Agreement and each Related Document are true and correct as though made on the date hereof and that no Default or Event of Default has occurred and is continuing on the date hereof; and
3. Any other pertinent information previously requested by the Lender.

The Lender is asked to notify the Authority of its decision with respect to this request within 60 days of the date of receipt hereof. If the Lender fails to notify the Authority of the Lender's decision within such 60-day period, the Lender shall be deemed to have rejected such

request.

Very truly yours,

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Name: _____
Title: _____

000264

Exhibit D

[FORM OF NOTICE OF TERMINATION]

NOTICE OF TERMINATION

San Diego County Regional Airport Authority
Commuter Terminal, 3rd Floor
3225 North Harbor Drive
San Diego, California 92101
Attention: Vice President Finance/Treasurer

Ladies and Gentlemen:

We refer to the Revolving Credit Agreement dated as of [_____] 1, 2014 (together with any amendments or supplements thereto, the "*Agreement*") by and between the San Diego County Regional Airport Authority (the "*Authority*") and the undersigned, U.S. Bank National Association. Any term below which is defined in the Agreement shall have the same meaning when used herein.

We hereby notify you that an Event of Default has occurred under Section 10.1__ of the Agreement. As a result, unless and until you have been advised otherwise by us:

1. The Available Commitment **[has been automatically]/[is hereby]** reduced to \$0.00 and the Lender has no further obligation to make Advances under the Agreement; and
2. The Commitment **[has been automatically]/[is]** terminated and will no longer be reinstated.

IN WITNESS WHEREOF, we have executed and delivered this Notice as of the ____ day of _____, 20__.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION

By _____
Name: _____
Title: _____

Exhibit E

[FORM OF NOTICE OF TERMINATION OR REDUCTION]

NOTICE OF TERMINATION OR REDUCTION

[Date]

U.S. Bank National Association

[Address]

Attention: _____

Telephone: () ____ - ____

Facsimile: () ____ - ____

[Address]

Attention: _____

Telephone: () ____ - ____

Facsimile: () ____ - ____

Ladies and Gentlemen:

Re: Revolving Credit Agreement dated as of [] 1, 2013

The San Diego County Regional Airport Authority (the "*Authority*"), through its undersigned, an Authorized Authority Representative, hereby certifies to U.S. Bank National Association (the "*Lender*"), with reference to the Revolving Credit Agreement dated as of [] 1, 2014 (together with any amendments or supplements thereto, the "*Agreement*") by and between the Authority and the Lender (the terms defined therein and not otherwise defined herein being used herein as therein defined):

[(1) The Authority hereby informs you that the Commitment is terminated in accordance with the Agreement.]

OR

[(1) The Authority hereby informs you that the Available Commitment is reduced from [insert amount as of the date of Certificate] to [insert new amount], such reduction to be effective on _____.]

IN WITNESS WHEREOF, the Authority has executed and delivered this Notice this _____
day of _____, _____.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____

Name: _____

Title: _____

000268

Exhibit F

[FORM OF NOTICE OF REDUCTION]

NOTICE OF REDUCTION

[Date]

San Diego County Regional Airport Authority
Commuter Terminal, 3rd Floor
3225 North Harbor Drive
San Diego, California 92101
Attention: Vice President Finance/Treasurer

Ladies and Gentlemen:

We hereby notify you that pursuant to Section 2.7(a) of the Revolving Credit Agreement, dated as of [_____] 1, 2014, by and between the undersigned, the San Diego County Regional Airport Authority (the "*Authority*") and U.S. Bank National Association (the "*Lender*"), the Available Commitment is reduced from [insert amount as of the date of Certificate] to [insert new amount], such reduction to be effective on _____.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION

By _____
Name: _____
Title: _____

Exhibit G

[FORM OF NOTICE OF EXTENSION]

NOTICE OF EXTENSION

[Date]

San Diego County Regional Airport Authority
Commuter Terminal, 3rd Floor
3225 North Harbor Drive
San Diego, California 92101
Attention: Vice President Finance/Treasurer

Ladies and Gentlemen:

We hereby notify you that pursuant to Section 2.8 of the Revolving Credit Agreement, dated as of [] 1, 2014, by and between the San Diego County Regional Airport Authority (the "Authority") and the undersigned, U.S. Bank National Association (the "Lender"), the Commitment Expiration Date with respect to the Commitment as of the date hereof shall be extended _____ to _____, _____. Your acknowledgment hereof shall be deemed to be your representation and warranty that all your representations and warranties contained in Article VII of the Agreement and each other Related Document are true and correct and will be true and correct as of the date hereof and that no Default or Event of Default has occurred and is continuing.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION

By _____
Name: _____
Title: _____

000270

Acknowledged as of _____, _____ by

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By _____

Name: _____

Title: _____

000271

Document comparison by Workshare Compare on Wednesday, June 25, 2014
12:03:55 AM

Input:	
Document 1 ID	C:\NetDocs\San Diego Airport - Revolving Line of Credit - Credit Agreement Dreft #2 (1).doc
Description	C:\NetDocs\San Diego Airport - Revolving Line of Credit - Credit Agreement Dreft #2 (1).doc
Document 2 ID	C:\NetDocs\San Diego Airport - Revolving Line of Credit - Credit Agreement (Draft #3).doc
Description	C:\NetDocs\San Diego Airport - Revolving Line of Credit - Credit Agreement (Draft #3).doc
Rendering set	kutak option 1

Legend:	
<u>Insertion</u>	
Deletion	
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Style change	
Format change	
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Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	192
Deletions	228
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	420

000272

THIRD SUPPLEMENTAL SUBORDINATE TRUST INDENTURE

by and between

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee

Relating to

Relating to

\$125,000,000
San Diego County Regional Airport Authority
Subordinate Airport Revenue Revolving Obligations
Series A (Non-AMT)
Series B (AMT)
and
Series C (Taxable)

Dated as of September 1, 2014

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THIRD SUPPLEMENTAL SUBORDINATE TRUST INDENTURE

THIS THIRD SUPPLEMENTAL SUBORDINATE TRUST INDENTURE (this "*Third Supplemental Subordinate Indenture*"), dated as of September 1, 2014, is made by and between the **SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**, a local government entity of regional government created pursuant to laws of the State of California (the "*Authority*"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the "*Trustee*"), and supplements the Master Subordinate Trust Indenture, dated as of September 1, 2007 (the "*Master Subordinate Indenture*"), by and between the Authority and the Trustee.

WHEREAS, the Master Subordinate Indenture provides, in Section 2.09 thereof, for the issuance of Subordinate Obligations (as defined in the Master Subordinate Indenture) and, in Section 10.02 thereof, for the execution and delivery of Supplemental Subordinate Indentures (as defined in the Master Subordinate Indenture) setting forth the terms of such Subordinate Obligations; and

WHEREAS, the Authority desires to implement a short-term borrowing program pursuant to the provisions of the Master Subordinate Indenture; and

WHEREAS, the Authority now, for the purpose of providing money to finance and refinance certain capital improvements to the Airport System (as defined in the Master Subordinate Indenture) and for other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority), by execution and delivery of this Third Supplemental Subordinate Indenture and in compliance with the provisions of the Master Subordinate Indenture, sets forth the terms of its San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations (the "*Revolving Obligations*"), in an aggregate authorized principal amount of not to exceed \$100,000,000 at any time outstanding, provides for the deposit and use of the proceeds of the Revolving Obligations and makes other provisions relating to the Revolving Obligations; and

WHEREAS, the Revolving Obligations are being issued as Subordinate Obligations as provided for in Section 2.09 of the Master Subordinate Indenture.

GRANTING CLAUSE

In order to secure the payment of the Revolving Obligations, the Authority hereby pledges, assigns and grants to the holders of the Revolving Obligations all of the liens, rights, interests and privileges set forth in the Granting Clause of, and elsewhere, in the Master Subordinate Indenture.

ARTICLE I

DEFINITIONS; INTERPRETATIONS

Section 1.01. Definitions. The following definitions shall apply to terms used in this Third Supplemental Subordinate Indenture unless the context clearly requires otherwise.

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Capitalized terms not otherwise defined in this Section 1.01 or elsewhere in this Third Supplemental Subordinate Indenture shall have the same meanings as set forth in the Master Subordinate Indenture.

“*Account*” means an account established within a fund related to the issuance of an Advance.

“*Advance*” has the meaning given to such term in the Credit Agreement.

“*Amortization End Date*” has the meaning given to such term in the Credit Agreement.

“*AMT Loan*” has the meaning given to such term in the Credit Agreement.

“*AMT Note*” means the “San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations Series B (AMT). The AMT Note constitutes a Subordinate Obligation under the Master Subordinate Indenture.

“*AMT Project*” means any undertaking, facility or item which is described in a Certificate provided by the Authority at the time of delivery of a Request for Advance and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of AMT Revolving Obligations and which project generally satisfies the requirements of Section 142 of the Code and of the Tax Certificate for an AMT Project.

“*AMT Revolving Obligation*” means (a) an AMT Loan, and/or (b) any other Revolving Obligation the interest on which is not included in the gross income of the holder of such Revolving Obligation for federal income tax purposes, but which is included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations.

“*AMT Revolving Obligation Debt Service Fund*” means the Debt Service Fund of such designation established pursuant to Section 3.01 hereof and into which money is to be deposited to pay debt service on the AMT Revolving Obligations.

“*Authorized Amount*” means the aggregate principal amount of \$125,000,000.

“*Authorizing Resolution*” means Resolution No. 2014-[] adopted by the Board on July [], 2014.

“*Available Commitment*” has the meaning given to such term in the Credit Agreement.

“*Board*” means the board of directors of the Authority.

“*Business Day*” means any day other than (a) a Saturday, Sunday or other day on which commercial banks located in the States of New York or California are authorized or required by law or executive order to close, or (b) a day on which the New York Stock Exchange is closed.

“*Certificate*,” “*Statement*,” “*Request*,” “*Requisition*” and “*Order*” of the Authority means, respectively, a written certificate, statement, request, requisition or order signed by an Authorized Authority Representative or a Designated Representative. Any such instrument and

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supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.03 hereof, each such instrument shall include the statements provided for in Section 1.03 hereof.

“*Code*” means, collectively, the Internal Revenue Code of 1986 as amended, and the United States Treasury Regulations applicable with respect thereto.

“*Commitment Expiration Date*” has the meaning given to such term in the Credit Agreement.

“*Credit Agreement*” means the Revolving Credit Agreement, dated as of September 1, 2014, by and between the Authority and the Lender, and any and all modifications, alterations, amendments and supplements thereto.

“*Credit Agreement Event of Default*” means any event or circumstance specified in Section 10.1 of the Credit Agreement.

“*Default*” has the meaning given to such term in the Credit Agreement.

“*Designated Representative*” means those individuals appointed as Designated Representatives under the Authorizing Resolution and any other resolution of the Board to complete and deliver a Request for Advance and to perform other duties set forth in the Credit Agreement and this Third Supplemental Subordinate Indenture.

“*Effective Date*” has the meaning given to such term in the Credit Agreement.

“*Interest Payment Date*” has the meaning given to such term in the Credit Agreement.

“*Lender*” means U.S. Bank National Association, and any successors thereto.

“*Master Subordinate Indenture*” means the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended from time to time, between the Authority and the Trustee under which the Series 2010 Bonds are authorized and secured.

“*Maturity Date*” means, (a) with respect to any Revolving Loan, the Revolving Loan Maturity Date, and (b) with respect to any Term Loan, the Amortization End Date.

“*New Issue*” means the issuance of a Revolving Obligation the proceeds of which are to be used to finance the Costs of a Project and/or other financing needs of the Authority.

“*Non-AMT Loan*” has the meaning given to such term in the Credit Agreement.

“*Non-AMT Note*” means the “San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations Series A (Non-AMT). The Non-AMT Note constitutes a Subordinate Obligation under the Master Subordinate Indenture.

“Non-AMT Project” means any undertaking, facility or item which is described in a Certificate provided by the Authority at the time of delivery of a Request for Advance and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of Non-AMT Revolving Obligations and/or AMT Revolving Obligations and which project generally satisfies the requirements of Section 141 of the Code and of the Tax Certificate for a Non-AMT Project.

“Non-AMT Revolving Obligation” means (a) a Non-AMT Loan, and/or (b) any other Revolving Obligation the interest on which is not included in the gross income of the holder of such Revolving Obligation for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations.

“Non-AMT Revolving Obligation Debt Service Fund” means the Debt Service Fund of such designation established pursuant to Section 3.01 hereof and into which money is to be deposited to pay debt service on the Non-AMT Revolving Obligations.

“Notes” means, collectively, the AMT Note, the Non-AMT Note and the Taxable Note.

“Obligations” has the meaning given to such term in the Credit Agreement.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Proceeds of an Advance” means proceeds of an Advance or any moneys, securities or other obligations that may be deemed to be proceeds of the Advance or collateral for the Advance within the meaning of the Code.

“Project” means an AMT Project, a Non-AMT Project or a Taxable Project.

“Request for Advance” has the meaning given to such term in the Credit Agreement.

“Revolving Loan” has the meaning given to such term in the Credit Agreement.

“Revolving Loan Maturity Date” has the meaning given to such term in the Credit Agreement.

“Revolving Obligation Construction Fund” means the Construction Fund of such designation established pursuant to Section 3.02 hereof and into which money is to be deposited to pay Costs of a Project and/or for such other purposes as allowed by the Act and/or the Master Subordinate Indenture (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority).

“Revolving Obligation Rebate Fund” means the fund of such designation established in Section 5.01 hereof.

“Revolving Obligations” means any AMT Revolving Obligations, Non-AMT Revolving Obligations or Taxable Revolving Obligations.

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“*Subaccount*” means a subaccount established within an Account related to the issuance of an Advance.

“*Taxable Loan*” has the meaning given to such term in the Credit Agreement.

“*Taxable Note*” means the “San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations Series C (Taxable). The Taxable Note constitutes a Subordinate Obligation under the Master Subordinate Indenture.

“*Taxable Project*” means any undertaking, facility or item which is described in a Certificate provided by the Authority at the time of delivery of a Request for Advance and which the Authority is lawfully permitted to undertake, including, but not limited to, an AMT Project or a Non-AMT Project, and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of Taxable Revolving Obligations.

“*Taxable Revolving Obligation*” means (a) a Taxable Loan, and/or (b) any other Revolving Obligation the interest on which is included in the gross income of the holder of such Revolving Obligation for federal income tax purposes.

“*Taxable Revolving Obligation Debt Service Fund*” means the Debt Service Fund of such designation established pursuant to Section 3.01 hereof and into which money is to be deposited to pay debt service on the Taxable Revolving Obligations.

“*Tax Certificate*” means, collectively, the Tax Compliance Certificate of the Authority executed and delivered on or prior to the date of issuance of the initial Revolving Obligations, and any amendments, modifications, reaffirmations or renewals thereof or any new certificate or agreement of the Authority relating to such matters.

“*Tax-Exempt Revolving Obligations*” means AMT Revolving Obligations and/or Non-AMT Revolving Obligations.

“*Third Supplemental Subordinate Indenture*” means this Third Supplemental Subordinate Trust Indenture, dated as of September 1, 2014, by and between the Authority and the Trustee and which sets forth the terms of the Revolving Obligations.

“*Term Loan*” has the meaning given to such term in the Credit Agreement.

Section 1.02. Article and Section References. Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Third Supplemental Subordinate Indenture.

Section 1.03. Content of Certificates and Opinions. Every certificate or opinion provided for in this Third Supplemental Subordinate Indenture with respect to compliance with any provision hereof or thereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement (i) that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him

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or her to express an informed opinion with respect to the subject matter or (ii) that he or she had made or caused to be made his or her examination or investigation with respect to the subject matter in accordance with specified professional standards; and (d) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant or an independent consultant, unless such officer or staff member knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority, unless such counsel, accountant or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, or the same counsel or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Third Supplemental Subordinate Indenture, but different officers, staff members, counsel, accountants or independent consultants may certify to different matters, respectively.

ARTICLE II

THE REVOLVING OBLIGATIONS; NOTES

Section 2.01. Authorized Amount of an Advance; Terms and Description of Advances and the Notes.

(a) No Revolving Obligations may be issued under the provisions of this Third Supplemental Subordinate Indenture except in accordance with this Article and the Credit Agreement.

(b) The Authority hereby authorizes the issuance and/or incurrence of its "San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations" in the form of AMT Revolving Obligations, Non-AMT Revolving Obligations, Taxable Revolving Obligations, Advances and the Notes, subject to the provisions of the Credit Agreement, this Section 2.01 and as hereinafter provided. The Non-AMT Revolving Obligations shall be issued and/or incurred, from time to time, as provided herein to finance the Costs of Non-AMT Projects or such other purposes as allowed by the Act and/or the Master Subordinate Indenture; the AMT Revolving Obligations shall be issued and/or incurred, from time to time, as provided herein to finance the Costs of AMT Projects and/or Non-AMT Projects or such other purposes as allowed by the Act and/or the Master Subordinate Indenture; and the Taxable Revolving Obligations shall be issued from time to time as provided herein to finance the Costs of Taxable Projects, AMT Projects and/or Non-AMT Projects or such other purposes as

allowed by the Act and/or the Master Subordinate Indenture. Such authorization specifically includes the authorization to issue and/or incur Revolving Obligations for such purposes and to repay such obligations on or prior to their respective Maturity Dates, and thereafter, prior to the Commitment Expiration Date, issue new Revolving Obligations provided that at no time may the aggregate principal amount of Revolving Obligations exceed the lesser of the Authorized Amount or the Available Commitment. The Available Commitment may be modified in accordance with the terms of the Credit Agreement, provided, however, that in no event shall the Available Commitment exceed the Authorized Amount.

(c) Prior to the issuance and/or incurrence of a Revolving Loan a properly presented and conforming Request for Advance shall be delivered to the Lender by a Designated Representative and all conditions precedent set forth in Section 2.4(b) of the Credit Agreement shall be satisfied. Prior to the issuance and/or incurrence of a Term Loan the Authority shall comply with the provisions of Article IV of the Credit Agreement. Revolving Obligations shall be issued and/or incurred in accordance with the terms of the Credit Agreement. Revolving Obligations shall bear interest from their respective dates of issuance and/or incurrence in the amount and in the manner determined under the Credit Agreement and shall be payable on the dates set forth in the Credit Agreement.

(d) The Revolving Obligations shall be issued and/or incurred at a price not less than 100% of the principal amount thereof.

(e) The Revolving Obligations shall be subject to prepayment, acceleration, mandatory prepayment and mandatory redemption prior to maturity in the amounts, at the times and in the manner set forth in the Credit Agreement.

(f) No Revolving Obligations may be issued and/or incurred under this Third Supplemental Subordinate Indenture and the Credit Agreement if a Default and/or Credit Agreement Event of Default has occurred and is continuing.

(g) On the Effective Date, the Authority will issue the AMT Note in order to evidence the obligation of the Authority to repay the Lender for any Advance related to an AMT Revolving Obligation and/or any AMT Revolving Obligation under the Credit Agreement, together with interest thereon from time to time at the rates and times established in accordance with the Credit Agreement. Principal on each Advance related to an AMT Revolving Obligation and/or any AMT Revolving Obligation as reflected in the AMT Note shall be payable on the applicable Maturity Date(s). The AMT Note shall be issued in the principal amount of \$125,000,000 and shall be substantially in the form of Exhibit A-2 attached hereto.

(h) On the Effective Date, the Authority will issue the Non-AMT Note in order to evidence the obligation of the Authority to repay the Lender for any Advance related to a Non-AMT Revolving Obligation and/or any Non-AMT Revolving Obligation under the Credit Agreement, together with interest thereon from time to time at the rates and times established in accordance with the Credit Agreement. Principal on each

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Advance related to a Non-AMT Revolving Obligation and/or any Non-AMT Revolving Obligation as reflected in the Non-AMT Note shall be payable on the applicable Maturity Date(s). The Non-AMT Note shall be issued in the principal amount of \$125,000,000 and shall be substantially in the form of Exhibit A-1 attached hereto.

(i) On the Effective Date, the Authority will issue the Taxable Note in order to evidence the obligation of the Authority to repay the Lender for any Advance related to an Taxable Revolving Obligation and/or any Taxable Revolving Obligation under the Credit Agreement, together with interest thereon from time to time at the rates and times established in accordance with the Credit Agreement. Principal on each Advance related to an Taxable Revolving Obligation and/or any Taxable Revolving Obligation as reflected in the Taxable Note shall be payable on the applicable Maturity Date(s). The Taxable Note shall be issued in the principal amount of \$125,000,000 and shall be substantially in the form of Exhibit A-3 attached hereto.

(j) The Revolving Obligations, the Notes and the Obligations shall constitute Subordinate Obligations within the meaning of the Master Subordinate Indenture.

Section 2.02. Payment of Revolving Obligations. The Authority, as provided in Section 5.01 of the Master Subordinate Indenture, covenants and agrees that it will duly and punctually pay or cause to be paid from the Subordinate Net Revenues and to the extent thereof the principal of and interest on every Revolving Obligation. The Authority will make all payments of interest and principal directly to the Trustee in immediately available funds no later than two (2) Business Days preceding the date payment is due on any Revolving Obligation. The principal of and the interest on the Revolving Obligations shall be paid in federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. Notwithstanding anything herein or in the Master Subordinate Indenture to the contrary, no presentation or surrender of any of the Notes or any Revolving Obligation shall be required for any payment of principal of or interest or premium on any Revolving Obligation.

Section 2.03. Use of Revolving Obligation Proceeds. The Authority may issue and/or incur Revolving Obligations under this Third Supplemental Subordinate Indenture as AMT Revolving Obligations, Non-AMT Revolving Obligations or Taxable Revolving Obligations.

Non-AMT Revolving Obligations shall be issued hereunder to pay Costs of Non-AMT Projects and for such other purposes as allowed by the Act and/or the Master Subordinate Indenture (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority). AMT Revolving Obligations shall be issued hereunder to pay Costs of AMT Projects and/or Non-AMT Projects and for such other purposes as allowed by the Act and/or the Master Subordinate Indenture (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority). Taxable Revolving Obligations shall be issued hereunder to pay Costs of any Taxable Projects, AMT Projects and/or Non-AMT Projects and for such other purposes as allowed by the Act and/or the Master Subordinate Indenture (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority).

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On or prior to the date of each New Issue of Tax-Exempt Revolving Obligations, the Authority shall have obtained an Opinion of Bond Counsel, addressed to the Authority and the Lender, to the effect that the interest on such Tax-Exempt Revolving Obligations is excluded from gross income for federal income tax purposes, except for interest on any AMT Revolving Obligation for any period during which such AMT Revolving Obligation is held by a “substantial user” of the facilities financed or refinanced by such AMT Revolving Obligations or a “related person” within the meaning of Section 147(a) of the Code, and if Non-AMT Revolving Obligations are to be issued and/or incurred that the interest on such Non-AMT Revolving Obligations is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations.

ARTICLE III

APPLICATION OF SHORT-TERM OBLIGATION PROCEEDS

Section 3.01. Creation of Debt Service Funds. The Authority hereby establishes the “San Diego County Regional Airport Authority Subordinate Airport Revenue AMT Revolving Obligation Debt Service Fund” (the “*AMT Revolving Obligation Debt Service Fund*”) and therein an Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee. The AMT Revolving Obligation Debt Service Fund and each of the Accounts held therein shall be maintained by the Trustee in trust for the benefit of the Lender.

The Authority hereby establishes the “San Diego County Regional Airport Authority Subordinate Airport Revenue Non-AMT Revolving Obligation Debt Service Fund” (the “*Non-AMT Revolving Obligation Debt Service Fund*”) and therein an Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee. The Non-AMT Revolving Obligation Debt Service Fund and each of the Accounts held therein shall be maintained by the Trustee in trust for the benefit of the Lender.

The Authority hereby establishes the “San Diego County Regional Airport Authority Subordinate Airport Revenue Taxable Revolving Obligation Debt Service Fund” (the “*Taxable Revolving Obligation Debt Service Fund*”) and therein an Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee. The Taxable Revolving Obligation Debt Service Fund and each of the Accounts held therein shall be maintained by the Trustee in trust for the benefit of the Lender.

Section 3.02. Creation of Revolving Obligation Construction Fund. The Authority hereby establishes the “San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligation Construction Fund” (the “*Revolving Obligation Construction Fund*”) and therein an AMT Project Account, a Non-AMT Project Account and a Taxable Project Account, to be held by the Trustee. The Trustee shall establish within each AMT Project Account and Non-AMT Project Account a separate Subaccount for each Advance to the extent proceeds of such Advance are to be deposited in the AMT Project Account or Non-AMT Project Account.

Section 3.03. Deposit of Proceeds of Revolving Obligations. Except as otherwise provided in the following sentence, upon receipt from the Lender, the Authority shall transfer or

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cause to be transferred the proceeds from each Advance to the Trustee immediately upon receipt thereof. The proceeds from each Advance shall be applied by (a) the Trustee, at the direction of an Authorized Authority Representative, for deposit into the appropriate Account and/or Subaccount of the Revolving Obligation Construction Fund, and expended therefor in accordance with the provisions of Section 3.04 hereof, and/or (b) the Authority for such other purposes as allowed by the Act and/or the Master Subordinate Indenture.

Section 3.04. Application of Moneys in the Revolving Obligation Construction Fund.

(a) Except as provided in this Section 3.04, (i) moneys deposited in the Non-AMT Project Account of the Revolving Obligation Construction Fund shall be withdrawn from time to time as directed in writing by an Authorized Authority Representative solely to pay the Costs of Non-AMT Projects and for such other purposes as allowed by the Act and/or the Master Subordinate Indenture, (ii) moneys deposited in the AMT Project Account of the Revolving Obligation Construction Fund shall be withdrawn from time to time as directed in writing by an Authorized Authority Representative solely to pay the Costs of AMT Projects and/or Non-AMT Projects and for such other purposes as allowed by the Act and/or the Master Subordinate Indenture, and (iii) moneys deposited in the Taxable Account of the Revolving Obligation Construction Fund shall be withdrawn from time to time as directed in writing by an Authorized Authority Representative to pay the Costs of Taxable Projects, AMT Projects and/or Non-AMT Projects and for such other purposes as allowed by the Act and/or the Master Subordinate Indenture.

(b) The Trustee shall make payments or disbursements from the Accounts and Subaccounts within the Revolving Obligation Construction Fund upon receipt of a written requisition executed by an Authorized Authority Representative, in substantially the form attached as Exhibit B hereto, which requisition shall state, with respect to each amount requested thereby, (i) the Account and/or Subaccount from which such payment is to be made, (ii) the number of the requisition from such Account and/or Subaccount, (iii) the amount to be paid, the name of the entity to which the payment is to be made and the manner in which the payment is to be made, which may be the Authority in the case of reimbursement for costs theretofore paid by the Authority, (iv) the identity of the Project to which such payment corresponds, and (v) if such amounts are being requisitioned from the AMT Project Account or the Non-AMT Project Account, that the amounts requisitioned will be expended only in accordance with and subject to the limitations set forth in the Tax Certificate. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of the facts stated therein.

(c) Moneys held in the Revolving Obligation Construction Fund shall be invested and reinvested as directed by the Authority in Permitted Investments. Earnings on the Revolving Obligation Construction Fund shall be retained in the Revolving Obligation Construction Fund.

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(d) The completion of a Project shall be evidenced by the filing with the Trustee of a certificate of an Authorized Authority Representative stating either (i) the date of completion of the applicable Project and the amount, if any, required in the opinion of such Authorized Authority Representative for the payment of any remaining part of the Costs of such Project or (ii) that all amounts in applicable Account and/or Subaccount of the Revolving Obligation Construction Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the applicable Account and/or Subaccount of the Revolving Obligation Construction Fund following the delivery of such certificate, or upon the determination of the Authority not to proceed with the applicable Project, may, at the determination of the Authority, be applied upon written requisition of an Authorized Authority Representative to any other lawful purpose designated in such requisition and for which purpose such proceeds may be used under the Act and the Master Subordinate Indenture. As a condition to the disbursement of funds from the AMT Project Account or the Non-AMT Project Account for a purpose other than those described in Section 3.04(a) hereof, there shall be delivered to the Trustee with the requisition an opinion of Bond Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the Act and the Master Subordinate Indenture and that such use shall not result in the inclusion of interest on any Tax-Exempt Revolving Obligations in gross income of the recipient thereof for federal income tax purposes (subject to the inclusion of any exception contained in the opinion delivered at the time of the original incurrence and/or issuance of such Tax-Exempt Revolving Obligations).

Section 3.05. Deposits Into the AMT Revolving Obligation Debt Service Fund; Use of the AMT Revolving Obligation Debt Service Fund.

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account of the AMT Revolving Obligation Debt Service Fund (i) amounts received from the Authority, as provided in the Master Subordinate Indenture, to be used to pay interest on the AMT Revolving Obligations and, if the Authority enters into an interest rate swap agreement with respect to all or a portion of the AMT Revolving Obligations, to pay amounts due and payable to the provider of such agreement at such times as are provided in such interest rate swap agreement and (ii) if the Authority enters into an interest rate swap agreement with respect to all or a portion of the AMT Revolving Obligations, any amounts received by the Authority from the provider of such agreement. The Trustee shall also deposit into the Interest Account of the AMT Revolving Obligation Debt Service Fund any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit in the Interest Account of the AMT Revolving Obligation Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account of the AMT Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of interest due on the AMT Revolving Obligations in accordance with their terms and amounts due and payable by the Authority under any interest rate swap agreement entered into by the Authority with respect to all or a portion of the AMT Revolving Obligations (other than any swap termination payments and any other amounts payable thereunder which constitute Subordinate Obligations) at any time in proportion to the amounts due or accrued with respect to each of them, and (ii) used by

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the Trustee to pay the interest on the AMT Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

Earnings on any Passenger Facility Charges deposited in the Interest Account of the AMT Revolving Obligation Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Interest Account of the AMT Revolving Obligation Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on the Business Day following an Interest Payment Date for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, in which event the earnings shall be retained in such Account.

(b) **Principal Account.** The Trustee shall deposit into the Principal Account of the AMT Revolving Obligation Debt Service Fund amounts received from the Authority as provided in the Master Subordinate Indenture to be used to pay principal of the AMT Revolving Obligations at maturity. The Trustee shall also deposit into the Principal Account of the AMT Revolving Obligation Debt Service Fund any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit into the Principal Account of the AMT Revolving Obligation Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Principal Account of the AMT Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of principal due on the AMT Revolving Obligations in accordance with their terms, and (ii) used by the Trustee to pay the principal of the AMT Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

Earnings on any Passenger Facility Charges deposited in the Principal Account of the AMT Revolving Obligation Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Principal Account of the AMT Revolving Obligation Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on or about July 15 of each Fiscal Year for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, in which event the earnings shall be retained in such Account.

(c) **Redemption Account.** The Trustee shall deposit into the Redemption Account of the AMT Revolving Obligation Debt Service Fund amounts received from the Authority or from other sources to be used to pay the redemption price of the AMT Revolving Obligations which are to be redeemed in advance of their maturity. All amounts held at any time in the Redemption Account of the AMT Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of the redemption price of the AMT Revolving Obligations in accordance with their terms, and (ii) used by the Trustee to pay the redemption price of the AMT Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

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Earnings on amounts in the Redemption Account of the AMT Revolving Obligation Debt Service Fund shall be retained in such Account or, provided, no Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, paid to the Authority for deposit into the Revenue Account in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit.

The AMT Revolving Obligation Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

Section 3.06. Deposits Into the Non-AMT Revolving Obligation Debt Service Fund; Use of the Non-AMT Revolving Obligation Debt Service Fund.

(a) *Interest Account.* The Trustee shall deposit into the Interest Account of the Non-AMT Revolving Obligation Debt Service Fund (i) amounts received from the Authority, as provided in the Master Subordinate Indenture, to be used to pay interest on the Non-AMT Revolving Obligations and, if the Authority enters into an interest rate swap agreement with respect to all or a portion of the Non-AMT Revolving Obligations, to pay amounts due and payable to the provider of such agreement at such times as are provided in such interest rate swap agreement and (ii) if the Authority enters into an interest rate swap agreement with respect to all or a portion of the Non-AMT Revolving Obligations, any amounts received by the Authority from the provider of such agreement. The Trustee shall also deposit into the Interest Account of the Non-AMT Revolving Obligation Debt Service Fund any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit in the Interest Account of the Non-AMT Revolving Obligation Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account of the Non-AMT Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of interest due on the Non-AMT Revolving Obligations in accordance with their terms and amounts due and payable by the Authority under any interest rate swap agreement entered into by the Authority with respect to all or a portion of the Non-AMT Revolving Obligations (other than any swap termination payments and any other amounts payable thereunder which constitute Subordinate Obligations) at any time in proportion to the amounts due or accrued with respect to each of them, and (ii) used by the Trustee to pay the interest on the Non-AMT Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

Earnings on any Passenger Facility Charges deposited in the Interest Account of the Non-AMT Revolving Obligation Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Interest Account of the Non-AMT Revolving Obligation Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on the Business Day following an Interest Payment Date for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, in which event the earnings shall be retained in such Account.

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(b) **Principal Account.** The Trustee shall deposit into the Principal Account of the Non-AMT Revolving Obligation Debt Service Fund amounts received from the Authority as provided in the Master Subordinate Indenture to be used to pay principal of the Non-AMT Revolving Obligations at maturity. The Trustee shall also deposit into the Principal Account of the Non-AMT Revolving Obligation Debt Service Fund any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit into the Principal Account of the Non-AMT Revolving Obligation Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Principal Account of the Non-AMT Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of principal due on the Non-AMT Revolving Obligations in accordance with their terms, and (ii) used by the Trustee to pay the principal of the Non-AMT Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

Earnings on any Passenger Facility Charges deposited in the Principal Account of the Non-AMT Revolving Obligation Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Principal Account of the Non-AMT Revolving Obligation Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on or about July 15 of each Fiscal Year for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, in which event the earnings shall be retained in such Account.

(c) **Redemption Account.** The Trustee shall deposit into the Redemption Account of the Non-AMT Revolving Obligation Debt Service Fund amounts received from the Authority or from other sources to be used to pay the redemption price of the Non-AMT Revolving Obligations which are to be redeemed in advance of their maturity. All amounts held at any time in the Redemption Account of the Non-AMT Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of the redemption price of the Non-AMT Revolving Obligations in accordance with their terms, and (ii) used by the Trustee to pay the redemption price of the Non-AMT Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

Earnings on amounts in the Redemption Account of the Non-AMT Revolving Obligation Debt Service Fund shall be retained in such Account or, provided, no Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, paid to the Authority for deposit into the Revenue Account in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit.

The Non-AMT Revolving Obligation Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

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**Section 3.07. Deposits Into the Taxable Revolving Obligation Debt Service Fund;
Use of the Taxable Revolving Obligation Debt Service Fund.**

(a) **Interest Account.** The Trustee shall deposit into the Interest Account of the Taxable Revolving Obligation Debt Service Fund (i) amounts received from the Authority, as provided in the Master Subordinate Indenture, to be used to pay interest on the Taxable Revolving Obligations and, if the Authority enters into an interest rate swap agreement with respect to all or a portion of the Taxable Revolving Obligations, to pay amounts due and payable to the provider of such agreement at such times as are provided in such interest rate swap agreement and (ii) if the Authority enters into an interest rate swap agreement with respect to all or a portion of the Taxable Revolving Obligations, any amounts received by the Authority from the provider of such agreement. The Trustee shall also deposit into the Interest Account of the Taxable Revolving Obligation Debt Service Fund any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit in the Interest Account of the Taxable Revolving Obligation Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account of the Taxable Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of interest due on the Taxable Revolving Obligations in accordance with their terms and amounts due and payable by the Authority under any interest rate swap agreement entered into by the Authority with respect to all or a portion of the Taxable Revolving Obligations (other than any swap termination payments and any other amounts payable thereunder which constitute Subordinate Obligations) at any time in proportion to the amounts due or accrued with respect to each of them, and (ii) used by the Trustee to pay the interest on the Taxable Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

Earnings on any Passenger Facility Charges deposited in the Interest Account of the Taxable Revolving Obligation Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Interest Account of the Taxable Revolving Obligation Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on the Business Day following an Interest Payment Date for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, in which event the earnings shall be retained in such Account.

(b) **Principal Account.** The Trustee shall deposit into the Principal Account of the Taxable Revolving Obligation Debt Service Fund amounts received from the Authority as provided in the Master Subordinate Indenture to be used to pay principal of the Taxable Revolving Obligations at maturity. The Trustee shall also deposit into the Principal Account of the Taxable Revolving Obligation Debt Service Fund any other amounts (including, but not limited to, amounts derived from Passenger Facility Charges) deposited with the Trustee for deposit into the Principal Account of the Taxable Revolving Obligation Debt Service Fund or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Principal Account of the Taxable

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Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of principal due on the Taxable Revolving Obligations in accordance with their terms, and (ii) used by the Trustee to pay the principal of the Taxable Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

Earnings on any Passenger Facility Charges deposited in the Principal Account of the Taxable Revolving Obligation Debt Service Fund shall be retained in such Account. Earnings on all other amounts (except earnings on Passenger Facility Charges) in the Principal Account of the Taxable Revolving Obligation Debt Service Fund shall be withdrawn by the Trustee and paid to the Authority on or about July 15 of each Fiscal Year for deposit into the Revenue Account unless an Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, in which event the earnings shall be retained in such Account.

(c) **Redemption Account.** The Trustee shall deposit into the Redemption Account of the Taxable Revolving Obligation Debt Service Fund amounts received from the Authority or from other sources to be used to pay the redemption price of the Taxable Revolving Obligations which are to be redeemed in advance of their maturity. All amounts held at any time in the Redemption Account of the Taxable Revolving Obligation Debt Service Fund shall be (i) held on a priority basis for the ratable security and payment of the redemption price of the Taxable Revolving Obligations in accordance with their terms, and (ii) used by the Trustee to pay the redemption price of the Taxable Revolving Obligations at such times and in such amounts as set forth in the Credit Agreement.

Earnings on amounts in the Redemption Account of the Taxable Revolving Obligation Debt Service Fund shall be retained in such Account or, provided, no Event of Default exists under the Master Subordinate Indenture or a Default or a Credit Agreement Event of Default exists under the Credit Agreement, paid to the Authority for deposit into the Revenue Account in accordance with instructions given to the Trustee by an Authorized Authority Representative at the time of such deposit.

The Taxable Revolving Obligation Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

Section 3.08. Investment of Moneys in Funds, Accounts and Subaccounts. All moneys in any of the funds, subfunds, Accounts and Subaccounts held by the Trustee and established pursuant to this Third Supplemental Subordinate Indenture shall be invested solely in Permitted Investments maturing or available not later than the date on which it is estimated that such moneys will be required. In addition, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund, subfund, Account or Subaccount from which such accrued interest was paid.

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The Trustee may, subject to the terms of the Tax Certificate, commingle any of the moneys on deposit in any of the funds, subfunds, Accounts or Subaccounts established pursuant to this Third Supplemental Subordinate Indenture into a separate fund or funds for investment purposes only, provided that all funds, subfunds, Accounts and Subaccounts held by the Trustee hereunder shall be accounted for separately as required by this Third Supplemental Subordinate Indenture. The Trustee may sell at the best price obtainable, or present for redemption, any Permitted Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund, subfund, Account or Subaccount to which such Permitted Investment is credited.

The Trustee shall keep or cause to be kept proper books of record and accounts containing complete and correct entries of all transactions made by each, respectively, relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Revolving Obligations, including moneys derived from, pledged to, or to be used to make payments on the Revolving Obligations. Such records shall specify the fund, subfund, Account or Subaccount to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each Permitted Investment, (a) its purchase price, (b) identifying information, including par amount, coupon rate and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition of disposition or maturity.

ARTICLE IV

PLEDGE AND PAYMENT

The Revolving Obligations, the Notes and the Obligations are Subordinate Obligations and, as such, are special obligations of the Authority secured by a pledge of and shall be a lien upon and shall be payable solely from the funds, assets and security described hereunder and under the Master Subordinate Indenture.

The Authority hereby pledges, places a lien upon and assigns Subordinate Net Revenues to secure the payment of (a) the principal of and interest on the Revolving Obligations and the Notes and (b) the payment of any Obligations in accordance with their respective terms. The Subordinate Net Revenues constitute a trust fund for the security and payment of the principal of and interest on the Revolving Obligations and the Notes, the Obligations and all other Subordinate Obligations, and the Lender as holder of the Revolving Obligations and the Notes and the payee of the Obligations and the holders from time to time of the other Subordinate Obligations of the Authority and any other future parity Subordinate Obligations shall share *pari passu* without priority or distinction of one over the other in the Subordinate Net Revenues.

To provide additional security for the payment of the Obligations and the principal of and interest on the Revolving Obligations and the Notes as the same shall become due and payable, the Authority hereby pledges and grants a lien upon, subject only to the provisions of this Third Supplemental Subordinate Indenture and the Tax Certificate permitting the application thereof for purposes and on the terms and conditions set forth herein and therein, (a) amounts held for the payment of such Revolving Obligation by the Trustee in the AMT Revolving Obligation Debt Service Fund, the Non-AMT Revolving Obligation Debt Service Fund and the Taxable

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Revolving Obligation Debt Service Fund, (b) amounts held for the payment of such Revolving Obligations by the Trustee in the Revolving Obligation Construction Fund, (c) the proceeds of any other evidences of indebtedness of the Authority issued or incurred solely for the payment of the Obligations and the Notes and/or the principal of and interest on such Revolving Obligation, and (d) any other moneys of the Authority hereafter pledged by the Authority to the payment of the Obligations and/or the principal of and interest on the Revolving Obligation and the Notes.

ARTICLE V

TAX COVENANTS

Section 5.01. Revolving Obligation Rebate Fund. The Authority hereby agrees that it will enter into the Tax Certificate and will thereunder establish the “San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligation Rebate Fund” (the “*Revolving Obligation Rebate Fund*”), which fund will be held by the Trustee and will be funded by the Authority, including amounts directed by an Authorized Authority Representative pursuant to Section 3.08 hereof to be deposited therein, if so required under the Tax Certificate and amounts in such Revolving Obligation Rebate Fund shall be held and disbursed in accordance with the Tax Certificate.

The Trustee shall establish within the Revolving Obligation Rebate Fund a separate Account representing each Advance for AMT Revolving Obligations and Non-AMT Revolving Obligations. All money at any time deposited in the Revolving Obligation Rebate Fund (or any Account therein) in accordance with the provisions of the Tax Certificate shall be held by the Trustee in trust for payment to the federal government of the United States of America, and neither the Authority nor the Lender as holder of Revolving Obligations shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Revolving Obligation Rebate Fund shall be governed by this Third Supplemental Subordinate Indenture and by the Tax Certificate. Money shall not be transferred from the Revolving Obligation Rebate Fund except in accordance with the Tax Certificate.

Section 5.02. Preservation of Tax Exemption.

(a) The Authority shall comply with those covenants and agreements set forth in the Tax Certificate.

(b) The Authorized Authority Representatives shall be responsible for the execution and delivery (on or prior to the date of the initial delivery of the Tax-Exempt Revolving Obligations and the dates referred to in the third paragraph of this subsection (b)) of a Tax Certificate that, in a manner satisfactory to Bond Counsel, evidences compliance with the relevant requirements of Sections 103 and 141 through 150 of the Code.

The Authority shall set forth in the Tax Certificate its reasonable expectations on the date of delivery of the Tax Certificate as to relevant facts, estimates and circumstances relating to the use of the Tax-Exempt Revolving Obligation proceeds and any other matters deemed relevant by Bond Counsel. The facts, estimates and

circumstances set forth in the Tax Certificate will be in all material respects, to the best of the Authorized Authority Representative's knowledge, true and correct as of the respective dates thereof. Neither the Authority, any present or future individual members of the Authority nor any official, agent or employee thereof shall have any individual liability to any holder of a Tax-Exempt Revolving Obligation for any statement or matter included in or omitted from any Tax Certificate.

The Tax Certificate delivered on any date with respect to Tax-Exempt Revolving Obligations shall be deemed to have been executed as of the date of each subsequent delivery of Tax-Exempt Revolving Obligations unless and until the Authorized Authority Representative shall furnish the Trustee and Bond Counsel a new Tax Certificate. The Authority hereby covenants that it shall execute and deliver to the Trustee and Bond Counsel in connection with each delivery of Tax-Exempt Revolving Obligations a new Tax Certificate at such time as its reasonable expectations as to the use of Tax-Exempt Revolving Obligations proceeds change or at such time as Bond Counsel may request. Each Request for Advance for a New Issue of Tax-Exempt Revolving Obligation shall constitute the reaffirmation by the Authority as of the date of delivery of such Tax-Exempt Revolving Obligations of the facts, estimates and circumstances set forth in the Tax Certificate of most recent date.

(c) The Authority shall not use or permit the use of any proceeds of the Tax-Exempt Revolving Obligations or any other funds of the Authority held by the Trustee under this Third Supplemental Subordinate Indenture, attributable to the Tax-Exempt Revolving Obligations, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Authority or the Trustee with respect to the Tax-Exempt Revolving Obligations in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Tax-Exempt Revolving Obligation to be "federally guaranteed" within the meaning of Section 149(b) of the Code or an "arbitrage bond" within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder and under Section 103(c) of the Code. The Authority shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations.

In the event Bond Counsel has informed the Authority that it is necessary to restrict or limit the yield on the investment of money held by the Trustee or to use such money in certain manners, in order to avoid the Tax-Exempt Revolving Obligations being considered "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the Tax-Exempt Revolving Obligations at such time, the Authority shall issue to the Trustee a certificate to such effect together with appropriate instructions, in which event the Trustee shall take such action as it is directed to take to use such money in accordance with such certificate and instructions, irrespective of whether the Trustee shares such opinion.

Upon the receipt of written advice of Bond Counsel, the Authority may, and upon receipt of an approving ruling from the Internal Revenue Service or a decision of a court of competent jurisdiction the Authority shall, issue to the Trustee a written certificate to the effect that a restriction or limitation on the yield on the investment of any Tax-

Exempt Revolving Obligation proceeds that was formerly deemed necessary is now removed or modified (along with appropriate written instructions), in which event the Authority and the Trustee will take such action as is necessary to so hold and invest the Tax-Exempt Revolving Obligation proceeds in accordance with such certificate and instructions. Neither the Authority, the Trustee, nor any present or future board member, official, officer, agent or employee of any of the foregoing shall incur any liability in connection with any certificate or instructions delivered by the Authority to the Trustee as contemplated herein.

(d) The Authority shall at all times do and perform all acts and things permitted by law and this Third Supplemental Subordinate Indenture which are necessary or desirable in order to assure that interest paid on the Tax-Exempt Revolving Obligations (or any of them) will not be included in gross income for federal income tax purposes (other than interest paid to holders of the AMT Revolving Obligations that are a “substantial user” of the facilities financed and refinanced with the AMT Revolving Obligations or a “related person” within the meaning of Section 147(a) of the Code) and, with respect to the Non-AMT Revolving Obligations, will not be included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and the Authority shall take no action that would result in such interest on any Tax-Exempt Revolving Obligations being included in gross income for federal income tax purposes (other than interest paid to holders of the AMT Revolving Obligations that are a “substantial user” of the facilities financed and refinanced with the AMT Revolving Obligations or a “related person” within the meaning of Section 147(a) of the Code) or interest on any Non-AMT Revolving Obligations being included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Additional Event of Default and Remedy.

(a) As permitted by Sections 8.01(f) and 8.12 of the Master Subordinate Indenture, there is hereby provided an additional Event of Default:

“A Credit Agreement Event of Default shall be an Event of Default under Section 8.01 of the Master Subordinate Indenture with respect to the Revolving Obligations.”

(b) As permitted by Sections 8.02(c) and 8.12 of the Master Subordinate Indenture, there is hereby provided an additional remedy:

“The remedies provided for in the Credit Agreement upon the occurrence and continuation of an Event of Default shall be additional remedies allowed to be undertaken by the Lender under Section 8.02 of the Master Subordinate Indenture with respect to the Revolving Obligations.”

agreements in this Third Supplemental Subordinate Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the Lender.

Section 6.06. Severability. If any provision of this Third Supplemental Subordinate Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Third Supplemental Subordinate Indenture.

Section 6.07. Payments or Actions Occurring on Non-Business Days. If a payment date is not a Business Day at the place of payment or if any action required hereunder is required on a date that is not a Business Day, then payment may be made at that place on the next Business Day or such action may be taken on the next Business Day with the same effect as if payment were made on the action taken on the stated date, and no interest shall accrue for the intervening period.

Section 6.08. Governing Law. This Third Supplemental Subordinate Indenture shall be governed by and construed in accordance with the laws of the State.

Section 6.09. Captions. The captions in this Third Supplemental Subordinate Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Third Supplemental Subordinate Indenture.

Section 6.10. Counterparts. This Third Supplemental Subordinate Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

[Remainder of page intentionally left blank; signature page follows]

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IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Subordinate Trust Indenture to be duly executed, all as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By _____
Thella F. Bowens,
President and CEO

Attest:

By _____
Tony R. Russell,
Director, Corporate Services/
Authority Clerk

Approved as to form:

By _____
Breton K. Lobner
General Counsel

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Representative

[Signature page to Third Supplemental
Subordinate Trust Indenture]

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EXHIBIT A-1

FORM OF NON-AMT NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES A
NON-AMT NOTE**

Dated: [____], 2014

\$125,000,000

For value received, the San Diego County Regional Airport Authority (the "Authority") promises to pay to the order of U.S. Bank National Association, and its successors and assigns (the "Lender"), located at [Address], the aggregate unpaid principal amount of all Non-AMT Revolving Loans and Non-AMT Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of September [____] 1, 2014 (together with any amendments or supplements thereto, the "Agreement"), by and between the Authority and the Lender, on the dates and in the amounts provided for in the Agreement.

The Authority promises to pay interest on the unpaid principal amount of all Non-AMT Revolving Loans and Non-AMT Term Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Lender in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the Non-AMT Note referred to in the Agreement and is entitled to the benefits thereof and of the Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Lender agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all Non-AMT Revolving Loans and Non-AMT Term Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; provided, however, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Authority hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, in entitled to the benefits of, and is subject to, the provisions of the Agreement, that certain Master Subordinate Trust Indenture, dated as of September 1, 2007, (the "Master Subordinate Trust Indenture"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), as heretofore amended,

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and as amended from time to time in accordance with the terms thereof, and that certain Third Supplemental Subordinate Trust Indenture, dated as of September 1, 2014 (the "Third Supplemental Subordinate Trust Indenture," and together with the Master Subordinate Trust Indenture, the "Subordinate Trust Indenture"), by and between the Authority and the Trustee. This Note constitutes a Subordinate Obligation within the meaning of the Subordinate Trust Indenture.

This Note is payable solely from the Subordinate Net Revenues in accordance with the Agreement, and this Note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the Authority. The holder hereof shall not have the right to demand payment of this obligation from any sources or properties of the Authority except the Subordinate Net Revenues.

THIS NOTE IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF SUBORDINATE NET REVENUES DERIVED BY THE AUTHORITY FROM THE OPERATIONS OF THE AIRPORT SYSTEM AND CERTAIN FUNDS AND ACCOUNTS. NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THIS NOTE, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE.

THIS NOTE AND THE INTEREST THEREON IS JUNIOR AND SUBORDINATE IN ALL RESPECTS TO THE SENIOR LIEN REVENUE BONDS AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Name: _____
Title: _____

Attest:

By: _____
Name: _____
Title: _____

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CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Third Supplemental Subordinate Trust Indenture.

Date of Authentication: [____], 2014

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Signatory

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NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Authority as follows:

1. If Noteholder is:

(a) a Lender Transferee, such Noteholder is either (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the 1933 Act; or

(b) a Non-Lender Transferee, such Noteholder is (i) a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act and (ii) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, as of the date of transfer, of not less than \$5,000,000,000.

2. The Noteholder has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase and/or acceptance of this Note.

3. The Noteholder is able to bear the economic risks of an investment in this Note.

4. The Noteholder understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. The Noteholder has made its own inquiry and analysis with respect to the Authority, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.

5. The Noteholder has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Authority, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, this Note and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase and/or accept this Note.

6. The Noteholder understands that this Note (a) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) is not listed on any stock or other securities exchange, and (c) carries no rating from any credit rating agency.

7. This Note is being acquired by the Noteholder for investment for its own account and not with a present view toward resale or distribution; provided, however, that the Noteholder

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reserves the right to sell, transfer or redistribute this Note, but agrees that any such sale, transfer or distribution by the Noteholder shall be to a Person that is either a Lender Transferee or a Non-Lender Transferee.

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TRANSACTIONS
ON
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES A
NON-AMT NOTE

<u>Date</u>	<u>Non-AMT Loan Commitment</u>	<u>Interest Rate</u>	<u>Amount of Principal Paid</u>	<u>Dated to Which Interest Paid</u>	<u>Notation Made by</u>
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000304

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or

Taxpayer Identification Number of Transferee

/ _____ /

(Please print or typewrite name and address, including zip code, of Transferee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member or participant of a signature guarantee program

NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Note in every particular, without alteration or enlargement or change whatsoever.

EXHIBIT A-2

FORM OF AMT NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES B
AMT NOTE**

Dated: [____], 2014

\$125,000,000

For value received, the San Diego County Regional Airport Authority (the "Authority") promises to pay to the order of U.S. Bank National Association, and its successors and assigns (the "Lender"), located at [Address], the aggregate unpaid principal amount of all AMT Revolving Loans and AMT Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of September [___], 2014 (together with any amendments or supplements thereto, the "Agreement"), by and between the Authority and the Lender, on the dates and in the amounts provided for in the Agreement.

The Authority promises to pay interest on the unpaid principal amount of all AMT Revolving Loans and AMT Term Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Lender in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the AMT Note referred to in the Agreement and is entitled to the benefits thereof and of the Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Lender agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all AMT Revolving Loans and AMT Term Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; provided, however, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Authority hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, in entitled to the benefits of, and is subject to, the provisions of the Agreement, that certain Master Subordinate Trust Indenture, dated as of September 1, 2007, (the "Master Subordinate Trust Indenture"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), as heretofore amended,

and as amended from time to time in accordance with the terms thereof, and that certain Third Supplemental Subordinate Trust Indenture, dated as of September 1, 2014 (the "Third Supplemental Subordinate Trust Indenture," and together with the Master Subordinate Trust Indenture, the "Subordinate Trust Indenture"), by and between the Authority and the Trustee. This Note constitutes a Subordinate Obligation within the meaning of the Subordinate Trust Indenture.

This Note is payable solely from the Subordinate Net Revenues in accordance with the Agreement, and this Note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the Authority. The holder hereof shall not have the right to demand payment of this obligation from any sources or properties of the Authority except the Subordinate Net Revenues.

THIS NOTE IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF SUBORDINATE NET REVENUES DERIVED BY THE AUTHORITY FROM THE OPERATIONS OF THE AIRPORT SYSTEM AND CERTAIN FUNDS AND ACCOUNTS. NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THIS NOTE, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE.

THIS NOTE AND THE INTEREST THEREON IS JUNIOR AND SUBORDINATE IN ALL RESPECTS TO THE SENIOR LIEN REVENUE BONDS AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Name: _____
Title: _____

Attest:

By: _____
Name: _____
Title: _____

000307

CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Third Supplemental Subordinate Trust Indenture.

Date of Authentication: [____], 2014

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Signatory

000308

NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Authority as follows:

1. If Noteholder is:

(a) a Lender Transferee, such Noteholder is either (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the 1933 Act; or

(b) a Non-Lender Transferee, such Noteholder is (i) a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act and (ii) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, as of the date of transfer, of not less than \$5,000,000,000.

2. The Noteholder has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase and/or acceptance of this Note.

3. The Noteholder is able to bear the economic risks of an investment in this Note.

4. The Noteholder understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. The Noteholder has made its own inquiry and analysis with respect to the Authority, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.

5. The Noteholder has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Authority, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, this Note and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase and/or accept this Note.

6. The Noteholder understands that this Note (a) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) is not listed on any stock or other securities exchange, and (c) carries no rating from any credit rating agency.

7. This Note is being acquired by the Noteholder for investment for its own account and not with a present view toward resale or distribution; provided, however, that the Noteholder

reserves the right to sell, transfer or redistribute this Note, but agrees that any such sale, transfer or distribution by the Noteholder shall be to a Person that is either a Lender Transferee or a Non-Lender Transferee.

000510

TRANSACTIONS
 ON
 SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
 SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES B
 AMT NOTE

<u>Date</u>	<u>AMT Loan Commitment</u>	<u>Interest Rate</u>	<u>Amount of Principal Paid</u>	<u>Dated to Which Interest Paid</u>	<u>Notation Made by</u>
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000311

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or

Taxpayer Identification Number of Transferee

(Please print or typewrite name and address, including zip code, of Transferee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member or participant of a signature guarantee program

NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Note in every particular, without alteration or enlargement or change whatsoever.

000312

EXHIBIT A-3

FORM OF TAXABLE NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES C
TAXABLE NOTE**

Dated: [_____], 2014

\$125,000,000

For value received, the San Diego County Regional Airport Authority (the "Authority") promises to pay to the order of U.S. Bank National Association, and its successors and assigns (the "Lender"), located at [Address], the aggregate unpaid principal amount of all Taxable Revolving Loans and Taxable Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of September [__], 2014 (together with any amendments or supplements thereto, the "Agreement"), by and between the Authority and the Lender, on the dates and in the amounts provided for in the Agreement.

The Authority promises to pay interest on the unpaid principal amount of all Taxable Revolving Loans and Taxable Term Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Lender in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the Taxable Note referred to in the Agreement and is entitled to the benefits thereof and of the Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Lender agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all Taxable Revolving Loans and Taxable Term Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; provided, however, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Authority hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, in entitled to the benefits of, and is subject to, the provisions of the Agreement, that certain Master Subordinate Trust Indenture, dated as of September 1, 2007, (the "Master Subordinate Trust Indenture"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "Trustee"), as heretofore amended,

000313

and as amended from time to time in accordance with the terms thereof, and that certain Third Supplemental Subordinate Trust Indenture, dated as of _____ 1, 2014 (the "Third Supplemental Subordinate Trust Indenture," and together with the Master Subordinate Trust Indenture, the "Subordinate Trust Indenture"), by and between the Authority and the Trustee. This Note constitutes a Subordinate Obligation within the meaning of the Subordinate Trust Indenture.

This Note is payable solely from the Subordinate Net Revenues in accordance with the Agreement, and this Note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the Authority. The holder hereof shall not have the right to demand payment of this obligation from any sources or properties of the Authority except the Subordinate Net Revenues.

THIS NOTE IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF SUBORDINATE NET REVENUES DERIVED BY THE AUTHORITY FROM THE OPERATIONS OF THE AIRPORT SYSTEM AND CERTAIN FUNDS AND ACCOUNTS. NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THIS NOTE, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER, IF ANY, OF THE AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE.

THIS NOTE AND THE INTEREST THEREON IS JUNIOR AND SUBORDINATE IN ALL RESPECTS TO THE SENIOR LIEN REVENUE BONDS AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Name: _____
Title: _____

Attest:

By: _____
Name: _____
Title: _____

000314

CERTIFICATE OF AUTHENTICATION

This Note is a Subordinate Obligation, as defined in the Subordinate Trust Indenture, and a Revolving Obligation, as defined in the Third Supplemental Subordinate Trust Indenture.

Date of Authentication: [____ _], 2014

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Signatory

000315

NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Authority as follows:

1. If Noteholder is:

(a) a Lender Transferee, such Noteholder is either (i) an Affiliate of the Lender or (ii) a trust or other custodial arrangement established by the Lender or an Affiliate of the Lender, the owners of any beneficial interest in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the 1933 Act; or

(b) a Non-Lender Transferee, such Noteholder is (i) a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act and (ii) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, as of the date of transfer, of not less than \$5,000,000,000.

2. The Noteholder has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase and/or acceptance of this Note.

3. The Noteholder is able to bear the economic risks of an investment in this Note.

4. The Noteholder understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. The Noteholder has made its own inquiry and analysis with respect to the Authority, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.

5. The Noteholder has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Authority, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority, this Note and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase and/or accept this Note.

6. The Noteholder understands that this Note (a) is not registered under the 1933 Act and is not registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) is not listed on any stock or other securities exchange, and (c) carries no rating from any credit rating agency.

7. This Note is being acquired by the Noteholder for investment for its own account and not with a present view toward resale or distribution; provided, however, that the Noteholder

reserves the right to sell, transfer or redistribute this Note, but agrees that any such sale, transfer or distribution by the Noteholder shall be to a Person that is either a Lender Transferee or a Non-Lender Transferee.

TRANSACTIONS
ON
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS SERIES C
TAXABLE NOTE

<u>Date</u>	<u>Taxable Loan Commitment</u>	<u>Interest Rate</u>	<u>Amount of Principal Paid</u>	<u>Dated to Which Interest Paid</u>	<u>Notation Made by</u>
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ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or

Taxpayer Identification Number of Transferee

/ _____ /

(Please print or typewrite name and address, including zip code, of Transferee)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member or participant of a signature guarantee program

NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Note in every particular, without alteration or enlargement or change whatsoever.

EXHIBIT B

FORM OF REVOLVING OBLIGATION CONSTRUCTION FUND REQUISITION

Requisition No. _____

To: U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Global Corporate Trust Services

Re: San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving
Obligation Construction Fund

Account and/or Subaccount amount to be transferred from: _____

The amount requisitioned: \$ _____

Payment to be made to: _____

Manner in which payment is to be made: _____

Description of Project: _____

The undersigned, an Authorized Authority Representative within the meaning of the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "Master Subordinate Indenture"), by and between the San Diego County Regional Airport Authority (the "Authority") and U.S. Bank National Association, as successor to Deutsche Bank National Trust Company, as trustee (the "Trustee"), and the Third Supplemental Subordinate Trust Indenture, dated as of September 1, 2014 (the "Third Supplemental Subordinate Indenture"), by and between the Authority and the Trustee, hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in the San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligation Construction Fund held under the Third Supplemental Subordinate Indenture and directs that payment be made in the manner described above.

[Amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate, dated September [], 2014 and relating to the Tax-Exempt Revolving Obligations.]

Capitalized terms not otherwise defined herein shall have the applicable meanings in the Master Subordinate Indenture and the Third Supplemental Subordinate Indenture.

Dated: _____.

By _____
Authorized Authority Representative

000320

FOURTH SUPPLEMENTAL TRUST INDENTURE

by and between

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

relating to

Amendments to Master Trust Indenture

Dated as of [_____], 2014

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FOURTH SUPPLEMENTAL TRUST INDENTURE

THIS FOURTH SUPPLEMENTAL TRUST INDENTURE (this “*Fourth Supplemental Indenture*”), dated as of [_____] 1, 2014, is made by and between the **SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**, a local government entity of regional government created pursuant to laws of the State of California (the “*Authority*”), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association organized and existing under the laws of the United States of America, as trustee (the “*Trustee*”), and supplements and amends the Master Trust Indenture, dated as of November 1, 2005, as amended (the “*Master Indenture*”), by and between the Authority and the Trustee, formerly known as The Bank of New York Trust Company, N.A.

WHEREAS, pursuant to Sections 10.02 and 10.03 of the Master Indenture, the Authority may, from time to time and at any time, execute and deliver Supplemental Indentures amending the Master Indenture; and

WHEREAS, the Authority deems it to be in its best interest to amend certain provisions of the Master Indenture.

ARTICLE I

DEFINITIONS; INTERPRETATIONS

Section 1.01. Definitions. Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Master Indenture.

Section 1.02. Article and Section References. Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Fourth Supplemental Indenture.

ARTICLE II

AMENDMENTS TO MASTER INDENTURE NOT REQUIRING CONSENT OF THE HOLDERS OF OUTSTANDING BONDS

Section 2.01. Amendments to Master Indenture Not Requiring the Consent of the Holders of Outstanding Bonds. Pursuant to this Article, the Authority hereby desires to amend certain provisions of the Master Indenture which do not require the consent of the Holders of the Outstanding Bonds in accordance with Section 10.02 of the Master Indenture.

Section 2.02. Amendment to Definition of “Operation and Maintenance Expenses of the Airport System”. The definition of “Operation and Maintenance Expenses of the Airport System” contained in Article I of the Master Indenture shall be amended and restated in full to read as follows:

“Operation and Maintenance Expenses of the Airport System” shall mean, for any given period, the total operation and maintenance expenses of the Airport System as

determined in accordance with generally accepted accounting principles as in effect from time to time, excluding depreciation expense and any operation and maintenance expenses of the Airport System payable from moneys other than Revenues (including, but not limited to, any non-cash items that are required to be treated as operation and maintenance expenses of the Airport System in accordance with generally accepted accounting principles).

ARTICLE III MISCELLANEOUS

Section 3.01. Modification of Fourth Supplemental Indenture. The Authority may, from time to time and at any time, execute and deliver Supplemental Indentures supplementing and/or amending the this Fourth Supplemental Indenture in the manner set forth in Article X of the Master Indenture.

Section 3.02. Severability. If any provision of this Fourth Supplemental Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Fourth Supplemental Indenture.

Section 3.03. Governing Law. This Fourth Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of California.

Section 3.04. Captions. The captions in this Fourth Supplemental Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Fourth Supplemental Indenture.

Section 3.05. Counterparts. This Fourth Supplemental Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Trust Indenture to be duly executed, all as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By _____
Thella F. Bowens,
President and CEO

Attest:

By _____
Tony R. Russell,
Director, Corporate Services/
Authority Clerk

Approved as to form:

By _____
Breton K. Lobner
General Counsel

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By _____
Authorized Representative

[Signature page to Fourth Supplemental Trust Indenture]

RESOLUTION NO. 2014-0076

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING THE ISSUANCE AND/OR INCURRENCE OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY SUBORDINATE AIRPORT REVENUE REVOLVING OBLIGATIONS FROM TIME TO TIME IN THE FORM OF A REVOLVING LINE OF CREDIT IN AN AGGREGATE PRINCIPAL AMOUNT NOT-TO-EXCEED \$125,000,000; REVOKING THE AUTHORIZATION TO ISSUE COMMERCIAL PAPER NOTES; AND APPROVING A THIRD SUPPLEMENTAL SUBORDINATE TRUST INDENTURE, A REVOLVING CREDIT AGREEMENT, PROMISSORY NOTES, A FOURTH SUPPLEMENTAL SENIOR TRUST INDENTURE AND CERTAIN RELATED MATTERS.

WHEREAS, the San Diego County Regional Airport Authority ("Authority") is a local government entity of regional government, with jurisdiction extending throughout the County of San Diego ("County"), organized and existing pursuant to the provisions of the Constitution of the State of California ("State") and § 170000 *et seq.* of the California Public Utilities Code ("Act"); and

WHEREAS, the Authority has been formed for the purposes of: (a) operating the Airport System (as defined in the hereinafter defined Master Senior Indenture), (b) planning and operating any future airport that could be developed as a supplement or replacement to San Diego International Airport (Lindbergh Field) ("Airport"), (c) developing a comprehensive land use plan, as it may relate to the Airport System, for the entire County, and (d) serving as the region's airport land use commission; and

WHEREAS, the Authority assumed exclusive use, management, operation, regulation, policing and control of the Airport System, as set forth in the Act, and other related facilities upon the transfer of such exclusive use, management, operation, regulation, policing and control from the San Diego Unified Port District in January 2003; and

WHEREAS, the Act provides that the Authority shall have the power to issue bonds, from time to time, payable from revenue of any facility or enterprise operated, acquired, or constructed by the Authority, for any of the purposes authorized under the Act in accordance with the Revenue Bond Law of 1941 Chapter 6 (commencing with §54300) of Part 1 of Division 2 of Title 5 of the California Government Code, excluding Article 3 (commencing with § 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and

the limitations set forth in California Government Code § 54402(b), which shall not apply to the issuance and sale of bonds pursuant to the Act; and

WHEREAS, the Act provides that the Airport System or any or all facilities and all additions and improvements that the board of directors of the Authority ("Board") authorizes to be acquired or constructed and any purpose, operation, facility, system, improvement, or undertaking of the Authority from which revenues are derived or otherwise allocable, which revenues are, or may by resolution or ordinance be, required to be separately accounted for from other revenues of the Authority, shall constitute an enterprise within the meaning of California Government Code § 54309; and

WHEREAS, the Authority has determined that it is necessary and advisable to issue, from time to time, Subordinate Obligations (as defined in the Master Subordinate Indenture) for the purposes set forth in the Act and the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended ("Master Subordinate Indenture"), by and between the Authority and U.S. Bank National Association, as successor trustee ("Subordinate Trustee"), and that such Subordinate Obligations be payable from and secured by Subordinate Net Revenues (as defined in the Master Subordinate Indenture); and

WHEREAS, the Authority has determined that it is in the best interest of the Authority to have the capacity to issue and/or incur Subordinate Obligations in the form of short-term revenue obligations, in order to provide funds to finance and refinance the acquisition, construction, rehabilitation and equipping of certain capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, the Authority has determined that it is appropriate and beneficial for the purposes of the Authority to issue and/or incur such short-term revenue obligations, from time to time, in the form of "San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations" ("Subordinate Revolving Obligations") which shall be issued and/or incurred in the form of a revolving line of credit ("Revolving Line of Credit") to be provided by one provider of revolving lines of credit ("Line of Credit Provider") as a means of providing funds to finance and refinance the acquisition, construction, rehabilitation and equipping of certain capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, the Revolving Line of Credit will be provided to the Authority by U.S. Bank pursuant to a revolving credit agreement (each a "Credit Agreement") to be entered into by and between the Authority and U.S. Bank, whereby the Authority will be allowed to request Advances (as defined in the Credit Agreement), from time to time, in an aggregate principal amount not-to-exceed \$125,000,000 at any one time outstanding to finance or refinance on either a reimbursement or forward funding basis the acquisition, construction, rehabilitation or equipping of certain capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, the Advances, the Revolving Loans (as defined in the Credit Agreement) and the Term Loans (as defined in the Credit Agreement) will be incurred pursuant to the Act, certain other provisions of the laws of the State (including California Government Code § 53580 *et seq.*), the Master Subordinate Indenture, the Third Supplemental Subordinate Indenture (as hereinafter defined) and the Credit Agreement; and

WHEREAS, the obligations incurred by the Authority pursuant to the terms of the Credit Agreement (including, but not limited to, the Advances, the Revolving Loans and the Term Loans) will be special obligations of the Authority, secured by, and payable from Subordinate Net Revenues and such other funds and accounts as provided in the Master Subordinate Indenture and the Third Supplemental Subordinate Indenture and will be evidenced by one or more promissory notes ("Notes"); and

WHEREAS, the Advances, the Revolving Loans and the Term Loans may be incurred under the Credit Agreement whereby the interest paid by the Authority on such Advances, Revolving Loans and Term Loans may be (i) excluded from the gross income of the recipients thereof under the varying provisions of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or related thereto (collectively, the "Code") or (ii) included in the gross income of the recipients thereof under the Code; and

WHEREAS, the Authority, will be required to execute and deliver the Notes to U.S. Bank to evidence the amounts owed by the Authority on all Advances, Revolving Loans and Term Loans; and

WHEREAS, the Authority previously determined that it was appropriate and beneficial for the purposes of the Authority to implement a commercial paper program as a means of providing funds to finance and refinance the acquisition, construction, rehabilitation and equipping of certain capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority); and

WHEREAS, pursuant to Resolution No. 2007-0096 adopted by the Board on September 6, 2007 ("Resolution No. 2007-0096") and the First Supplemental Subordinate Trust Indenture, dated as of September 1, 2007 ("First Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee, the Authority implemented a commercial paper program through the issuance, from time to time, of Subordinate Airport Revenue Commercial Paper Notes, Series A (Non-AMT), Series B (AMT), and Series C (Taxable) (collectively, the "Commercial Paper Notes") in an aggregate principal amount not to exceed \$250,000,000 outstanding at any one time; and

WHEREAS, in connection with the authorization to issue and/or incur the Subordinate Revolving Obligations, from time to time, the Authority has determined that it is in the best interest of the Authority to terminate the authorization to issue the Commercial Paper Notes; and

WHEREAS, the Authority has determined that it is in its best interests to amend certain provisions of the Master Trust Indenture, dated as of November 1, 2005, as amended ("Master Senior Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as trustee ("Senior Trustee"); and

WHEREAS, the amendments to the Master Senior Indenture shall be provided in the Fourth Supplemental Senior Indenture (as hereinafter defined); and

WHEREAS, there have been presented to the Board the following documents:

- (a) a form of the Third Supplemental Subordinate Trust Indenture ("Third Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee;
- (b) a form of the Credit Agreement;
- (c) forms of the Notes (which are attached to the Third Supplemental Subordinate Indenture and the Credit Agreement); and
- (d) a form of the Fourth Supplemental Trust Indenture ("Fourth Supplemental Senior Indenture"), by and between the Authority and the Senior Trustee; and

WHEREAS, said documents will be modified and amended to reflect the various details applicable to the Subordinate Revolving Obligations and the Revolving Line of Credit.

NOW, THEREFORE, BE IT RESOLVED by the Board of the San Diego County Regional Airport Authority that:

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Section 1. Issuance and/or Incurrence of Subordinate Revolving Obligations; Terms of Subordinate Revolving Obligations. For the purposes set forth in the foregoing recitals, the Board hereby authorizes (a) the issuance and/or incurrence, from time to time, of the Subordinate Revolving Obligations in the form of the Revolving Line of Credit to be provided by U.S. Bank or, if determined by the President/CEO (Executive Director) of the Authority to be in the best interests of the Authority, by the Other Line of Credit Provider, as applicable, pursuant to one or more Credit Agreements, provided that the aggregate principal amount of all Subordinate Revolving Obligations outstanding at any time shall not exceed \$125,000,000, and (b) incurrence of the other Obligations (as defined in the Credit Agreement) under the Credit Agreement, the Master Subordinate Indenture and the Third Supplemental Subordinate Indenture. U.S. Bank's or the Other Line of Credit Provider's commitment to make Advances under the applicable Credit Agreement shall have a term not exceeding three (3) years unless such date is earlier terminated pursuant to the terms of the applicable Credit Agreement or extended, reduced or rescinded by a subsequent resolution of the Board (and approved by U.S. Bank or the Other Line of Credit Provider, as applicable), and any Term Loan made under each Credit Agreement shall have a term not exceeding three (3) years. The outstanding principal amount of each Revolving Loan and each Term Loan shall bear interest at the interest rates set forth in each Credit Agreement. Notwithstanding anything to the contrary in the previous sentence or the provisions of this Resolution, interest payable by the Authority on any Revolving Loan or Term Loan shall not exceed the Maximum Rate (as defined in the Credit Agreement); provided, however, if the rate of interest calculated in accordance with the terms of each Credit Agreement exceeds the Maximum Rate, interest at the rate equal to the difference between the rate of interest calculated in accordance with the terms of the applicable Credit Agreement and the Maximum Rate shall be deferred until such date as the rate of interest calculated in accordance with the terms of the applicable Credit Agreement ceases to exceed the Maximum Rate, at which time the Authority shall pay U.S. Bank or the Other Line of Credit Provider, as applicable, the deferred interest as provided in the applicable Credit Agreement.

The Revolving Line of Credit is being obtained to provide funds, from time to time, to finance on either a reimbursement or forward funding basis the acquisition, construction, rehabilitation and equipping of capital improvements to the Airport System, to finance certain costs of issuance and for any other financing needs of the Authority (including, but not limited to, the refunding and restructuring of existing indebtedness of the Authority).

The Authority shall be obligated to repay U.S. Bank or the Other Line of Credit Provider, as applicable, for all Advances, Revolving Loans and Term Loans and pay all Obligations owed to U.S. Bank or the Other Line of Credit Provider, as applicable, and such Advances, Revolving Loans, Term Loans and Obligations shall be payable, both with respect to interest and principal as provided for in the Master Subordinate Indenture, the Third Supplemental

Subordinate Indenture, the Credit Agreement and the Notes. The Advances, the Revolving Loans and the Term Loans may be incurred under the Credit Agreement whereby the interest paid by the Authority on such Revolving Loans and Term Loans is excluded from gross income for federal income tax purposes or not excluded or part excluded and part not excluded in such combination as is acceptable to the Designated Representative (as hereinafter defined) authorizing the same.

The terms of each Advance shall, consistent with this Resolution and the Third Supplemental Subordinate Indenture, be set forth in a Request for Advance and Revolving Loan (as described in the Credit Agreement) delivered to U.S. Bank or the Other Line of Credit Provider, as applicable, by a Designated Representative.

Section 2. Pledge to Secure the Advances, the Revolving Loan, the Term Loans, the Notes and the Obligations. The pledge to secure the Subordinate Revolving Obligations, the Advances, the Revolving Loan, the Term Loans, the Notes and the Obligations as set forth in the Master Subordinate Indenture, the Third Supplemental Subordinate Indenture, each Credit Agreement and the Notes is hereby approved.

Section 3. Special Obligations; Subordinate Obligations. The Advances, the Revolving Loan, the Term Loans, the Notes and the Obligations shall be special obligations of the Authority, secured by, and payable from, Subordinate Net Revenues and from the funds and accounts held by the Subordinate Trustee and the Authority under the Master Subordinate Indenture and the Third Supplemental Subordinate Indenture, as and to the extent therein described. The Advances, the Revolving Loan, the Term Loans, the Notes and the Obligations shall also be secured by and be paid from such other sources as the Authority may hereafter provide.

The Subordinate Revolving Obligations shall be issued as Subordinate Obligations as provided for in Section 2.09 of the Master Subordinate Indenture.

Section 4. Approval of Documents; Authorization for Execution. The form, terms and provisions of the Fourth Supplemental Senior Indenture, the Third Supplemental Subordinate Indenture, the Credit Agreement and the Notes (collectively, the "Documents") are in all respects approved and the President/CEO (Executive Director) of the Authority and the Vice President, Finance & Asset Management and Treasurer of the Authority, any one or more thereof (each a "Designated Officer"), are hereby authorized, empowered and directed to execute, acknowledge and deliver each of the Documents including counterparts thereof, in the name and on behalf of the Authority. The Documents, as executed and delivered, shall be in substantially the forms now before this meeting and hereby approved, with such changes therein approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or

revisions therein from the forms of the Documents now before this meeting; and from and after the execution and delivery of the Documents, the officers, agents and employees of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Documents.

Section 5. Trustee, Paying Agent and Registrar. The Board hereby APPOINTS U.S. Bank National Association as trustee, paying agent and registrar for the Subordinate Revolving Obligations. Such appointments shall be effective upon the adoption of this Resolution and shall remain in effect until the Authority shall, by supplemental indenture or by resolution, name a substitute or successor thereto.

Section 6. Designated Representatives. The Board hereby appoints the President/CEO (Executive Director) of the Authority, the Vice President, Finance & Asset Management and Treasurer of the Authority, or any Vice President serving in an acting or interim capacity, as "Designated Representatives" of the Authority under the terms of this Resolution, the Third Supplemental Subordinate Indenture and each Credit Agreement. The Designated Representatives are, and each of them is, hereby authorized and are hereby directed to perform those duties set forth in the Documents including, without limitation, the execution of a Request for Advance and Revolving Loan (as described in the Credit Agreement). The Designated Representatives are, and each of them is, also authorized to make representations, certifications and warranties in connection with implementing and obtaining the Revolving Line of Credit and the issuance and/or incurrence of Advances, Revolving Loans and Term Loans as and when required in the Documents and the certifications and agreements relating to the federal tax exemption with regards to certain advances. The Designated Representatives are hereby further authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Documents.

Section 7. Additional Authorization. Each Designated Officer and all officers, agents and employees of the Authority, for and on behalf of the Authority, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Documents and to carry out the terms thereof. Each Designated Officer, each Designated Representative and all officers, agents and employees of the Authority are further authorized and directed, for and on behalf of the Authority, to execute all papers, documents, certificates and other instruments that may be required in order to carry out the authority conferred by this Resolution, the Third Supplemental Subordinate Indenture, each Credit Agreement, the Fourth Supplemental Senior Indenture or to evidence the same authority and its exercise. The foregoing authorization includes, but is in no way limited to, authorizing Authority staff to pay costs of issuance of implementing and obtaining the Revolving Line of Credit and fees and costs of U.S. Bank and any Other Line of Credit Provider, as applicable, authorizing the investment of the proceeds of the Advances in one or

more of the permitted investments provided for under the Master Subordinate Indenture and the Third Supplemental Subordinate Indenture, and authorizing the execution by a Designated Officer, or any one of them, of one or more tax compliance certificates as required by the Third Supplemental Subordinate Indenture and each Credit Agreement for the purpose of complying with the rebate requirements of the Code.

Section 8. Revocation of the Authorization to Commercial Paper Notes. For the purposes set forth in the foregoing recitals, upon the repayment of the Commercial Paper Notes, and any other amounts due and payable with respect to the Commercial Paper Notes, with proceeds of one or more Revolving Loans, the Board hereby revokes the authorization previously granted under Resolution No. 2007-0096 and the First Supplemental Subordinate Indenture to issue Commercial Paper Notes.

Section 9. Release of Pledge Securing the Commercial Paper Notes. Upon the repayment of the Commercial Paper Notes, and any other amounts due and payable with respect to the Commercial Paper Notes, with proceeds of one or more Revolving Loans, the Board hereby directs the Subordinate Trustee to cancel, discharge and release the pledge of Subordinate Net Revenues securing the Commercial Paper Notes and further to cancel, discharge and release the First Supplemental Subordinate Indenture.

Section 10. Costs of Issuance. Funds of the Authority are hereby authorized, together with the proceeds of one or more Revolving Loans, to be used to pay costs of issuance of implementing and obtaining the Revolving Line of Credit, including but not limited to costs of attorneys, accountants, financial advisors, the costs and expenses of U.S. Bank or the Other Line of Credit Provider, as applicable, the costs associated with rating agencies, printing, publication and mailing expenses, and any related filing fees.

Section 11. Severability. The provisions of this Resolution are hereby declared to be severable and, if any section, phrase or provisions shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

Section 12. Governing Law. This resolution shall be construed and governed in accordance with the laws of the State of California.

Section 13. Repeal of Inconsistent Resolutions. All other resolutions of the Board, or parts of resolutions, inconsistent with this Resolution, are hereby repealed to the extent of such inconsistency.

Section 14. Effective Date of Resolution. This Resolution shall take effect from and after its passage and approval.

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Section 15. BE IT FURTHER RESOLVED by the Board, that it finds that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code § 21065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code § 30106).

PASSED, ADOPTED AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

San Diego County Regional Airport Authority

AUTHORIZATION OF REVOLVING LINE OF CREDIT FOR AN AMOUNT UP TO \$125,000,000



Presented by:
Scott Brickner, CPA
Vice President, Finance and Asset
Management/Treasurer

July 7, 2014



Agenda



- Rationale for a Short-term Variable Rate Debt Program
- Comparison of Revolving Line of Credit and Commercial Paper Program
- Authority's Existing Commercial Paper Program
- Request for Proposal Results
- Intended Uses
- Principal Documents for Board Approval
- Recommendation and Requested Action



Rationale for a Short-term Variable Rate Debt Program



- Used to manage capital funding requirements
 - Flexible, “just-in-time” funding
 - Interim capital funding source between long-term bond issues
- Provides variable interest rate component in our debt portfolio
 - Variable rate debt generally provides the lowest cost of funds for the short-term



Rationale - Historical Interest Rates

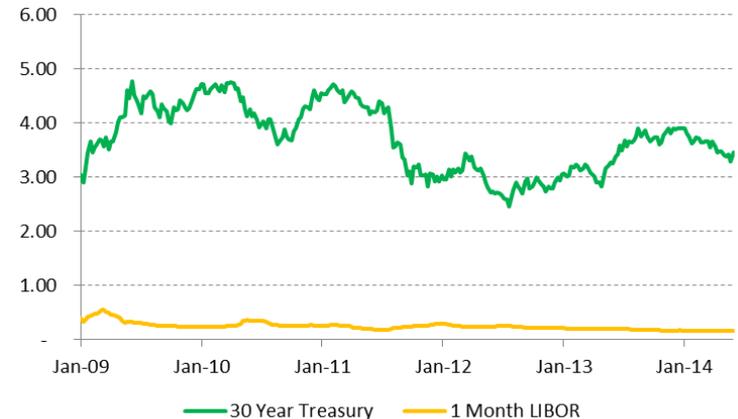
- Historically, short-term average rates are below long-term rates
 - Short-term tax-exempt rates have averaged 0.22% compared to an average 30-year bond rate of 3.89%
 - Short-term taxable rates have averaged 0.25% compared to an average 30-year US Treasury rate of 3.72%



30-Year MMD vs SIFMA



30-Year Treasury vs One-Month LIBOR





Comparison of Revolving Line of Credit and Commercial Paper Program



	CP Program	Revolving Line of Credit
Lien	Subordinate	Subordinate
Term	CP Notes issued up to 270 days and may be rolled at maturity over the life of the Letter of Credit (LOC)	The length of the agreement with the issuing bank
Letter of Credit	Yes	No
Credit Risk	Fluctuates based on the credit of the LOC bank	Limited
Issuance Cost	~\$330K	~\$190K
Admin Costs	~\$75K per year	Nominal
Credit Rating	Required	Not Required



Authority's Existing Commercial Paper Program



- The Authority's current \$250M Commercial Paper Program was established in September 2007.
- The Authority currently has \$44.9 million of outstanding Commercial Paper Notes:
 - \$18.9 million (AMT) of Notes that funded various capital projects and which are being amortized through 2030
 - \$26.0 million (Taxable) of Notes that defeased the Series 2005 bonds and which are being amortized through 2019



Authority's Existing Commercial Paper Program - Continued



- Commercial Paper Program has provided interim funding for the Capital Program
- The current Commercial Paper program is supported by a letter of credit (LOC) from Lloyds TSB bank
- The LOC has a 7-year term and expires on September 10, 2014





Request for Proposal Results



- The Authority received a strong response to its RFP:
 - 7 proposed direct pay letters of credit to support a new Commercial Paper Program with terms of 1 to 5 years
 - 3 proposed revolving lines of credit with terms of 1 to 4 years
 - 3 proposed fixed rate loans (each for approximately \$26 million to refund the outstanding taxable Commercial Paper notes)



Request for Proposal Results Comparison



All-In-Costs assessed based upon:

- \$125 million program
- Three-year term
- Current interest rates

Commercial Paper

	LOC Fees and CP Interest	Other Costs ¹	All-In-Costs
Bank 1	\$ 1,837,621	\$428,860	\$ 2,266,482
Bank 2	\$ 2,041,996	\$428,860	\$ 2,470,857
Bank 3	\$ 2,246,371	\$428,860	\$ 2,675,232
Bank 4	\$ 3,145,621	\$428,860	\$ 3,574,482
Bank 5	\$ 3,390,871	\$428,860	\$ 3,819,732

Bank 6 and 7 Best offering was evaluated as
Revolving Line of Credit

¹Includes Re-Marketing, Legal, Financial Advisory and Rating Agency Fees

Revolving Line of Credit

	Revolver Fees	Other Costs ²	All-In-Costs
US Bank	\$1,775,664	\$ 190,000	\$ 1,965,664
Bank 2	\$1,878,399	\$ 190,000	\$ 2,068,399
Bank 3	\$2,364,371	\$ 190,000	\$ 2,554,371

²Includes Legal and Financial Advisory



Request for Proposal Results



- The highest ranked proposal was from US Bank for a revolving line of credit for up to \$125 million with the following terms:
 - Tax Exempt pricing: 75% of one-month LIBOR + 42 bps
 - Taxable pricing: One-month LIBOR + 60 bps
 - Unutilized Pricing: 37 bps
 - 3 year term

- Final Agreement terms have been negotiated and finalized with US Bank.





Intended Uses of Revolving Line of Credit



- Refinance \$44.9 million of outstanding Commercial Paper Notes
- \$80.1 million unutilized at inception
- Potential uses of unutilized include interim funding of Parking Plaza project or funding of future capital projects



Principal Documents for Board Approval



DOCUMENT	PURPOSE OF DOCUMENT
Resolution	(i) Authorizes the issuance of the revolving line of credit (ii) authorizes the President/CEO to negotiate an extension to the revolving line of credit for up to three years with the same or advantageous financial terms and provisions and (iii) approves the financing documents
Revolving Credit Agreement	The financing document that will be entered into with the Bank.
Third Supplemental Subordinate Trust Indenture	Describes the terms and descriptions of the revolving line of credit, how it is secured, the creation of debt service funds, how proceeds may be used and other certain matters
Fourth Supplemental Senior Trust Indenture	Clarifies that non-cash obligations will not be included in operations and maintenance expenses when calculating the Rate Covenant and the Additional Bonds Test

The image shows the San Diego County Regional Airport terminal, featuring a large, modern glass and steel structure with a prominent curved roof. The text "SAN DIEGO COUNTY REGIONAL AIRPORT" is visible on the left side of the image.

Substantive Changes to Revolving Credit Agreement

- Qualified Transferee definition restricted to include only banks and organizations. Thus in section 11.7(c) Notes may not be transferred from US Bank to individual investors.
- 6.3 and 6.4 (c) Authority's requirement to pay lender for increased costs due to law and tax changes extended from 30 days to 60 days
- 11.6 Removed Waiver of Jury Trial and instead agreed, in section 8.29, to consent to Waiver of Jury Trial if such clause is incorporated into future agreements



Recommendation and Requested Actions



- Staff recommends that the Board approve the following:
 - Adopt Resolution No. 2014-XXXX,
 - (1) authorizing the issuance and/or incurrence of San Diego County Regional Airport Authority subordinate airport revenue revolving obligations from time to time in the form of a revolving line of credit in an aggregate principal amount not-to-exceed \$125,000,000;
 - (2) revoking the authorization to issue commercial paper notes; and
 - (3) approving a Third Supplemental Subordinate Trust Indenture, a Revolving Credit Agreement, a Fourth Supplemental Senior Trust Indenture and certain related matters.



Questions





SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
20

Meeting Date: **JULY 7, 2014**

Subject:

Approve and Authorize the President/CEO to Execute an Agreement with Porter Novelli, Inc. for Public Outreach Services in Support of the Rental Car Center Development Project, Airport Development Plan and other Authority Programs and Initiatives of San Diego International Airport

Recommendation:

Adopt Resolution No. 2014-0067, authorizing the President/CEO to execute an agreement with Porter Novelli, Inc. for public outreach services for a three-year term with two one-year options exercisable at the sole discretion of the President/CEO for a total not to exceed amount of \$3,100,000 should both option years be exercised.

Background/Justification:

The San Diego County Regional Airport Authority is currently engaged in the construction of the Rental Car Center and in the initial planning phases of the Airport Development Plan (ADP) for San Diego International Airport. The ADP will formulate future plans for Terminal 1 and the redevelopment of the former Teledyne Ryan property. In addition, the ADP will provide input to the San Diego Association of Governments as it plans for intermodal transportation facilities near the airport.

Because these initiatives affect the air transportation needs of the entire San Diego region, the Authority is committed to comprehensive community outreach and public dialogue in the development and execution of these initiatives.

Consequently, the Authority issued a Request for Proposals (RFP) for public outreach services in support of these initiatives. Qualified firms with demonstrated experience in public outreach services were invited to submit proposals. Notice of this business opportunity was posted on the Authority website and advertised in *The Daily Transcript*.

A total of eight proposals were received from the following firms. All proposals submitted were deemed responsive.

1. CityWorks
2. Cook + Schmid
3. Fleishman Hillard
4. Lee Andrews Group
5. Lilley Planning Group

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6. Porter Novelli
7. The Quotient Group
8. The 20/20 Network

On April 21, 2014, based on a thorough evaluation of the proposals, the following four of the eight firms were shortlisted for interviews:

1. CityWorks
2. Lee Andrews Group
3. Lilley Planning Group
4. Porter Novelli

On June 11, 2014, a panel received presentations by and conducted interviews with the four short-listed firms. The consultant teams were rated on Small Business Preference, Cost/Fees, Organization Experience & Skill, Primary Staff and Work Plan as follows:

Firms	Panelist 1	Panelist 2	Panelist 3 *	Panelist 4	Total	Final Rank
CityWorks	3	4	3	3	13	3
Lee Andrews	2	1	1	2	6	2
Lilley Planning	4	3	4	4	15	4
Porter Novelli	1	2	1	1	5	1
Combined Scores	SB Preference	Cost / Fees	Organization Experience & Skill	Primary Staff	Work Plan	Total
CityWorks	200	180	405	1040	750	2575
Lee Andrews	200	600	435	960	810	3005
Lilley Planning	0	540	315	840	600	2295
Porter Novelli	0	180	525	1400	1050	3155

* The two "1" rankings for Panelist #3 is a result of how the scores were calculated to come to the final rankings.

The evaluation panel consisted of the Vice President of Operations; the Director of Vision, Voice & Engagement; an airport tenant; and a retired Vice President of Marketing & Communications.

Upon conclusion of the four interviews, Porter Novelli was selected for negotiations and, if successful, award of the contract. Porter Novelli demonstrated competitive pricing, requisite organization experience and skill, the right capability and talent, and innovative ideas in its work plan.

Fiscal Impact:

Adequate funding for public outreach services under the negotiated agreement is included in the adopted Fiscal Year 2015 and conceptually approved Fiscal Year 2016 Operating Expense Budgets within the Services – Other Professional line item. Funds for ensuing years of the agreement will be included in future-year budget requests.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Application of Inclusionary Policies:

The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, Policy 5.12 and Policy 5.14. These programs/policies are intended to promote the inclusion of small, local, service disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs/policies named above can be used in any single contracting opportunity.

This contract does not utilize federal funds and provides limited opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.12 was applied to promote the participation of qualified small businesses. Policy 5.12 provides a preference of up to five percent (5%) to small businesses in the award of selected Authority contracts. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$100,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid.

In accordance to Policy 5.12, the recommended firm Porter Novelli, Inc. received 0% small business preference.

Prepared by:

DIANA LUCERO
DIRECTOR, VISION, VOICE & ENGAGEMENT

000338

RESOLUTION NO. 2014-0067

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH PORTER NOVELLI, INC. FOR PUBLIC OUTREACH SERVICES FOR A THREE-YEAR TERM WITH TWO ONE-YEAR OPTIONS EXERCISABLE AT THE SOLE DISCRETION OF THE PRESIDENT/CEO FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$3,100,000 SHOULD BOTH OPTION YEARS BE EXERCISED.

WHEREAS, the Authority is currently engaged in the construction of the Rental Car Center and in the initial phases of the Airport Development Plan (ADP) for San Diego International Airport, and the ADP will formulate future plans for Terminal 1, the redevelopment of the former Teledyne Ryan property and will provide input to the San Diego Association of Governments as it plans for intermodal transportation facilities near the airport; and

WHEREAS, since these initiatives affect the air transportation needs of the entire San Diego region and the Authority is committed to comprehensive community outreach services in support of these initiatives, the Authority issued a Request for Proposals (RFP) inviting qualified firms with demonstrated experience in public outreach services to submit proposals; and

WHEREAS, eight (8) proposals were received and interviews were conducted with four short-listed firms based on a thorough evaluation of all the proposals; and

WHEREAS, consultant teams were rated on Small Business Preference, Cost/Fees, Organization Experience & Skill, Primary Staff and Work Plan, and upon conclusion of the interviews, Porter Novelli, Inc. was selected as the team for negotiations, and, if successful, award of the contract; and

WHEREAS, in accordance to Policy 5.12, the recommended firm Porter Novelli, Inc. received 0% small business preference.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute an agreement with Porter Novelli, Inc. for public outreach services for a three-year term with two one-year options exercisable at the sole discretion of the President/CEO for a total not-to-exceed amount of \$3,100,000 should both option years be exercised; and

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BE IT FURTHER RESOLVED the Board finds this Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code §21065); and is not a "development" as defined by the California Coastal Act (California Public Resource Code §30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 7th day of July, 2014, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE /
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

000340



**SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY**

Meeting Date: **JULY 7, 2014**

Subject:

Business and Travel Expense Reimbursement Reports for Board Members, President/CEO, Chief Auditor and General Counsel When Attending Conferences, Meetings, and Training at the Expense of the Authority

Recommendation:

For information only.

Background/Justification:

Authority Policy 3.30 (2)(b) and (4)(b) require that business expenses reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting.

Authority Policy 3.40 (2)(b) and (3)(b) require that travel expense reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting.

The attached reports are being presented to comply with the requirements of Policies 3.30 and 3.40.

Fiscal Impact:

Funds for Business and Travel expenses are included in the FY 2013-2014 Budget.

Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Environmental Review:

- A. This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

TONY RUSSELL
DIRECTOR, CORPORATE & INFORMATION GOVERNANCE/AUTHORITY CLERK

TRAVEL REQUESTS

ROBERT GLEASON

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUT-OF-TOWN TRAVEL REQUEST

GENERAL INSTRUCTIONS:

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

1. TRAVELER:

Travelers Name: Robert H. Gleason Dept: Board/02

Position: Board Member President/CEO Gen. Counsel Chief Auditor

All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 6/23/14 PLANNED DATE OF DEPARTURE/RETURN: 9/5/14 / 9/10/14

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip— continue on extra sheets of paper as necessary):

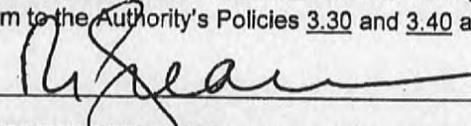
Destination: Washington, DC Purpose: Attend Chamber Event
Explanation: San Diego Regional Chamber of Commerce One Region/One Voice, Mission to Washington, DC

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:

• AIRFARE	\$	630
• OTHER TRANSPORTATION (Taxi, Train, Car Rental)	\$	100
B. LODGING	\$	990
C. MEALS	\$	
D. SEMINAR AND CONFERENCE FEES	\$	1399
E. ENTERTAINMENT (If applicable)	\$	
F. OTHER INCIDENTAL EXPENSES	\$	100
TOTAL PROJECTED TRAVEL EXPENSE	\$	3219

CERTIFICATION BY TRAVELER By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature:  Date: 6-19-14

CERTIFICATION BY ADMINISTRATOR (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

By my signature below, I certify the following:

- 1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
- 2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
- 3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: _____ Date: _____

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, _____, hereby certify that this document was approved
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)

by the Executive Committee at its _____ meeting.
(Leave blank and we will insert the meeting date.)

PAUL ROBINSON

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUT-OF-TOWN TRAVEL REQUEST

GENERAL INSTRUCTIONS:

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

1. TRAVELER:

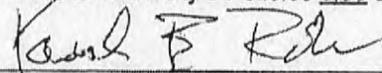
Travelers Name: Paul Robinson Dept: Board/02
Position: Board Member President/CEO Gen. Counsel Chief Auditor
 All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 6/23/14 PLANNED DATE OF DEPARTURE/RETURN: 9/6/14 / 9/10/14

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip— continue on extra sheets of paper as necessary):
Destination: Washington, DC Purpose: Attend Chamber Event
Explanation: San Diego Regional Chamber of Commerce One Region/One Voice, Mission to Washington, DC

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:	
• AIRFARE	\$ 630
• OTHER TRANSPORTATION (Taxi, Train, Car Rental)	\$ 100
B. LODGING	\$ 1320
C. MEALS	\$ 200
D. SEMINAR AND CONFERENCE FEES	\$ 1199
E. ENTERTAINMENT (If applicable)	\$
F. OTHER INCIDENTAL EXPENSES	\$ 100
TOTAL PROJECTED TRAVEL EXPENSE	\$ 3549

CERTIFICATION BY TRAVELER By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.
Travelers Signature:  Date: 6/19/14

CERTIFICATION BY ADMINISTRATOR (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).
By my signature below, I certify the following:
1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.
Administrator's Signature: _____ Date: _____

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, _____, hereby certify that this document was approved
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)
by the Executive Committee at its _____ meeting.
(Leave blank and we will insert the meeting date.)

THELLA F. BOWENS

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUT-OF-TOWN TRAVEL REQUEST**

GENERAL INSTRUCTIONS:

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel travelling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

1. TRAVELER:

Travelers Name: Thella F. Bowens Dept: Exec Office BU6

Position: Board Member President/CEO Gen. Counsel Chief Auditor

All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 5/29/14 PLANNED DATE OF DEPARTURE/RETURN: 7/10/14 / 7/11/14

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip- continue on extra sheets of paper as necessary):

Destination: San Francisco, CA Purpose: CAC (CA Airports Council) Board Mtg
Explanation: _____

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:

- AIRFARE \$ 350.00
- OTHER TRANSPORTATION (Taxi, Train, Car Rental) \$ 100.00

B. LODGING \$ 200.00

C. MEALS \$ 100.00

D. SEMINAR AND CONFERENCE FEES \$ _____

E. ENTERTAINMENT (If applicable) \$ _____

F. OTHER INCIDENTAL EXPENSES \$ 100.00

TOTAL PROJECTED TRAVEL EXPENSE \$ 850.00

CERTIFICATION BY TRAVELER By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature: *Thella F. Bowens* Date: *3 June 2014*

CERTIFICATION BY ADMINISTRATOR (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

By my signature below, I certify the following:

1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: *[Signature]* Date: *6-5-14*

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, _____, hereby certify that this document was approved
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)

by the Executive Committee at its _____ meeting.
(Leave blank and we will insert the meeting date.)

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUT-OF-TOWN TRAVEL REQUEST**

GENERAL INSTRUCTIONS:

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

1. TRAVELER:

Travelers Name: Thella Bowens Dept: 6

Position: Board Member President/CEO Gen. Counsel Chief Auditor

All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 6/17/14 PLANNED DATE OF DEPARTURE/RETURN: 7/27/14 / 7/30/14

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip— continue on extra sheets of paper as necessary):

Destination: Washington DC

Purpose: Attend 2014 AAAE/ACI-NA Legislative Mtg (7/28) and AAAE Summer Legislative Issues Conference (7/29)

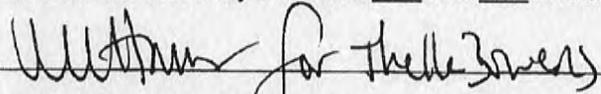
Explanation: _____

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:

• AIRFARE	\$ 750.00
• OTHER TRANSPORTATION (Taxi, Train, Car Rental)	\$ 150.00
B. LODGING	\$ 1000.00
C. MEALS	\$ 300.00
D. SEMINAR AND CONFERENCE FEES	\$ 500.00
E. ENTERTAINMENT (If applicable)	\$
F. OTHER INCIDENTAL EXPENSES	\$ 100.00
TOTAL PROJECTED TRAVEL EXPENSE	\$ 2800.00

CERTIFICATION BY TRAVELER By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature:  Date: 6/17/14

CERTIFICATION BY ADMINISTRATOR (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

By my signature below, I certify the following:

- 1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
- 2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
- 3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: _____ Date: _____

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, _____, hereby certify that this document was approved
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)

by the Executive Committee at its _____ meeting.

(Leave blank and we will insert the meeting date.)