SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Meeting Agenda

Thursday, June 5, 2025
9:00 AM

San Diego County Regional Airport Authority
Administration Building
First Floor – Board Room
2417 McCain Road
San Diego, California 92101

Live webcasts of Authority Board meetings can be accessed at
http://www.san.org/Airport-Authority/Meetings-Agendas/Authority-Board

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 the Office of the Authority Clerk Department 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 Office of the Authority Clerk Department.

PLEASE COMPLETE A SPEAKER SLIP 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 Office of the 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:

PRESENTATIONS:

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

- **AUDIT COMMITTEE:**
  Committee Members: Huerta, Newsom (Chair), Montgomery Steppe, Perez, Sanchez, Vaus, Wong Nickerson

- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**
  Committee Members: Benzian, Martinez, Perez, Sanchez, von Wilpert (Chair)

- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
  Committee Members: Cabrera (Chair), Martinez, Sly

- **FINANCE COMMITTEE:**
  Committee Members: Martinez, Sly (Chair), von Wilpert

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
  Liaisons: Benzian (Primary), Martinez

- **ARTS ADVISORY COMMITTEE:**
  Liaison: Martinez

LIAISONS

- **CALTRANS:**
  Liaison: Fox

- **INTERGOVERNMENTAL AFFAIRS:**
  Liaison: Cabrera

- **MILITARY AFFAIRS:**
  Liaison: Herrmann

- **PORT:**
  Liaisons: Cabrera (Primary), von Wilpert

- **WORLD TRADE CENTER:**
  Representative: Sly

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:**
  Representatives: Cabrera (Primary), Sly

- **SANDAG TRANSPORTATION COMMITTEE:**
  Representatives: Sanchez (Primary), Perez

CHAIR REPORT:

PRESIDENT/CEO 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- 20):

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:**
   RECOMMENDATION: Approve the minutes of the April 17, 2025, special meeting, May 1, 2025, regular meeting, and May 15, 2025, special 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.
   (Office of the Authority Clerk: Annette Fagan Ortiz, Authority Clerk)

3. **AWARDED CONTRACTS AND APPROVED CHANGE ORDERS FROM APRIL 4, 2025, THROUGH MAY 8, 2025, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM APRIL 4, 2025, THROUGH MAY 8, 2025**:
   RECOMMENDATION: Receive the report.
   (Procurement: Jana Vargas, Director)

4. **JUNE 2025 LEGISLATIVE REPORT:**
   RECOMMENDATION: Adopt Resolution No. 2025-0028, approving the June 2025 Legislative Report**.**
   (Strategy & Government Relations: Matt Harris, Director)

5. **APPROVE APPOINTMENTS TO THE ARTS ADVISORY COMMITTEE:**
   RECOMMENDATION: Adopt Resolution No. 2025-0029, approving the appointments of Robert Gleason and Cat Chiu Phillips to the Arts Advisory Committee for a second consecutive term.
   (Marketing and Air Service Development: Jon Graves, Director)

6. **APPOINTMENT OF PUBLIC MEMBER TO THE AUDIT COMMITTEE FOR A SECOND TERM BEGINNING JUNE 30, 2025:**
   RECOMMENDATION: Adopt Resolution No. 2025-0030, reappointing Claudia Huerta for a new three-year term as a public member to the Audit Committee, with a term ending June 30, 2028.
   (Office of the Authority Clerk: Annette Fagan Ortiz, Authority Clerk)

7. **MAKING CHANGES TO AUTHORITY POLICIES TO ENSURE CONTINUED COMPLIANCE WITH FEDERAL LAW AND AGREEING TO DEFEND AND INDEMNIFY AUTHORITY EMPLOYEES EXECUTING FEDERAL AGREEMENTS ON BEHALF OF THE AUTHORITY:**
   RECOMMENDATION: Adopt Resolution No. 2025-0044, making changes to Authority Policies to ensure continued compliance with Federal Law and agreeing to defend and indemnify Authority employees executing Federal agreements on behalf of the Authority.
   (Office of the Authority Clerk: Annette Fagan Ortiz, Authority Clerk)

CLAIMS:

8. **REJECT CLAIM OF LINDA MULLIGAN:**
   RECOMMENDATION: Adopt Resolution No. 2025-0031, rejecting the claim of Linda Mulligan.
   (General Counsel: Amy Gonzalez)

COMMITTEE RECOMMENDATIONS:

9. REVIEW OF AUTHORITY POLICY 4.20 – GUIDELINES FOR PRUDENT INVESTMENTS AND DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, CHIEF FINANCIAL OFFICER/TREASURER; AND AUTHORITY POLICY 4.40 - DEBT ISSUANCE AND MANAGEMENT POLICY:
RECOMMENDATION: Adopt Resolution No. 2025-0032, approving the delegation of authority to invest and manage Authority funds to the Vice President, Chief Financial Officer/Treasurer.
(Finance: Scott Brickner, Vice President/Chief Financial Officer)

10. REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE ON THE FINANCIAL AND COMPLIANCE AUDITS FOR THE FISCAL YEAR ENDED JUNE 30, 2025:
RECOMMENDATION: The Audit Committee recommends that the Board accept the information.
(Accounting: Elizabeth Stewart, Director)

11. FISCAL YEAR 2025 THIRD QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:
RECOMMENDATION: The Audit Committee recommends that the Board accept the report.
(Audit: Lee Parravano, Chief Auditor)

12. RISK ASSESSMENT AND PROPOSED FISCAL YEAR 2026 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:
RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2025-0033, approving the Fiscal Year 2026 Proposed Audit Plan of the Office of the Chief Auditor.
(Audit: Lee Parravano, Chief Auditor)

CONTRACTS AND AGREEMENTS:

13. AUTHORIZE EXECUTION OF THE APPLICATION AND AGREEMENT FOR SOCIAL SECURITY COVERAGE FOR AUTHORITY EMPLOYEES WHO ARE MEMBERS OF THE SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM (SDCERS):
RECOMMENDATION: Adopt Resolution No. 2025-0034, authorizing the execution of the Application and Agreement for Social Security coverage for employees of the San Diego County Regional Airport Authority who are members of the San Diego City Employees' Retirement System.
(General Counsel: Amy Gonzalez)

14. **AUTHORIZE A VOLUNTARY 2% SURCHARGE FOR FOOD AND BEVERAGE CONCESSIONS FOR EMPLOYEE RETENTION AND RECRUITMENT AT THE NEW TERMINAL 1 AND EXTEND THE EXISTING VOLUNTARY 2% SURCHARGE AT SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2025-0035 authorizing a voluntary 2% surcharge for food and beverage concessions at San Diego International Airport until July 1, 2028.
(Terminal Business Development: Deanna Zachrisson, Director)

15. **RATIFY A MEMORANDUM OF AGREEMENT WITH THE U.S. CUSTOMS AND BORDER PROTECTION FOR REIMBURSEMENT OF CRITICAL NETWORK INFRASTRUCTURE COSTS:**
RECOMMENDATION: Adopt Resolution No. 2025-0036, ratifying a Memorandum of Agreement with the U.S. Customs and Border Protection for reimbursement of critical network infrastructure costs.
(Information & Technology Services: Jessica Bishop, Director)

16. **RATIFY A MEMORANDUM OF AGREEMENT (SDO027A-OFO-25287C) WITH U.S. CUSTOMS AND BORDER PROTECTION FOR REIMBURSEMENT OF CENTRALIZED AREA VIDEO SURVEILLANCE SYSTEM (CAVSS) COSTS:**
RECOMMENDATION: Adopt Resolution No. 2025-0037, ratifying a Memorandum of Agreement (SDO027A-OFO-25287C) with U.S. Customs and Border Protection for reimbursement of Centralized Area Video Surveillance System (CAVSS) costs.
(Aviation, Security & Public Safety: Clint Welch, Director)

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

17. **AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 14, GROUP 1, PROJECT NO. 381401 TWENTY-FIVE (25) NON-HISTORIC SINGLE-FAMILY AND MULTI-FAMILY UNITS ON EIGHTEEN (18) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2025-0038, awarding a contract to S&L Specialty Construction, Inc. in the amount of $1,570,000 for Phase 14, Group 1, Project No. 381401, of the San Diego County Regional Airport Authority's Quieter Home Program and making a finding that the project is exempt from the California Environmental Quality Act.
(Planning, Noise, and Environment: Sjohnna Knack, Director)

18. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO AWARD BLANKET PURCHASE ORDERS TO PURCHASE IT EQUIPMENT AND SUPPLIES AS NEEDED FOR REPAIR AND MAINTENANCE:**
RECOMMENDATION: Adopt Resolution No. 2025-0039, approving and authorizing the President/CEO to award blanket purchase orders to GovConnection, Inc. dba Connection Public Sector Solutions, Questivity, Inc., and Zones, LLC for a three-year term with an option for two (2) one-year extensions, in a combined amount not-to-exceed $4,500,000 for the purchase of computer equipment, software, software licensing and maintenance, hardware maintenance and peripherals.
(Information & Technology Services: Jessica Bishop, Director)

19. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH SAAB, INC., TO PROVIDE A FLIGHT TRACKING AND SURFACE AREA MANAGEMENT SYSTEM AT SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2025-0040, approving and authorizing the President/CEO to execute an agreement with Saab, Inc., to provide a Flight Tracking and Surface Area Management System for three (3) years, with five (5) one-year options exercisable at the sole discretion of the President/CEO, in an amount not to exceed $2,059,864.
(Airside & Terminal Operations: Amiel Porta, Director)

20. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT FOR IDENTITY MANAGEMENT SYSTEM (IDMS) SERVICES:**
RECOMMENDATION: Adopt Resolution No. 2025-0041, approving and authorizing the President/CEO to execute an Agreement with AirBadge LLC for a term of three (3) years, with the option for two (2) one-year extensions in an amount not to exceed one million two hundred fifty thousand dollars $1,250,000.
(Aviation, Security & Public Safety: Clint Welch, Director)

PUBLIC HEARINGS:

21. **PRESENT THE STATUS OF AUTHORITY VACANCIES (GOVERNMENT CODE SECTION 3502.3):**
(Human Resources: Monty Bell, Director)

OLD BUSINESS:

NEW BUSINESS:

22. **APPROVAL AND ADOPTION OF THE OPERATING BUDGET FOR FISCAL YEAR 2026, THE CAPITAL PROGRAM FOR FISCAL YEARS 2026-2030, AND CONCEPTUAL APPROVAL OF THE OPERATING BUDGET FOR FISCAL YEAR 2027:**
RECOMMENDATION: Adopt Resolution No. 2025-0042, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2026, the Capital Program for Fiscal Years 2026-2030, and conceptually approving the Annual Operating Budget for Fiscal Year 2027.
(Finance: Scott Brickner, Vice President/Chief Financial Officer)

23. **AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED $1.0 BILLION IN AGGREGATE PRINCIPAL AMOUNT OF ONE OR MORE SERIES OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY SENIOR AIRPORT REVENUE BONDS; APPROVING THE FORMS OF A SIXTH SUPPLEMENTAL TRUST INDENTURE, PRELIMINARY AND FINAL OFFICIAL STATEMENTS, A PURCHASE CONTRACT, A CONTINUING DISCLOSURE CERTIFICATE, AND CERTAIN RELATED MATTERS:**
RECOMMENDATION: Adopt Resolution No. 2025-0043, authorizing the issuance and sale of not to exceed $1.0 billion in aggregate principal amount of one or more series of San Diego County Regional Airport Authority Senior Airport Revenue Bonds; and approving related documents and matters.
(Finance: Scott Brickner, Vice President/Chief Financial Officer)

24. **PUBLIC EMPLOYEE COMPENSATION: DISCUSSION AND POSSIBLE ACTION CONCERNING COMPENSATION FOR THE PRESIDENT/CEO:**
RECOMMENDATION: The Board will be discussing and possibly taking action regarding the performance of the President/CEO.
(Human Resources: Monty Bell, Director)

25. **PUBLIC EMPLOYEE COMPENSATION: DISCUSSION AND POSSIBLE ACTION CONCERNING COMPENSATION FOR THE GENERAL COUNSEL:**
RECOMMENDATION: The Board will be discussing and possibly taking action regarding the performance of the General Counsel.
(Human Resources: Monty Bell, Director)

26. **PUBLIC EMPLOYEE COMPENSATION: DISCUSSION AND POSSIBLE ACTION CONCERNING COMPENSATION FOR THE CHIEF AUDITOR:**
RECOMMENDATION: The Board will be discussing and possibly taking action regarding the performance of the Chief Auditor.
(Human Resources: Monty Bell, Director)

CLOSED SESSION:

27. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:
Cal. Gov. Code §54957
Title: President/Chief Executive Officer

28. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:
Cal. Gov. Code §54957
Title: General Counsel

29. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:
Cal. Gov. Code §54957
Title: Chief Auditor

30. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:
Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9
Name of Case: San Diego County Regional Airport Authority v. AQ US SW Holding Co., et al., San Diego Superior Court Case No. 37-2023-00032124-CU-BC- CTL

31. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9
Number of potential Cases: 2

REPORT ON CLOSED SESSION:

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 submit a speaker slip to the Clerk 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 submit a speaker slip 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 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.
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.
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.

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) 400-2550 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 Airport Administration Building Parking Lot (entrance on the east side of McCain Road). Bring your ticket to the first-floor receptionist for validation.
Visitors can park in the lot from 8:00 a.m. to 5:00 p.m.
You may also reach the SDCRAA Building by using public transit via the San Diego MTS System, Route 923. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511

<u>DRAFT</u>
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL BOARD AND CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE MEETING MINUTES
THURSDAY, APRIL 17, 2025
BOARD ROOM

<u>CALL TO ORDER</u>: Chair von Wilpert called the Special Board and Capital Improvement Program Oversight Committee meeting to order at 10:01 a.m., on Thursday, April 17, 2025, in the Board Room of the San Diego International Airport, Administration Building, 2417 McCain Road, San Diego, CA 92101.

<u>PLEDGE OF ALLEGIANCE</u>: Chair von Wilpert led the Pledge of Allegiance.

<u>ROLL CALL</u>:

Board

Present:	Benzian, Cabrera (Chair), Martinez, Montgomery Steppe, Perez, Sanchez, Sly, von Wilpert
Absent:	Fox (Ex-Officio), Herrmann (Ex-Officio) Perrault (Ex-Officio), Vaus

Capital Improvement Program Oversight Committee

Present:	Benzian, Martinez, Perez, Sanchez, von Wilpert (Chair)
Absent:	None
Also Present:	Kimberly J. Becker, CEO/President; Amy Gonzalez, Counsel Service; Arely Valenzuela, Assistant Authority Clerk I; Sonja Banks, Assistant Authority Clerk I

<u>NON-AGENDA PUBLIC COMMENT</u>: None.

NEW BUSINESS:

1. APPROVAL OF MINUTES:
RECOMMENDATION: Approve the minutes of the January 16, 2025, regular meeting.

ACTION: Board Member Perez moved approval of staff recommendation. Board Member von Wilpert seconded the motion, which carried unanimously.

2. NEW TERMINAL 1 AND FINANCE UPDATE:
Bob Bolton, Director, Airport Design & Construction, Brian DeLaura, Airline Technical Representative, Airport Design & Construction and Maya Dayan, Director, Capital Financial Planning and Airline Relations provided a presentation on New Terminal 1 and Finance Update that included New Terminal 1 Project Timeline and Milestones; Terminal and Roadways Construction Update; New Terminal 1 Arrival Road; New Terminal Logistics; and a Financial Update, including Contingency Use Summary.

Board Member Sly arrived at the meeting 10:27 a.m.

BOARD WORKSHOP:

3. PROPOSED CAPITAL PROGRAM BUDGET FOR FISCAL YEAR 2026-2030:
Shohreh Beladi, Program Manager, Airport Design and Construction and Maya Dayan, Director, Capital Financial Planning and Airline Relations provided a presentation on the Capital Program Budget Fiscal Years 2026-2030 that included Capital Program Overview; Proposed New Capital Projects (8); Terminal 2 East Connector; Terminal 2 East Lounge; Perimeter Fencing Enhancements and Perimeter Instruction Detention System (PIDS) Realignment; Chilled Water Pipe Insulation; Terminal 2 West Revenue Optimization; Access Control System Modernization; Airport IT Rooms Remediation; Acquisition of Transit Buses (5); Current/Proposed Capital Program Project Locations; Capital Program Budget Summary; Proposed Fiscal Year 2026-2030 Capital Program Project Locations; and Proposed Fiscal Year 2026-2030 Capital Program Preliminary Sources of Funds.

COMMITTEE AND BOARD MEMBER COMMENTS: None

ADJOURNMENT: The meeting adjourned at 11:00 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 5th DAY OF JUNE 2025.

ATTEST:

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ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ
GENERAL COUNSEL

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, MAY 1, 2025
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
BOARD ROOM

CALL TO ORDER: Chair Cabrera called the meeting of the San Diego County Regional Airport Authority Board to order at 9:02 a.m. on Thursday, May 1, 2025, at the San Diego County Regional Airport Authority, Administration Building, 2417 McCain Road, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Chair Cabrera led the Pledge of Allegiance.

ROLL CALL:

PRESENT:	Board Members:	Cabrera (Chair), Herrmann (Ex-Officio), Martinez, Montgomery Steppe, Perez, Sly (Vice Chair), Vaus
ABSENT:	Board Members:	Benzian, Fox (Ex-Officio), Perrault (Ex-Officio), Sanchez, von Wilpert
ALSO PRESENT:	Kimberly Becker, President/CEO; Amy Gonzalez, General Counsel; Arely Valenzuela, Assistant Authority Clerk II; Sonja Banks, Assistant Authority Clerk II	

PRESENTATIONS:

A. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025:
Scott Brickner, Vice President and Chief Financial Officer, provided a presentation on the Review of the Unaudited Financial Statements for the Nine Months, Ended March 31, 2025, and 2024, which included, Operating Revenues; Operating Expenses; Non-Operating Revenues and Expenses; Financial Summary; Statement of Net Position as of March 31, 2025; Assets and Deferred Outflow of Resources; Liabilities, Deferred Outflow of Resources and Net Position.

Board Member Herrman (Ex-Officio) arrived at the meeting at 9:11 a.m.

Chair Cabrera announced that Committee Reports will be heard after the Consent Agenda and New Business Item.

<u>REPORTS FROM BOARD COMMITTEES, AD HOC COMMITTEES, AND CITIZEN COMMITTEES AND LIAISONS</u>:

- **AUDIT COMMITTEE:** Board Member Vaus reported that the committee last met on February 10 and that the next meeting is Monday, May 5 at 10 a.m.

- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** Board Member Perez reported that the committee met on April 17 to review NT1 construction progress and a proposed CIP program, which includes seven new projects for the next fiscal year. NT1 remains on schedule for its September 22 opening. The next CIPOC meeting is set for July 10, following the July Board meeting.

- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** Chair Cabrera reported that the committee met last month to review the 2026 Annual Benefits Renewal, which has been placed on today's agenda for approval. The next committee meeting is scheduled from May 22, immediately following the Executive and Finance Committees Meeting.

- **FINANCE COMMITTEE:** Board Member Sly reported that the committee met on April 21, 2025. He reported that the committee reviewed the Unaudited Financial Statements for the Nine Months ended March 31, 2025, and reviewed the Authority Investment Report as of March 31, 2025. The next meeting is scheduled for May 22, 2025.

<u>ADVISORY COMMITTEES</u>:

- **AUTHORITY ADVISORY COMMITTEE:** Board Member Martinez reported that the committee has not met since the last Board meeting and that the next scheduled meeting is July 24.

- **ARTS ADVISORY COMMITTEE:** Board Member Martinez reported that the next scheduled committee meeting will be on June 26, 2025, from 2-4 p.m. She also announced the installation of two public art pieces: *Sandcast* (1996) by local artist Charles Faust has been relocated from existing T1 to above the main entry/exit stairway and *Torrey Pines* (2025) by Nova Jiang, hanging in the ticketing lobby in the new Terminal 1.

LIAISONS:

- **CALTRANS:** None.

- **INTERGOVERNMENTAL AFFAIRS:** Chair Cabrera reported that in Washington, the House and Senate have passed identical budget resolutions, advancing reconciliation for the President's priorities, and has begun the FY 2026 appropriations process. In Sacramento, the Governor and Legislature are focused on the May budget revision amid cost pressures and a volatile revenue forecast. Thousands of legislative proposals are still being debated, with a May 2 deadline for policy committees to refer bills with new state spending to the fiscal committee.

- **MILITARY AFFAIRS:** Board Member Herrmann reported Miramar's runway 24L is under repair, hence the base will operate as a single runway for a period of time.

- **PORT:** None.

- **WORLD TRADE CENTER:** Board Member Sly reported that the World Trade Center Board of Directors has not met since the last board meeting. The next meeting is scheduled for Wednesday, June 4, at the Port of San Diego office.

BOARD REPRESENTATIVES (EXTERNAL):

- **SANDAG BOARD OF DIRECTORS:** Chair Cabrera reported that the SANDAG Board of Directors met twice since the last Board meeting, discussing General Counsel hiring methods and policy amendments following the 2024 audit. The board retreat is scheduled for today and tomorrow.

- **SANDAG TRANSPORTATION COMMITTEE:** Board Member Perez reported that the SANDAG Transportation Committee met twice since the last board meeting, discussing outreach findings for updating the region's transit plan and reviewing preliminary audit findings from the Independent Taxpayer Oversight Committee. The next meeting is on May 16.

CHAIR REPORT: Chair Cabrera highlighted National Travel & Tourism Week (May 4–10) and National Small Business Week, noting the airport's $12 billion economic impact and involvement of over 300 small businesses in NT1 construction. He, along with other board members, participated in the San Diego Chamber's 2025 Washington, D.C. mission.

PRESIDENT/CEO REPORT: Kim Becker, President/CEO, reminded that Real ID enforcement begins May 7. April highlights included a leadership retreat, multigenerational workforce webinar, Bring Your Kid to Work Day, Creek to Bay Cleanup, Honor Flight for 90 veterans, and the Take Flight program hosting 45 local students.

NON-AGENDA PUBLIC COMMENT:

ALFRED BANKS, taxi driver, expressed concerns over passenger drop-off fees, driver seating and staff training.

CARELYN REYNOLDS, Transportation Alliance Group, spoke regarding identifying and working on solutions to make the ground transportation plaza effective.

JR RAZO, spoke regarding identifying and working on solutions to make the ground transportation plaza effective.

TONY HUESO, spoke regarding identifying and working on solutions to make the ground transportation plaza effective.

CONSENT AGENDA (ITEMS 1 - 10):

ACTION: Moved by Commissioner Vaus and seconded by Commissioner Sly to approve the Consent Agenda. Motion carried by the following votes: YES – Cabrera, Martinez, Montgomery Steppe, Perez, Sly Vaus; NO – None; ABSENT – Benzian, Sanchez and von Wilpert (Weighted Vote Points: YES – 63; NO – 0; ABSENT – 27)

1. **APPROVAL OF MINUTES:**
   RECOMMENDATION: Approve the minutes of the April 3, 2025, 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 AND APPROVED CHANGE ORDERS FROM MARCH 7, 2025, THROUGH APRIL 3, 2025, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM MARCH 7, 2025, THROUGH APRIL 3, 2025**:
   RECOMMENDATION: Receive the report.

4. MAY 2025 LEGISLATIVE REPORT:
RECOMMENDATION: Adopt Resolution No. 2025-0022, approving the May 2025 Legislative Report**.**

CLAIMS:

5. REJECT CLAIM OF JEAN JONES:
RECOMMENDATION: Adopt Resolution No. 2025-0023, rejecting the claim of Jean Jones.

6, REJECT CLAIM OF MICHAEL HERBERHOLZ:
RECOMMENDATION: Adopt Resolution No. 2025-0024, rejecting the claim of Michael Herberholz.

COMMITTEE RECOMMENDATIONS:

7. ACCEPTANCE OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2025:
RECOMMENDATION: The Finance Committee recommends that the Board accept the report.

8. ACCEPTANCE OF THE AUTHORITY INVESTMENT REPORT AS OF MARCH 31, 2025:
RECOMMENDATION: The Finance Committee recommends that the Board accept the report.

CONTRACTS AND AGREEMENTS:

9. AUTHORIZE A REDUCTION IN THE AMOUNT OF RETENTION WITHHELD ON PROGRESS PAYMENTS TO TURNER-FLATIRON, A JOINT VENTURE FOR WORK PERFORMED ON THE NEW TERMINAL 1 TERMINAL AND ROADWAYS PROJECT:
RECOMMENDATION: Adopt Resolution No. 2025-0025, authorizing a reduction in the amount of retention withheld on progress payments to Turner-Flatiron, a Joint Venture for work performed on the New Terminal 1 Terminal and Roadways Project.

10. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FOURTH AMENDMENT TO THE AGREEMENT WITH OPTAVISE LLC:
RECOMMENDATION: Adopt Resolution No. 2025-0026, approving and authorizing the President/CEO to execute a Fourth Amendment to the Agreement with Optavise LLC, extending the term for three months and increasing the compensation amount.

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

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

11. RENEWAL OF HEALTH & WELFARE BENEFITS FOR 2026:
RECOMMENDATION: Adopt Resolution No. 2025-0027, approving the renewal of the Health and Welfare Benefits Program for 2026.

Monty Bell, Director, Human Resources, provided a presentation on the Health and Welfare Renewal Benefits Program for 2026 that included Medical Renewal History, Current Program Overview, Market Solution, Ancillary Overview, and Additional Benefits.

ACTION: Moved by Commissioner Sly and seconded by Commissioner Vaus to approve the Consent Agenda. Motion carried by the following votes: YES – Cabrera, Martinez, Montgomery Steppe, Perez, Sly Vaus; NO – None; ABSENT – Benzian, Sanchez and von Wilpert (Weighted Vote Points: YES – 63; NO – 0; ABSENT – 27)

The Board recessed at 10:02 a.m. and reconvened at 10:03 a.m.

CLOSED SESSION: The Board recessed into Closed Session at 10:04 a.m. to hear item 13.

12. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:
Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9
Name of Case: San Diego County Regional Airport Authority v. AQ US SW Holding Co., et al., San Diego Superior Court Case No. 37-2023-00032124-CU-BC- CTL

13. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9
Number of potential Cases: 1

REPORT ON CLOSED SESSION: The Board adjourned out of Closed Session at 10:49 a.m.

GENERAL COUNSEL REPORT:

BOARD COMMENT:

ADJOURNMENT: The meeting adjourned at 10:49 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 5TH DAY OF JUNE 2025.

ATTEST:

____
ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

____
AMY GONZALEZ
GENERAL COUNSEL

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, MAY 15, 2025
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
BOARD ROOM

CALL TO ORDER: Chair Cabrera called the special meeting of the San Diego County Regional Airport Authority Board to order at 9:00 a.m. on Thursday, May 15, 2025, at the San Diego County Regional Airport Authority, Administration Building, 2417 McCain Road, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Chair Cabrera led the Pledge of Allegiance.

ROLL CALL:

PRESENT:	Board Members:	Benzian, Cabrera (Chair), Martinez, Montgomery Steppe, Perez, Sly, Vaus, von Wilpert
ABSENT:	Board Members:	Sanchez

ALSO PRESENT: Kimberly J. Becker, President/CEO; Jennifer Fontaine, Associate General Counsel III; Arely Valenzuela, Assistant Authority Clerk II; Patricia Willis, Assistant Authority Clerk II

Board Member von Wilpert arrived at 9:34 a.m.

BUDGET WORKSHOP:

1. **DISCUSSION REGARDING THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FISCAL YEAR 2026 PROPOSED BUDGET AND FISCAL YEAR 2027 PROPOSED CONCEPTUAL BUDGET:**
Scott Brickner, Vice President/CFO; Maryellen Antonio, Manager, Finance & Risk Management provided a presentation on the Fiscal Year 2026 Proposed Budget & Fiscal Year 2027 Proposed Conceptual Budget that included Strategic Plan; Economic, Industry and Credit Overview; Budget Process; Revenue Budget Overview; Expense Budget Overview; Budget Summary; Capital Program Budget; and Plan of Finance Fiscal Years 2025-2030.

PUBLIC COMMENTS ON ITEM 1:

TONY HUEZO, USA Cab and Transportation Alliance Group member, San Diego, spoke regarding continuing problems with parking spaces, decline in revenue, and staff response time.

CARELYN REYNOLDS, Transportation Alliance Group, San Diego, opposes the ground transportation fees.

ALFRED BANKS, San Diego, opposes the ground transportation fees.

ADRIAN KWIATKOWSKI, President / CEO of Alliance Group, San Diego, opposes the ground transportation fees.

ABEL SEIFU, San Diego, opposes the ground transportation fees.

HORACIO SANCHEZ, Flywheel Technologies, Bellflower, CA, highlighted the company's progress on cab meters and apps in San Diego.

BOARD MEMBER COMMENTS ON ITEM 1:

Board Member Montgomery-Steppe requested a briefing on the breakdown of small business priorities. Chair Cabrera stated that this would be scheduled on the presentation calendar for the Board Members.

Board Member Perez requested that the staff explore alternatives that could make it a little more equitable for ground transportation.

Board Member von Wilpert requested that the conversation continue about why TNCs have a different rate structure than taxis.

Board Member Benzian also requested continuing talks on the ground transportation fees.

Chair Cabrera stated that it will be helpful to carve out the unrealized items on the presentation slide 46, Budget Summary.

CLOSED SESSION: The Board recessed into Closed Session at 10:45 a.m. to hear item 2.

2. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9:
Number of potential Cases: 1

REPORT ON CLOSED SESSION: The meeting adjourned out of Closed Session at 11:29 a.m. There was no reportable action.

GENERAL COUNSEL REPORT:

BOARD COMMENT:

ADJOURNMENT: The meeting adjourned at 11:29 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 5TH DAY OF JUNE 2025.

ATTEST:

____
ARELY VALENZUELA
ASSISTANT AUTHORITY CLERK II

APPROVED AS TO FORM:

____
AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Updated 06/04/2025

Item No. 2

Staff Report

Meeting Date: June 5, 2025

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. 2019-0074, 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.

Fiscal Impact:

Board and Committee Member Compensation is included in the FY 2025 Budget

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☒ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☐ Financial Strategy ☒ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Annette Fagan Ortiz
Authority Clerk

Attachment A

Added to Packet 06/04/2025

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074 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 Board Services, Authority Clerk Staff.

Period Covered:	May 1 through May 31
Board Member Name:	Gil Cabrera
Date:	5/31/25

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/1/2025 - 9am-1030am - SDCRAA Board Room	SDCRAA Board of Directors and ALUC Meeting
☐ Brown Act ☐ Pre-approved ☑ Res. 2019-0074	5/7/2025 - 4:30pm-6:30pm Coasterra	KLM - SAN Celebration Reception
☐ Brown Act ☐ Pre-approved ☑ Res. 2019-0074	5/8/2025 - 12pm-130pm - SAN Terminal 2 Gate 51	KLM Inaugural Event
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/9/2025 - 1030-1230 - SANDAG Board Room	SANDAG Board of Directors Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/15/2025 - 9:00am-1130am - SDCRAA Board Room	Board of Directors Meeting - FY2026 Budget Workshop
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/22/2025 - 9am-12:30pm - SDCRAA Board Room	Executive & Finance Committee Meeting and Executive Personnel and Comp Committee Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/23/2025 - 9:00am-1130am - SDCRAA Board Room	SANDAG Board of Directors Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/30/2025 - 10:30am-1200pm - SDCRAA Board Room	SANDAG Board of Directors Meeting

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

Signature: Gil Cabrera Digitally signed by Gil Cabrera Date: 2025.05.31 10:47:53 -07'00'

Added at Meeting

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for “day of service” compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. 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 Board Services, Authority Clerk Staff.

Period Covered:	**December 2024 - May 30, 2025**
Board Member Name:	**Whitney Benzian**
Date:	**Jun 4, 2025**

Type of Meeting	**Date/Time/Location of Event/Meeting/Training**	**Summary and Description of the Event/Meeting/Training**
Brown Act ☒ Pre-approved Res. 2019-0074	12/5/24 - ALUC/Board meeting - 9am	
Brown Act ☒ Pre-approved Res. 2019-0074	1/9/25 - ALUC/Board meeting -9am 1/16 - CIPOC	
Brown Act ☒ Pre-approved Res. 2019-0074	2/13/25 - ALUC/Board meeting - 9am	
Brown Act ☒ Pre-approved Res. 2019-0074	3/6 - - ALUC/Board meeting - 9am	
Brown Act ☒ Pre-approved Res. 2019-0074	4/3 - ALUC/Brd mtg - 9am 4/17 - Special Board Mtg Capital Budget Workshop	

Brown Act ☐ Pre-approved Res. 2019-0074	5/1 - ALUC/Board meeting - 9am 5/15 - Budget Workshop - 9am	
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		

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

Signature: W B

Added to Packet 06/04/2025

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:	MAY 2025
Board Member Name:	Lidia S Martinez
Date:	5/31/25

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/1/25 9am AA Administration Building	Board/ALUC Committee Meeting
☐ Brown Act ☑ Pre-approved ☐ Res. 2019-0074	5/7/25 9am Coasterra Restaurant	KLM San Diego to Amsterdam Route Launch
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/15/25 9am AA Administration Building	Budget Workshop
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/22/25 9am AA Administration Building	Executive-Finance Committee Meeting Executive Personnel and Compensation Committee
☐ Brown Act ☑ Pre-approved ☐ Res. 2019-0074	5/29/25. 4:30pm Coasterra	Voice of San Diego Off the Record: 20th Anniversary
☐ Brown Act ☑ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		

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

Signature: Lidia S Martinez

Added at Meeting

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:	1 May 2025 - 31 May 2025
Board Member Name:	Monica Montgomery Steppe
Date:	6/2/25

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	May 1, 2025, 9am - 12pm, Board Room	Board/ALUC Committee Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	May 5, 2025, 10am - 1pm, 2417 McCain Road	Audit Committee Meeting
☐ Brown Act ☑ Pre-approved ☐ Res. 2019-0074	May 7, 2025, 4:30 - 7pm, Coasterra	KLM Recption
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	May 15, 2025, 9-12pm, Board Room	Budget Workshop
☐ Brown Act ☑ Pre-approved ☐ Res. 2019-0074	May 27, 2025 1-2:15pm, Training Room	Badge Usage Training and Renewal
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		

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

Signature: [signature]

Added at Meeting

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. 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 Board Services, Authority Clerk Staff.

Period Covered:	5/1/25-5/31/25
Board Member Name:	Rafael Perez
Date:	6/5/25

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/1/25 9am, SAN Admin	Board/ALUC
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/5/25 10am SAN Admin	Audit Committee
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/15/25 9am SAN admin	Budget workshop
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/16/25 9am SANDAG	Transportation Cmt.
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/22/25 9am SAN Admin	Exec/Finance
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		

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

Signature:________________________

Added at Meeting

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. 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 Board Services, Authority Clerk Staff.

Period Covered:	1 December 2024 - 28 February 2025
Board Member Name:	James Sly
Date:	6/4/25

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	12/5/24: 9AM-12PM, SDCRAA Offices	SDCRAA Board of Directors Meeting and ALUC Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	12/19/24: 9AM-12PM, SDCRAA Offices	SDCRAA Executive-Finance Committee
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	1/9/25: 9AM-12PM, SDCRAA Offices	SDCRAA Board of Directors Meeting and ALUC Meeting
☐ Brown Act ☑ Pre-approved ☐ Res. 2019-0074	1/24/25: 3:30PM-5PM, New Terminal 1 Building	New T1 Tour
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	1/27/25: 9AM-12PM, SDCRAA Offices	SDCRAA Executive-Finance Committee
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	2/13/25: 9AM-12PM, SDCRAA Offices	SDCRAA Board of Directors Meeting and ALUC Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	2/24/25: 9AM-12PM, SDCRAA Offices	SDCRAA Executive-Finance Committee
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		

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

Signature: JSly

Added at Meeting

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. 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 Board Services, Authority Clerk Staff.

Period Covered:	1 March 2025 - 30 April 2025
Board Member Name:	James Sly
Date:	6/4/25

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	3/6/25: 9AM-12PM, SDCRAA Offices	SDCRAA Board of Directors Meeting and ALUC Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	3/24/25: 9AM-12PM, SDCRAA Offices	SDCRAA Executive-Finance Committee
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	4/3/25: 9AM-12PM, SDCRAA Offices	SDCRAA Board of Directors Meeting and ALUC Meeting, Special EPCC Meeting
☐ Brown Act ☑ Pre-approved ☐ Res. 2019-0074	4/16/25: 1PM-1:45PM, Teams Meeting	Board Member Briefing
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	4/17/25: 10AM-1PM, SDCRAA Offices	Special Board Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	4/21/25: 9AM-12PM, SDCRAA Offices	SDCRAA Executive-Finance Committee
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		

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

Signature: JSly

Added at Meeting

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. 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 Board Services, Authority Clerk Staff.

Period Covered:	1 May 2025 - 31 May 2025
Board Member Name:	James Sly
Date:	6/4/25

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/1/25: 9AM-12PM, SDCRAA Offices	SDCRAA Board of Directors Meeting and ALUC Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/15/25: 9AM-12PM, SDCRAA Offices	SDCRAA Budget Workshop
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/22/25, 9AM-12PM, SDCRAA Offices	SDCRAA Executive-Finance Committee, EPCC Meeting
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		

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

Signature: J Sly

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. 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 Board Services, Authority Clerk Staff.

Period Covered:	May 2025
Board Member Name:	Steve Vaus
Date:	5/27/27

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/1/25: McCain Road, San Diego (Headquarters)	Board/ALUC Committee Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/5/25: McCain Road, San Diego (Headquarters)	Audit Committee Meeting
☐ Brown Act ☑ Pre-approved ☐ Res. 2019-0074	5/7/25: 880 B Harbor Island Drive, San Diego (Coastera)	KLM Royal Dutch Airlines Reception
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/15/25: McCain Road, San Diego (Headquarters)	Special Board Meeting & Closed Session
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		

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

Signature: Steve Vaus Digitally signed by Steve Vaus Date: 2025.05.27 15:47:25 -07'00'

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074 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 Board Services, Authority Clerk Staff.

Period Covered:	May 1st 2025- May 31st 2025
Board Member Name:	Marni von Wilpert
Date:	5/29/25

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	5/15/25 9:00 am - 12:00 pm, Board Room	Airport Budget Workshop
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		

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

Signature: Marni von Wilpert

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 3

Staff Report

Meeting Date: June 5, 2025

Subject:

Awarded Contracts and Approved Change Orders from April 4, 2025, through May 8, 2025, and Real Property Agreements Granted and Accepted from April 4, 2025, through May 8, 2025

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/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☐ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☒ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Jana Vargas
Director, Procurement

Attachment "A"							
AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 04, 2024 THROUGH May 08, 2025							
New Contracts							
Date Signed	**CIP #**	**Company**	**Description**	**Solicitation Method**	**Owner**	**Contract Value**	**End Date**
4/7/2025		Dalton Motors	The Contractor will provide a Toyota RAV4 Hybrid vehicle for the San Diego County Regional Airport Authority.	Informal RFB	Facilities Management	$40,268.33	5/30/2025
4/8/2025		Aguiar Professional Training LLC	The Contractor is one (1) of a pool of four (4) who will provide Leadership and Career Development Services for the San Diego County Regional Airport Authority.	RFP	Human Resources	$800,000.00	3/9/2028
4/10/2025		Emergency Vehicle Systems, LLC	The Contractor will provide Emergency Vehicle Up-Fitters for Two (2) New/Unused 2025 Chevy Tahoe Policy Pursuit Vehicles for the San Diego County Regional Airport Authority.	RFB	Facilities Management	$50,082.86	6/10/2025
4/17/2025		Zones, LLC	The Contractor will provide laptops and monitor refresh for the San Diego County Regional Airport Authority.	Consortium RFP	Information and Technology Services	$374,346.79	4/25/2025
4/21/2025		Mythics, LLC	The Contractor will provide Annual Renewal of Oracle PAAS and IAAS Universal Cloud Credits for the San Diego County Regional Airport Authority.	Consortium RFP	Information and Technology Services	$9,999.00	7/9/2025
4/21/2025		Wired Media Solutions	The Contractor will update and reprogram the lighting control system for Terminal 2 Parking Plaza at San Diego International Airport.	Sole Source	Facilities Management	$11,872.78	6/30/2025
4/22/2025		Sylvester Roofing Company Inc.	The Contractor will provide On-Call Roofing Services for the San Diego County Regional Airport Authority.	RFP	Facilities Management	$950,000.00	3/25/2028
4/30/2025		Adapt Global	The Contractor will provide scissor lift trays and wrist pads for the San Diego County Regional Airport Authority.	Quote	Information and Technology Services	$9,648.22	5/27/2025
4/30/2025		SITA Information Networking Computing USA Inc.	The Contractor will provide maintenance services on existing Biometric Exit Kiosks at San Diego International Airport.	Sole Source	Airside & Terminal Operations	$310,972.00	4/30/2029
4/30/2025		ARC Document Solutions, LLC	The Contractor will provide On-Call Reprographic Printing Services for the San Diego County Regional Airport Authority.	RFP	Procurement	$300,000.00	5/4/2028
4/30/2025		Zuza LLC	The Contractor is part of a pool of two (2) who will provide High End Printing Services for the San Diego County Regional Airport Authority.	RFP	Procurement	$300,000.00	5/4/2028
4/30/2025		ARC Document Solutions, LLC	The Contractor is part of a pool of two (2) who will provide High End Printing Services for the San Diego County Regional Airport Authority.	RFP	Procurement	$300,000.00	5/4/2028
5/1/2025		ARC Document Solutions, LLC	The Contractor is part of a pool of two (2) who will provide Large Format Printing Services for the San Diego County Regional Airport Authority.	RFP	Procurement	$300,000.00	5/4/2028

Attachment "A"							
AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 04, 2024 THROUGH May 08, 2025							
New Contracts							
Date Signed	**CIP #**	**Company**	**Description**	**Solicitation Method**	**Owner**	**Contract Value**	**End Date**
5/1/2025		Scantech Graphics, Inc.	The Contractor is part of a pool of two (2) who will provide Large Format Printing Services for the San Diego County Regional Airport Authority.	RFP	Procurement	$300,000.00	5/4/2028
5/1/2025		Cart Mart	The Contractor will provide three (3) mini carts with upgrade for the San Diego County Regional Airport Authority.	Informal RFB	Facilities Management	$37,505.00	5/30/2025
5/5/2025		Oracle	The Contractor will provide technical support services for the JD Edwards EnterpriseOne System for the San Diego County Regional Airport Auhority.	Sole Source	Information and Technology Services	$980,000.00	6/5/2030
5/7/2025		Kambrian Corporation	The Contractor will provide remote licenses, maintenance and support for VMware for the San Diego County Regional Airport Authority.	Informal RFP	Information and Technology Services	$89,719.20	5/7/2026

Attachment "A"							
AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 04, 2024 THROUGH May 08, 2025							
New Contracts Approved by the Board							
Date Signed	**CIP #**	**Company**	**Description**	**Solicitation Method**	**Owner**	**Contract Value**	**End Date**
4/21/2025		Mark Zebrowski	The Agreement was approved by the Board at the April 3, 2025 Board Meeting. The Contractor will provide legal services for the San Diego County Regional Airport Authority.	Sole Source	General Counsel	$500,000.00	4/8/2026
4/25/2025	381311	S&L Specialty Construction Inc. QHP 13.11	The Agreement was approved by the Board at the February 13, 2025 Board Meeting. The Contractor will provide sound attenuation treatments to residences surrounding the San Diego International Airport.	RFB	Planning, Noise, & Environment	$1,780,600.00	2/11/2026
5/8/2025		Critical Loop Inc.	The Contractor will provide Battery Energy Storage System (BESS) Software Installation and Operation for the San Diego County Regional Airport Authority.	RFP	Facilities Management	$1,700,000.00	4/30/2028

Attachment "A"									
AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 04, 2024 THROUGH May 08, 2025									
Amendments and Change Orders									
Date Signed	**CIP #**	**Company**	**Description of Change**	**Owner**	**Previous Contract Amount**	**Change Order Value (+ / -)**	**Change Order Value (%) (+ / -)**	**New Contract Value**	**New End Date**
4/7/2025		Propio, LS LLC	The Assignment and Consent Agreement transfers agreement from Telelanguage to Propio, LS LLC. The Contractor will provide language interpretation services for the San Diego County Regional Airport Authority.	Airside & Terminal Operations	$49,000.00	$0.00	0.0%	$49,000.00	12/13/2025
4/9/2025		Woolpert, Inc.	The First Amendment revises Exhibit B to add language regarding reimbursable expenses. The Contractor will provide a Computerized Maintenance Management System (CMMS) for the San Diego County Regional Airport Authority.	Facilities Management	$2,400,000.00	$0.00	0.0%	$2,400,000.00	1/22/2028
4/21/2025		Deloitte Consulting, LLP	The First Amendment adds Exhibit D - FEMA Special Provisions and reflects the Contractor's legal name change. The Contractor provides On-Call IT Cyber Services for the San Diego County Regional Airport Authority.	Information and Technology Services	$600,000.00	$0.00	0.0%	$600,000.00	5/2/2026
4/29/2025		WSP USA Inc.	The Assignment and Consent Agreement transfers agreement from WSP USA Environment & Infrastructure, Inc. to WSP USA Inc. The Contractor is a pool of three (3) who provides On-Call Materials Testing, Special Inspection and Geotechnical Engineering Support Services for the San Diego County Regional Airport Authority.	Airport Design and Construction	$5,000,000.00	$0.00	0.0%	$5,000,000.00	3/14/2026

Attachment "A"									
AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 04, 2024 THROUGH May 08, 2025									
Amendments and Change Orders Approved by the Board									
Date Signed	**CIP #**	**Company**	**Description of Change**	**Owner**	**Previous Contract Amount**	**Change Order Value (+ / -)**	**Change Order Value (%) (+ / -)**	**New Contract Value**	**New End Date**
			No Amendments and Change Orders Approved by the Board						

Attachment "B"

REAL PROPERTY AGREEMENTS EXECUTED FROM April 4, 2025 THROUGH May 8, 2025

Real Property Agreements (Per Board Policy 6.01)

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
5/8/2025 to 5/11/2025	N/A	BON TEMPS SOCIAL CLUB OF SAN DIEGO	ROE Permit	Green Lot located south of Liberator Way along Harbor Island Dr.	Parking for Gator By The Bay Festival attendees.	277,456 SF	70% of Revenue	
5/01/2025 to 9/30/25	N/A	San Diego Unified Port District	ROE Permit	On Light Pole with coordinates: Coordinates: 32º43'43" N , 117º10'53"W	The right to install, maintain, operate, and remove an Ambient Sound Level	On Light Post	None	

Real Property Agreement Amendments and Assignments (Per Board Policy 6.01)

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
No Real Property Agreement Amendments and Assignments During this Period								

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 4

Staff Report

Meeting Date: June 5, 2025

Subject:

June 2025 Legislative Report

Recommendation:

Adopt Resolution No. 2025-0028, approving the June 2025 Legislative Report.

Background/Justification:

The Authority's Legislative Advocacy Program Policy requires that staff present the Board with monthly reports concerning the status of legislation with potential impact to the Authority. The Authority Board provides direction to staff on legislative issues by adoption of a monthly Legislative Report (Attachment A). The June 2025 Legislative Report updates Board members on legislative activities that have taken place since the previous Board meeting. In directing staff, the Authority Board may take a position on pending or proposed legislation that has been determined to have a potential impact on the Authority's operations and functions.

Federal Legislative Action

In Washington, the House passed its reconciliation legislation proposal on May 22 by a vote of 215-214. The bill now heads to the Senate where changes are expected. The bill language currently contains $12.5 billion in funding for Air Traffic Control (ATC) modernization efforts, while rescinding certain unspent funds at the Federal Aviation Administration. Reconciliation is a special budgetary process that allows the Senate's 60-vote filibuster threshold to be bypassed and have legislation passed by a simple majority, potentially allowing Senate Republicans to pass legislation without the need for Democratic support. However, the legislation must follow strict guidelines related to spending and revenues—policy riders are not permitted.

Treasury Secretary Scott Bessent notified Congress that the federal government is likely to reach its borrowing limit in August and indicated that legislation will likely need to be passed by mid-July to avoid breaching the debt limit ceiling. The reconciliation bill is expected to address the debt limit. Speaker of the House Mike Johnson had previously called for the bill to reach the President's desk by Memorial Day.

Congress has begun the Fiscal Year 2026 appropriations process. Committees in both chambers have begun holding hearings on the President's initial budget request and members in both chambers have solicited requests from stakeholders. It is expected that the President will soon submit a full budget request for Congress' consideration and appropriations committees will begin drafting legislation soon. Also, the House, led by the Transportation and Infrastructure's Aviation Subcommittee, is expected to convene a series of roundtable discussions on ATC modernization and what is needed. Eight roundtables are expected to be held to hear from the entire spectrum of aviation interests.

Additionally, congressional hearings on the nomination of Republic Airways President and CEO Bryan Bedford to serve as the Federal Aviation Administration Administrator have not yet been announced.

The Authority's legislative team continues to actively review and analyze bills for potential impacts on the Authority and San Diego International Airport and recommends that the Board adopt a SUPPORT position on H.R. 1818, the Aviation Workforce Development Act, and its Senate companion, S. 1590, the Aviation Workforce Development Act.

State Legislative Action

In Sacramento, Governor Newsom and state lawmakers are working to finalize the state budget for the 2025-2026 Fiscal Year and advance nearly two thousand bills ahead of the summer recess that begins July 18.

On May 14, the Governor released his revised budget proposal. The $322 billion plan addresses a $11.9 billion deficit as the state braces for a projected $16 billion revenue decline. The Los Angeles wildfires, economic impacts from federal tariffs, and rising social service costs have added significant budget pressure. The budget picture is further complicated by delayed property tax and income tax payments from Los Angeles County until this October. The legislature must develop a counterproposal by June 15 and finalize the plan with the Governor by June 30.

The Authority's legislative team is reviewing and monitoring legislative and budget discussions for any new opportunities available to support the Authority's initiatives and operations. The Authority's legislative team does not recommend that the Board adopt any new positions on state legislation at this time.

Fiscal Impact:

Not applicable.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☒ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☒ Operations Strategy

Focus Areas

☒ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Matt Harris
Director, Government Relations & Strategy

RESOLUTION NO. 2025-0028

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING THE JUNE 2025 LEGISLATIVE REPORT

WHEREAS, the San Diego County Regional Airport Authority ("Authority") operates San Diego International Airport and 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 provides 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 herby approves the June 2025 Legislative Report ("Attachment A"); and

BE IT FURTHER RESOLVED that 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

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

____
ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

____
AMY GONZALEZ
GENERAL COUNSEL

(Attachment A)

June 2025 Legislative Report

State Legislation

New Assembly Bills

None

*Shaded text represents new or updated legislative information

Assembly Bills from Previous Report

Legislation/Topic
AB 810 (Irwin): Local government: internet websites and email addresses

Background/Summary
Current law requires cities and counties that have a publicly available internet website to use a ".gov" or a ".ca.gov" domain no later than January 1, 2029. Current law allows an agency to maintain a noncompliant domain (".com" or ".org") so long as it redirects users to a ".gov" or ".ca.gov" domain. Existing law also requires cities and counties, that maintain public email addresses, to ensure that each email address provided to its employees uses a ".gov" or ".ca.gov" domain no later than January 1, 2029.

This bill would expand the requirement to adopt a ".gov" or ".ca.gov" domain to special districts, joint power authorities, or other political subdivisions by January 1, 2031. This bill provides newly covered agencies the same flexibility, as in current law, to redirect visitors to compliant internet domains from their legacy domains.

The state and federal government have encouraged the adoption of 'top-level' security domains such as ".gov" due to their heightened security features including multifactor authentication, consumer privacy tools, and improved cyber threat communication. The federal Cybersecurity and Infrastructure Security Agency (CISA) sponsors the ".gov" domain and makes it available solely to United States based government organizations and publicly controlled entities. A ".gov. domain is available without a fee for agencies that qualify.

Anticipated Impact/Discussion
This bill would require the Authority to adopt a ".gov" website domain by January 1, 2031. The bill would allow the Authority to maintain its current domain (www.san.org) so long as it redirects visitors to the subsequently developed ".gov" address. Authority staff would need to assess and incur costs to complete the process for requesting and adopting a ".gov" domain. In addition, the Authority staff would need to assess its use of the current domain name in public outreach and communication, advertisements, and internal documents. The bill may result in heightened cybersecurity for the Authority and public visitors to its website.

Status: 05/07/2025 – Referred to Assembly Appropriations Committee, placed on the suspense file

Recommended Position: Watch (05/01/2025)

*Shaded text represents new or updated legislative information

Legislation/Topic
AB 1150 (Schultz): Local agencies: airports: customer facility charges

Background/Summary
A "customer facility charge" (CFC) is a user fee imposed on vehicle renters and collected by rental car companies. Existing law allows the fee revenues to be used for specific purposes, including to finance, design, and construct consolidated airport vehicle rental facilities; common-use transportation systems that move passengers between airport terminals; and terminal modifications solely to accommodate and provide customer access to common-use transportation systems.

Current law permits airports to impose a CFC calculated on an alternative basis. The alternative CFC statute allows an airport to charge a daily fee for up to five days for each individual rental car contract. Currently, the maximum amount of the daily fee that can be charged is $9 per day for a maximum of five days per rental contract for a maximum charge of $45. The fee amount is set in statute, not inflation-adjusted, and has not been updated since 2010. This bill would increase the daily maximum alternative CFC an airport is authorized to require rental companies to collect to $12 per day. The bill would also authorize proceeds of any bond backed by an alternative CFC to be used for major facility maintenance.

Anticipated Impact/Discussion
The CFC is a critical funding source for airports to modernize terminals and connected transportation systems (inc. shuttles, trains, and rideshares) to rental car facilities. The alternative CFC was last adjusted in 2010, and it has failed to keep up with the rising costs of major maintenance and renovations required for aging rental car facilities. The current CFC is no longer sufficient to maintain the full cost of the operations, especially for new terminal projects that will eliminate the need for shuttling passengers to remote rental car facilities. Increasing the statutory cap on the CFC would provide airports with a more sustainable revenue stream, allowing them to modernize vital infrastructure and support seamless transportation systems.

This bill would significantly enhance the Authority's ability to fund critical projects that improve convenience and efficiency for travelers using the Rental Car Center and associated transportation system. Additionally, it would provide the Authority a more flexible and sustainable revenue source to meet the rising expenses of maintaining and renovating aging rental car facilities while bolstering its ability to effectively serve the region's growing passenger demand.

Status: 05/07/2025 – Referred to the Assembly Judiciary Committee

Recommended Position: Support (03/19/2025)

*Shaded text represents new or updated legislative information

<u>New Senate Bills</u>

None

(Attachment A)

Senate Bills from Previous Report

Legislation/Topic
SB 239 (Arreguín): Open meetings: teleconferencing: subsidiary body

Background/Summary
Current law authorizes state advisory boards, commissions, committees, and subcommittees or similar multimember advisory bodies to hold a meeting by teleconference without posting participants' physical location until January 1, 2026 [SB 544 (Laird) Stats. 2023, Chapter 216]. This bill would provide a narrow exemption under the Ralph M. Brown Act for local government "subsidiary bodies", such as advisory bodies and commissions, to participate in two-way virtual teleconferencing without posting the physical location of members. This bill prescribes requirements to provide public access to the meetings of subsidiary bodies, including the requirement to provide a physical location from which the public can participate in meetings. This bill also limits the use of the exemption to subsidiary bodies with certain subject matter jurisdiction.

Anticipated Impact/Discussion
This bill aligns with the Authority Board's adopted Culture Statement which highlights the importance of diversity within the organization. SB 239 aims to increase both civic engagement and diversity on boards and commissions by removing certain in-person requirements for participation. While this measure would not be applicable to the full Authority Board (a decision-making body), or elected officials, SB 239 would apply to the non-decision-making bodies of the Authority Board including its committees, such as the Airport Noise Advisory Committee (ANAC), which has seen reduced engagement and attendance since COVID-19 restrictions were lifted. This bill is substantively similar to AB 817 (Pacheco; 2023) which the Authority supported in the prior legislative session.

Status: 05/08/2025 – Ordered to Third Reading and Eligible for a Vote on the Senate Floor

Recommended Position: Watch (04/03/2025)

*Shaded text represents new or updated legislative information

(Attachment A)

Federal Legislation

New House Bills

Legislation/Topic
H.R. 1818 (Collins); the Aviation Workforce Development Act / S. 1590 (Scott), the Aviation Workforce Development Act

Background/Summary
The bill would allow students enrolled in Federal Aviation Administration flight and aviation maintenance programs to use their 529 plan funds to cover associated educational expenses.

Anticipated Impact/Discussion
This bill aims to remove financial barriers for those seeking a career in flight and aviation maintenance by allowing 529 plans, commonly used to finance educational careers, to be applied toward the costs of these programs. These career paths can be lucrative and help alleviate a looming workforce shortage in the industry.

Status: 03/03/2025 – Referred to the House Committee on Ways and Means

Recommended Position: Support (06/05/2025)

*Shaded text represents new or updated legislative information

House Bills from Previous Report

Legislation/Topic
H.R. 2353 (Langworthy): The Safer Skies Act of 2025

Background/Summary
This bill requires the Transportation Security Administration (TSA) to implement the Aircraft Operator Standard Security Program (ASOSSP), commonly known as the AOP Standard Security program. Under the program, aircraft operators must conduct common carriage passenger-carrying operations for compensation or hire for which the certificate holder or a representative of such certificate holder offers individual seats in advance and provides publicly available schedules that include the departure location, departure time, and arrival location of operations; operate airplanes with a passenger-seat configuration of more than nine seats; and do not enplane or deplane in a checkpoint managed by the TSA. TSA must revise any of their rules, guidance, or policies to comply with the proposed requirements.

Anticipated Impact/Discussion
This bill aims to strengthen aviation security by requiring TSA to apply AOSSP to certain air carriers that offer public-facing flight services with more than nine seats but operate outside of TSA-managed checkpoints. This bill seeks to close a key security gap by ensuring consistent passenger screening standards across all qualifying operations, regardless of airport size or carrier type. While the legislation is expected to enhance public safety and align with broader Homeland Security goals, it may prompt debate over implementation logistics, costs for smaller carriers, and infrastructure readiness at non-commercial terminals.

Status: 03/26/2025 – Referred to the House Committee on Homeland Security

Recommended Position: Watch (05/01/2025)

New Senate Bills

None

*Shaded text represents new or updated legislative information

Senate Bills from Previous Report

None

*Shaded text represents new or updated legislative information

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 5

Staff Report

Meeting Date: June 5, 2025

Subject:

Approve Appointments to the Arts Advisory Committee

Recommendation:

Adopt Resolution No. 2025-0029, approving the appointment of Robert Gleason and Cat Chiu Phillips to the Arts Advisory Committee for a second consecutive term.

Background/Justification:

Under Authority Policy 8.50, the Arts Advisory Committee (AAC) is comprised of seven voting members and no more than three ex-officio, non-voting members. Appointments to AAC are completed as follows:

- Six voting members who are Arts 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 one of the six shall be active in building design, architecture, or operational engineering
  - At least two of the six members shall reside outside of San Diego County
- One voting member who serves as the Board Representative
- Up to three ex-officio, non-voting Authority staff members whose departments work closely with the Airport Arts Program as determined by the President/CEO

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

- The President/CEO shall recommend six individuals who are Art 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.

Terms of membership are defined as follows:

- Voting members of the AAC shall be recommended by the President/CEO for appointment by the Board for a term of three years, and no member may serve more than two consecutive terms. Should a member serve a partial term of less than one-and-a-half years to complete the non-expired term of a prior member, such partial term shall not be included for purposes of the maximum service of two consecutive terms. Partial terms equal to or exceeding one-and-a-half years shall count as a full term. Ex-officio members of the AAC shall be appointed by the President/CEO without a term limit.

REAPPOINTMENT OF ROBERT GLEASON AND CAT CHIU PHILIPS

The President/CEO recommends that Robert Gleason be reappointed to the AAC as an Arts and Design Professional who is active in building design, architecture, or operational engineering and resides within San Diego County. Appointment would be from July 2025 – June 2028.

The President/CEO recommends that Cat Chiu Phillips be reappointed to the AAC as an Arts and Design Professional who is also a practicing artist. Appointment for Cat Chiu Philips would be from July 2025 – June 2028.

Robert Gleason is the President and CEO at San Diego-based Evans Hotels and has held numerous leadership roles in organizations related to hospitality, equality, and the arts. These include Vice Chair of the Old Globe, Chair of the City of San Diego Commission for Arts & Culture, Chair of the San Diego County Regional Airport Authority, and a director of the San Diego Convention Center Corporation. In the LGBTQ community, Gleason is the founding supervising attorney for the name and gender-marker change legal clinic at the San Diego LGBT Community Center, founding Co-Chair of the Patient and Family Advisory Council at Rady Children's Hospital's Center for Gender-Affirming Care, and a founding Co-Chair of the Harvey Milk Diversity Breakfast. Previously, he was Chair of the San Diego LGBT Community Center, Chair of the San Diego LGBT Community Leadership Council and Vice Chair of the LGBTQ Victory Fund. Gleason currently serves on the Airport Arts Advisory Committee as Chair.

Cat Chiu Phillips is an artist who creates large-scale installation and public art projects in public spaces often using traditional handicraft methods. Phillips has received national and international public art commissions, is in the permanent collection of the City of San Diego and City of Redmond, ICA San Diego and has accolades from California Arts Council's Establish Fellowship, National Endowment for the Arts. Phillips received her MFA in New Genre from San Francisco Art Institute and has been an educator in the public schools for over 20 years as well as an Adjunct Professor.

Fiscal Impact:

No fiscal impact.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☒ Community Strategy ☒ Customer Strategy ☐ Employee Strategy ☐ Financial Strategy ☐ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Tiffany Wai-Ying Beres
Manager, Arts

RESOLUTION NO. 2025-0029

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING THE APPOINTMENTS OF ROBERT GLEASON AND CAT CHIU PHILLIPS FOR A SECOND CONSECUTIVE TERM TO THE ARTS ADVISORY COMMITTEE.

WHEREAS, the operations, procedures and activities of the Board's Committees, and the Authority are guided by, among other things, the Authorities Policies and Codes; and

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

WHEREAS, Authority Policy 8.50 states that the AAC will be comprised of six voting members who are Arts 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 one of the six shall be active in building design, architecture or operational engineering
- At least two of the six members shall reside outside of San Diego County; and

WHEREAS, the AAC is advisory in nature and is comprised of Authority staff and arts and design professionals who reside within San Diego County and outside of San Diego County who provide expert advice regarding opportunities for integrating public artwork into the Airport, identifying eligible and qualified artists for creation of specific artworks, maintaining and conserving displayed public artworks, deaccessioning public artworks and determining eligibility and qualifications for temporary and rotating art exhibits; and

WHEREAS, Robert Gleason qualifies as one of the six arts/design professionals, and who qualifies for a second full term; and

WHEREAS, Cat Chiu Phillips qualifies as one of the six arts/design professionals, and who qualifies for a second full term.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the appointment of Robert Gleason and Cat Chiu Phillips to the Airport Art Advisory Committee for the terms indicated on “Attachment A;” and

BE IT FURTHER RESOLVED that 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

BE IT FURTHER RESOLVED that the Board finds that this action is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June, 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

____
ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

____
AMY GONZALEZ
GENERAL COUNSEL

Attachment A

Arts Advisory Committee

Current Committee Members	Total length of Term	Beginning of Term	End of Term
Matt Rich Arts/Design Professional (Practicing Artist)	3 Years (1st Term)	July 1, 2023	June 30, 2026
Clare Haggarty Arts/Design Professional (Active in Building Design & Architecture or Operational Engineering) (Outside San Diego County Resident)	3 Years (1st Term)	July 1, 2023	June 30, 2026
Adena Varner Arts/Design Professional (Involved in Performing Arts)	3 years (1st Term)	July 1, 2024	June 30, 2027
Elsa Cameron Arts/Design Professional (Outside San Diego County Resident) (Active in Building Design & Architecture or Operational Engineering)	3 years (1st Term)	July 1, 2024	June 30, 2027
Cat Chiu Phillips Arts/Design Professional (Practicing Artist)	3 years (2nd Term)	July 1, 2025	June 30, 2028
Robert H. Gleason, Arts/Design Professional (Chair)	3 years (2nd Term)	July 1, 2025	June 30, 2028
Bob Bolton – Authority Staff (Ex-Officio Member)	At President/CEO's discretion	n/a	n/a
Jon Graves– Authority Staff (Ex-Officio Member)	At President/CEO's discretion	n/a	n/a

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 6

Staff Report

Meeting Date: June 5, 2025

Subject:

Appointment of Public Member to the Audit Committee for a Second Term Beginning June 30, 2025

Recommendation:

Adopt Resolution No. 2025-0030, reappointing Claudia Huerta for a new three-year term as a public member to the Audit Committee, with a term ending June 30, 2028.

Background/Justification:

Section 170018 of the Public Utilities Code and Authority Policy 1.50 (5)(c)(ii) describes the Audit Committee, its composition, function, oversight responsibilities, membership, and qualifications for public members.

Section 170018 of the Public Utilities Code and Authority Policy 1.50 (5)(c)(ii) outlines the requirements for the appointment of public members to the Audit Committee as follows:

(ii) Audit Committee – The Audit Committee shall consist of four Board members and three members of the public. Pursuant to a selection policy, appointment procedures, and conflict-of-interest standards established by the Board, the Audit Committee shall oversee the initial screening and recommendation process for the selection of the public members.

(A) Appointed Public Members. The Board shall appoint the three public members as voting members of the Audit Committee for staggered three-year terms. Public members may serve a maximum of two full terms. The appointed public members shall be from among the following categories of persons, with no more than one appointee from each category at any one time:

(I) A professional with experience in the field of public finance and budgeting.
(II) An architect or civil engineer licensed to practice in this state.
(III) A professional with experience in the field of real estate or land economics.
(IV) A person with experience in managing construction of large-scale public works projects.
(V) A person with public or private sector executive level decision making experience.
(VI) A person who resides within the airport influence area of the San Diego International Airport.

(VII) A person with experience in environmental justice as it pertains to land use.

CLAUDIA HUERTA (reappointment) – Claudia's term is set to expire June 30, 2025. On July 1, 2023, the Board initially appointed Claudia Huerta as a public member of the Audit Committee to fill a vacancy. Ms. Huerta's background and experience is a person with public or private sector executive-level decision-making experience consistent with the requirements outlined under Section 170018 of the Public Utilities Code. Staff recommends that the Audit Committee reappoint Claudia Huerta as a public member of the Audit Committee for a new three (3) year term, commencing June 2025 and ending June 2028.

Fiscal Impact:

Legislation limits compensation for Board Members to $200 per day of service, with a maximum of eight (8) days per month. Adequate funds for Board and Committee Member compensation are included in the Authority's FY 2026 and Conceptual FY 2027 budget being proposed at this same Board meeting, within the Authority Clerk Department operating expenses.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

- ☐ Community Strategy
- ☐ Customer Strategy
- ☐ Employee Strategy
- ☐ Financial Strategy
- ☒ Operations Strategy

Focus Areas

- ☐ Advance the Airport Development Plan
- ☐ Transform the Customer Journey
- ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Annette Fagan Ortiz
Authority Clerk

RESOLUTION NO. 2025-0030

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, REAPPOINTING CLAUDIA HUERTA AS A PUBLIC MEMBER TO THE AUDIT COMMITTEE TO SERVE A THREE-YEAR TERM ENDING JUNE 30, 2028

WHEREAS, on July 1, 2023, the Board initially appointed Claudia Huerta as a public member of the Audit Committee to fill a vacancy; and

WHEREAS, Ms. Huerta's background and experience is a person with public or private sector executive-level decision-making experience consistent with the requirements outlined under Section 170018 of the Public Utilities Code; and

WHEREAS, the Board wishes to reappoint Claudia Huerta as a public member of the Audit Committee for a new three (3) year term, commencing June 2025 and ending June 2028, and

WHEREAS, Section 170018 of the Public Utilities Code and Authority Policy 1.50 (5)(c)(ii) outlines the requirements for the appointment of public members to the Audit Committee:

(ii) *Audit Committee* – The Audit Committee shall consist of four Board members and three members of the public. Pursuant to a selection policy, appointment -procedures, and conflict-of-interest standards established by the Board, the Audit Committee shall oversee the initial screening and recommendation process for the selection of the public members.

(A) Appointed Public Members. The Board shall appoint the three public members as voting members of the Audit Committee for staggered three-year terms. Public members may serve a maximum of two full terms. The appointed public members shall be from among the following categories of persons, with no more than one appointee from each category at any one time:

(I) A professional with experience in the field of public finance and budgeting.
(II) An architect or civil engineer licensed to practice in this state.
(III) A professional with experience in the field of real estate or land economics.
(IV) A person with experience in managing construction of large-scale public works projects.
(V) A person with public or private sector executive level decision making experience.
(VI) A person who resides within the airport influence area of the San Diego International Airport.
(VII) A person with experience in environmental justice as it pertains to land use.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby reappoints Claudia Huerta as a public member to the Audit Committee to fill a three-year term ending June 2028, as indicated in Attachment A; and

BE IT FURTHER RESOLVED that 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

BE IT FURTHER RESOLVED that the Board finds that this action is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

____
ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

____
AMY GONZALEZ
GENERAL COUNSEL

Attachment A

Audit Committee		
Hold Quarterly Meetings		
Name	Appointed	Term Expiration
Monica Montgomery Steppe	February 2025	January 2026
Rafael Perez	February 2025	January 2026
Esther Sanchez **(Vice Chair)**	February 2025	January 2026
Steve Vaus	February 2025	January 2026
Claudia Huerta*	June 2023	June 2025
Gretchen Newsom* **(Chair)**	June 2024	June 2027
Agnes Wong Nickerson*	July 2023	June 2026
*Public Members Added Pursuant to Public Utilities Code §170018		

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 7

Staff Report

Meeting Date: June 5, 2025

Subject:

Making Changes to Authority Policies to Ensure Continued Compliance with Federal Law and Agreeing to Defend and Indemnify Authority Employees Executing Federal Agreements on behalf of the Authority

Recommendation:

Adopt Resolution No. 2025-0044, making changes to Authority Policies to Ensure Continued Compliance with Federal Law and Agreeing to Defend and Indemnify Authority Employees Executing Federal Agreements on behalf of the Authority.

Background/Justification:

Since its inception, the Authority has always complied with State and Federal civil rights laws, ensuring equal protection under the laws. Recent communications from the Federal Government appear to require changes to certain Authority Policies to ensure continued eligibility for federal grant funding and measures to protect the Authority and its employees who execute grant agreements on the Authority's behalf.

The Authority receives significant grant funding from the Federal Government, which is used to: (1) advance current and future airport development projects, (2) create and maintain world-class facilities to accommodate the region's air service demand, (3) improve airport safety and security, and (4) enhance customer service. Federal grant funding is a critical component of these Authority priorities. To ensure continued eligibility for federal grant funding and to protect the Authority and its employees who execute grant agreements on the Authority's behalf, staff recommend changes to the Authority's Policies reflected in the attached **Exhibit A**.

Staff also request a finding by the Board that authorized Authority employees who sign Federal grant agreements on the Authority's behalf are acting: (1) within the scope of their employment, (2) in good faith by signing and agreeing to terms required therein, (3) without malice; and (4) within the interests of the Authority. Therefore, authorized employees who sign Federal grant agreements on the Authority's behalf are entitled to defense and indemnity from the Authority for potential actions against them. In accordance with existing Authority Policies, the following employees are authorized to execute Federal grant agreements on the Authority's behalf: (1) President/CEO or their designee; (2) Chief Financial Officer; (3) General Counsel or their designee; and (4) Assistant General Counsel.

Fiscal Impact:

The fiscal impact is unknown at this time, although it is expected to be nominal, and requires further analysis of the Airport Authority's Policies, Codes, Standards & Guidelines, Rules & Regulations, and other business practices.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☒ Community Strategy ☐ Customer Strategy ☒ Employee Strategy ☐ Financial Strategy ☒ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☒ Transform the Customer Journey ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Annette Fagan Ortiz
Authority Clerk

RESOLUTION NO. 2025-0044

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY MAKING CHANGES TO AUTHORITY POLICIES TO ENSURE CONTINUED COMPLIANCE WITH FEDERAL LAW AND AGREEING TO DEFEND AND INDEMNIFY AUTHORITY EMPLOYEES EXECUTING FEDERAL AGREEMENTS ON BEHALF OF THE AUTHORITY

WHEREAS, since its inception, the Authority has always complied with State and Federal civil rights laws, ensuring equal protection under the laws; and

WHEREAS, recent communications from the Federal Government appear to require changes to certain Authority Policies to ensure continued eligibility for federal grant funding and measures to protect the Authority and its authorized employees who execute grant agreements on the Authority's behalf; and

WHEREAS, the Authority receives significant grant funding from the Federal Government, which is used at San Diego International Airport to: (1) advance current and future airport development projects, (2) create and maintain world-class facilities to accommodate the region's air service demand, (3) improve airport safety and security, and (4) enhance customer service; and

WHEREAS, part of the process of accepting grant funding from the Federal Government on behalf of the Authority requires authorized Authority employees to execute Federal agreements on the Authority's behalf; and

WHEREAS, in accordance with existing Authority Policies, the following employees are authorized to execute Federal grant agreements on the Authority's behalf: (1) President/CEO or their designee; (2) Chief Financial Officer; (3) General Counsel or their designees; and (4) Assistant General Counsel.

NOW, THEREFORE, BE IT RESOLVED, that the Board finds that eligibility for federal grant funding is critical to: (1) advancing current and future airport development projects, (2) creating and maintaining world-class facilities to accommodate the region's air service demand, (3) improving airport safety and security, and (4) enhancing customer service at the San Diego International Airport; and

BE IT FURTHER RESOLVED, to ensure continued eligibility for federal grant funding and to protect the Authority and its authorized employees who execute grant agreements on the Authority's behalf, the Board hereby makes changes to the Authority's Policies reflected in the attached **Exhibit A**; and

BE IT FURTHER RESOLVED, that in accordance with existing Authority Policies, the following employees are authorized to execute Federal grant agreements on the Authority's behalf: (1) President/CEO or their designee; (2) Chief Financial Officer; (3) General Counsel or their designee; and (4) Assistant General Counsel, and

BE IT FURTHER RESOLVED, that the Board finds that all Authority employees authorized to execute Federal grant agreements on behalf of the Authority do so: (1) within the scope of their employment, (2) in good faith signing and agreeing to such terms, (3) without malice, and (4) within the interests of the Authority; and

BE IT FURTHER RESOLVED, upon request from an authorized Authority employee who executes a Federal grant agreement, the Authority will defend and indemnify the Authority employee from any civil or criminal actions brought against them for signing and entering into the Federal grant agreement on behalf of the Authority; and

BE IT FURTHER RESOLVED, that 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

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

BE IT FURTHER RESOLVED, that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

____
ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

____
AMY GONZALEZ
GENERAL COUNSEL

Exhibit A

Authority Policy 2.03 entitled "Authority Policy On Diversity, Equity & Inclusion" is deleted in its entirety.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 3 - PERSONNEL
PART 3.0 - PERSONNEL AND EMPLOYMENT MATTERS
SECTION 3.01 - HUMAN RESOURCES SYSTEM TO GOVERN PERSONNEL AND EMPLOYMENT MATTERS

PURPOSE: To establish a policy outlining the human resources system for the San Diego County Regional Airport Authority ("**Authority**") governing personnel and employment matters for all officers and employees appointed by the Authority's President/Chief Executive Officer **("President/CEO").**

POLICY STATEMENT:

The following provisions shall conform with all applicable federal and state laws:

(1) To ensure that the Authority shall have the ability to carry out its mission and operations to provide continuing public services, the President/CEO shall retain the sole and exclusive right, responsibility and authority to manage the Authority's functions and services and the work force performing these services including, but not limited to, the following rights:

(a) To determine: the standards and levels of services to be rendered; operations to be performed; utilization of technology, equipment and facilities; location, means and method of operations; Budget management within Board approved parameters including, but not limited to, the right to contract or subcontract any work, services or operations of any department consistent with law;

(b) To direct and manage the employees of the Authority's departments; to determine the appropriate number, qualifications, job classifications and descriptions, organizational structure and levels of personnel required; to determine the size and composition of all departments and to establish work schedules and assignments;

(c) To establish performance standards for employees and to require compliance therewith;

(d) To take whatever actions may be necessary to carry out the mission and operations of the Authority and its departments in situations of disaster or emergency; and

(e) To implement policies, codes, standards and guidelines consistent with applicable law.

(2) To foster an employment environment based on performance excellence and high achievement, where all employees in positions that meet standards for exemption from the

provisions of the federal Fair Labor Standards Act, as determined by the Authority, shall be "At Will" employees and shall hold their positions at the pleasure of the President/CEO. In addition, all other positions may be "At Will" employees and constitute the Authority's non-exempt/hourly employees in such positions shall be appointed, promoted, disciplined, demoted and dismissed in accordance with established policies, standards and guidelines.

~~(3) To promote and encourage diversity in its employment practices;~~

~~(4)~~(3) To promote a positive labor relations environment, policies and guidelines established to carry out the purposes of this policy shall not infringe upon any rights or benefits that members of employee organizations may enjoy pursuant to the terms and conditions of any applicable memorandum of agreement negotiated by the Authority or existing classified service subject to the provisions of this policy and applicable federal and state laws; and

~~(5)~~(4) To establish the Authority's salary and benefit plans for officers and employees which shall be subject to budgetary approval by the Board. The President/CEO is responsible for administering salaries and benefits for individual officers and employees appointed by the President/CEO.

~~(6)~~(5) The Board authorizes the President/CEO to: establish personnel policies, standards and guidelines governing all personnel and employment matters subject to the provisions set forth above; and administer such personnel policies and guidelines and Board-approved salary and benefit plans.

[Amended by Resolution No. 2018-0133 dated December 6, 2018.]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.0 - CONTRACTING AND PURCHASING
SECTION 5.01 - PROCUREMENT OF SERVICE AND CONSULTING AGREEMENTS AND THE PURCHASE OF SUPPLIES, MATERIALS AND EQUIPMENT

PURPOSE: To establish a policy governing the procurement of service and consulting agreements and the purchase of supplies, materials and equipment for the San Diego County Regional Airport Authority ("**Authority**").

POLICY STATEMENT:

In the procurement of service and consulting agreements and the purchase of supplies, materials and equipment, the Authority's President/CEO or their designee ("President/CEO") shall be responsible for following all procedures required by (1) the Authority, (2) the San Diego County Regional Airport Authority Act, as amended from time to time, and (3) other applicable federal, state and local laws.

This policy is designed to increase the economic impact of Authority funds by fostering effective broad-based competition, and fair ~~and equitable~~ treatment of all persons interested in doing business with the Authority. It is the policy of the Authority to maximize opportunities for all businesses in a non-discriminatory manner. ~~and in furtherance of its commitment to diversity equity and inclusion.~~

(1) Service and Consulting Agreements.

(a) Service Agreements $50,000 or Less. Subject to federal requirements, when the expenditure is $50,000 or less, a competitive Request for Proposals ("RFP"), Request for Qualifications ("RFQ"), and Request for Bids ("RFB") process is not required. The issuing department will evaluate potential candidates and recommend the final candidate to the President/CEO. The President/CEO shall award the agreement based on the issuing department's recommendation and inform the Authority's Board of Directors (the **"Board"**) at its next meeting.

(b) Service Agreements between $50,000 and$100,000. When the expenditure is between $50,000 and $100,000, an agreement shall be awarded after the Authority has completed its evaluation process, including the completion of a competitive RFP, RFB, or RFQ process, subject to federal requirements. The issuing department will evaluate and recommend the final candidate to the President/CEO. The President/CEO shall award the agreement based on the issuing department's recommendation and inform the Board at its next meeting.

(c) Service Agreements Over $100,000. When the expenditure exceeds $100,000, an agreement shall be awarded after the Authority has completed its evaluation process, including, subject to federal requirements: (i) the advertisement of the services sought under the RFP or RFQ; (ii) the completion of a competitive RFP or RFQ process; and (iii) the holding of an information exchange meeting with potential candidates. An evaluation committee selected by the Authority then shall interview potential candidates. The evaluation committee and the issuing department shall recommend the top three ranking candidates to the President/CEO for selection via a final report. The President/CEO shall award the agreement based on the final report and inform the Board at its next meeting.

(d) Certain Professional Services Agreements. In accordance with Section 4526 of the California Government Code and the procedures described above in this Paragraph 1 (and subject to federal requirements), the Authority shall follow an RFQ process to obtain the professional services of private architectural, landscape architectural, engineering, environmental, land surveying or construction project management firms on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required.

(2) Purchasing of Supplies, Materials and Equipment. When supplies, materials or equipment are to be purchased, the President/CEO shall proceed as follows:

(a) Purchases under $10,000. Purchases under $10,000 aggregate shall be made in the best interest of the Authority and no formal competitive process is required.

(b) Purchases between $10,000 and $50,000. For purchases between $10,000 and $50,000, the President/CEO shall secure competitive quotations. The contract shall be awarded to the person whose quotation the President/CEO determines to be in the best interests of the Authority, taking into account: (i) the person's qualifications, fitness, capacity and experience; (ii) factors relating to the public interest; and (iii) such other factors as the President/CEO reasonably deems appropriate and in the best interests of the Authority.

(c) Purchases between $50,000 and $100,000. For purchases between $50,000 and $100,000, informal written bids shall be solicited from appropriate suppliers. The call for informal bids shall specify a time period within which bids will be received. All bids received shall be considered together at the expiration of this period. The contract shall be awarded to the bidder whose bid the President/CEO determines to be in the best interests of the Authority, taking into account: (i) the bidder's qualifications, fitness, capacity and experience; (ii) factors relating to the public interest; and (iii) such other factors as the President/CEO reasonably deems appropriate and in the best interests of the Authority.

(d) Purchases exceeding $100,000. When the estimated expenditure for any one purchase exceeds $100,000, the President/CEO shall publish a notice inviting sealed bids. Such notice shall specify a time period within which bids shall be received, which shall be not less than ten days after publication of such notice. All bids received shall be considered together at the expiration of this period. The contract shall be awarded to the bidder whose bid the President/CEO determines to be in the best interests of the Authority, taking into account: (i) the bidder's qualifications, fitness, capacity and experience; (ii) factors relating to the public interest;

and (iii) such other factors as the President/CEO reasonably deems appropriate and in the best interests of the Authority. Purchases that exceed $100,000 shall be reported to the Board at its next meeting.

(3) Amendments.

(a) The President/CEO is authorized to negotiate and execute any amendment without Board action for any agreement or contract originally awarded following the informal procedures described above in Paragraph 1(a), 1(b), 2(b) or 2(c); provided, however, that the Board's approval shall be required for any amendment that causes the aggregate amount of the relevant agreement or contract (*i.e.,* the original agreement or contract amount plus the amount of the change order) to be $110,000 or greater.

(b) In addition, for any agreement or contract originally awarded following the procedures described above in Paragraph 1(c), 1(d), 2(d) or 6, the President/CEO is authorized to negotiate and execute any change order without Board action for:

(i) Agreements or contracts awarded for less than or equal to $1,000,000, in an amount not to exceed 10% of the original agreement or contract award or extending time for completion for a period not to exceed 90 days;

(ii) Agreements or contracts awarded for more than $1,000,000, but less than or equal to $5,000,000, in an amount not to exceed 6% of the original agreement or contract award or extending time for completion for a period not to exceed 90 days; and

(iii) Agreements or contracts awarded for more than $5,000,000, in an amount not to exceed 4% of the original agreement or contract award or extending time for completion for a period not to exceed 90 days.

Notwithstanding the foregoing, with respect to any agreement or contract originally awarded following the procedures described above in Paragraph 1(c), 1(d) or 2(d), any amendment that exceeds the budget approved by the Board for the relevant expenditure shall be presented to the Board for action.

(c) The President/CEO shall notify the Board at its next meeting of any amendments approved by the President/CEO.

(d) The President/CEO may, at their sole discretion, bring any change order before the Board for action.

(4) Execution of Contracts. The President/CEO shall execute all service and consulting agreements and contracts for the purchase of supplies, materials and equipment, except where otherwise provided by law.

(5) Emergency Purchases.

(a) Notwithstanding any other provisions of this policy, the President/CEO may make or authorize others to make emergency procurements if: (i) there exists a threat to public health, welfare or safety; or (ii) a situation exists that makes compliance with the procurement process contrary to the public interest. Emergency procurements shall be made with such competition as the President/CEO deems appropriate under the circumstances.

(b) A written determination of the basis for the emergency and for the award of the particular contract shall be included in the contract file.

Emergency procurements authorized by the President/CEO that exceed $100,000 shall be reported to the Board at its next meeting.

(6) Sole Source Procurement. A contract may be awarded without complying with the otherwise applicable competitive procedures under this policy when the President/CEO determines in writing that: (a) there is only one known source for the required supply, service or item; or (b) one source is the only practical way to respond to overriding circumstances that make compliance with the otherwise applicable competitive procedures under this policy not in the best interests of the Authority.

(7) Specifications.

(a) Pursuant to Section 3400 of the California Public Contract Code, the Authority shall not draft RFPs, RFQs or specifications for bids (i) in a manner that limits the RFP or RFQ process or bidding, directly or indirectly, to any one specific concern, or (ii) calling for a designated material, product or service by specific brand or trade name unless the specification lists at least two brands or trade names of comparable quality or utility and is followed by the words "or equal" so that respondents may furnish any equal material, product or service. The Authority shall, if aware of an equal product manufactured in California, name that product in the specification. In those cases involving a unique or novel product application required to be used in the public interest, or where only one brand or trade name is known to the Authority, it may list only one. Specifications shall provide a period of time prior to or after, or prior to and after, the award of the agreement or contract for submission of data substantiating a request for a substitution of "an equal" item. If no time period is specified, data may be submitted any time within 35 days after the award of the agreement or contract.

(b) Paragraph 7(a) shall not be applicable if the Authority makes a finding that is described in the RFP, RFQ or RFB that a particular material, product or service is designated by specific brand or trade name for either of the following purposes: (i) in order that a field test or experiment may be made to determine the product's suitability for future use; or (ii) in order to match other products in use on a particular public improvement either completed or in the course of completion.

(8) Disadvantaged Business Enterprises. The Authority's procurement of service and consulting agreements and contracts for the purchase of supplies, materials and equipment shall be consistent with the Federal Aviation Administration's policies relating to the participation of disadvantaged business enterprises.

(9) Indemnification.

(a) The President/CEO shall determine the appropriate indemnification provisions to include in service and consulting agreements and contracts for the purchase of supplies, materials and equipment.

(10) Insurance Requirement. The President/CEO shall determine the appropriate insurance provisions to include in service and consulting agreements and contracts for the purchase of supplies, materials and equipment.

11) Compliance with all Applicable Laws. In any situation where compliance with this policy will place the Authority in conflict with any applicable provisions of state or federal law, the Authority shall comply with such provisions, notwithstanding this policy.

[Amended by Resolution No. 2022-0093 dated November 3, 2022.]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.0 - CONTRACTING AND PURCHASING
SECTION 5.02 - PROCUREMENT OF CONTRACTS FOR PUBLIC PROJECTS

PURPOSE: To establish a policy governing the procurement of contracts for Public Projects (as defined below) for the San Diego County Regional Airport Authority ("**Authority**").

POLICY STATEMENT:

In the procurement of contracts for Public Projects (as defined below), the Authority's President/Chief Executive Officer or their designee (**"President/CEO"**) shall be responsible for following all procedures required by (1) the Authority, (2) the San Diego County Regional Airport Authority Act, as amended from time to time, and (3) other applicable federal, state and local laws.

This policy is designed to increase the economic impact of Authority funds by fostering effective broad-based competition, and fair ~~and equitable~~ treatment of all persons interested in doing business with the Authority. It is the policy of the Authority to maximize opportunities for all businesses in a non-discriminatory manner. ~~and in furtherance of its commitment to diversity equity and inclusion.~~

Fair and equitable treatment includes (but is not limited to): fair and equitable contractor selection processes, utilization of prevailing wages, Disadvantaged Business Enterprise goals for federally funded work, opportunities for small business, proper employment of apprentices, equal employment opportunities, payment bonds and safe and healthful working conditions on all contracts executed by the Authority.

(1) Awarding of Contracts for Public Projects.

(a) The following terms shall have the below-specified meanings:

(i) **"Public Project"** means (a) construction, reconstruction, erection, alteration, renovation, improvement, demolition or repair work involving any publicly owned, leased or operated Facility; and (b) painting or repainting of any such Facility.

(ii) **"Facility"** means any plant, building, structure, ground facility, utility system, real property, streets and highways or other public work improvement.

(iii) **"Maintenance Work"** means (a) routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated Facility for its intended purposes; (b) minor repainting; (c) recarpeting; (d) resurfacing of streets and highways at less than one inch; or (e) landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.

(iv) "**Fee-producing infrastructure project**" or "**fee-producing infrastructure facility**" means the operation of the infrastructure project or facility will be paid for by the persons or entities benefited by or utilizing the project or facility.

(v) **"Design-Bid-Build (D-B-B)"** is a project delivery method under which the architecture and engineering firm is contracted separately from the construction firm. The construction firm is selected based on low bid or best value.

(vi) "**Design-Build (D-B)"** is a project delivery method under which one entity performs both architecture/engineering and construction under a single contract. Design-build procurements will use a qualifications based selection (QBS) process, or a modified QBS with competitive design and cost components.

(vii) **"Construction Manager at Risk (CMAR)"** is a project delivery method under which the contractor is selected using a QBS or modified QBS with competitive cost components and works with the architect/engineer who is under separate contract with the Authority providing pre-construction services during design, and then constructs the project under a negotiated Guaranteed Maximum Price (GMP) or fixed price.

(viii) **"Multiple Award Task Order Contracting (MATOC)"** is a project delivery method under which multiple contractors are selected using a QBS and contracts are awarded to three or more contractors qualified to compete for Authority projects. Projects awarded under a MATOC type contract can utilize the D-B-B, A+B, or pre-defined Best Value project delivery approaches.

(ix) **"Qualifications Based Selection (QBS)"** is a process where the contractor, or design-build team, is selected based upon the attributes of that entity which is judged, or reviewed, to determine conformity to predetermined standards and requirements that are determined to be in the best interest of the Authority.

(x) **"Guaranteed Maximum Price (GMP)"** is a sum established in an agreement between the Authority and a Design-Build Team, or a Construction Manager at Risk as the maximum compensation for performing specified work, computed on the basis of reimbursable costs plus markups for overhead and profit.

(b) Public Projects or Maintenance Work of $25,000 or less may be performed by Authority employees, by negotiated contract or by purchase order.

(c) When the estimated contract amount for a Public Project or Maintenance Work is more than $25,000 but less than or equal to $250,000, the Authority shall follow the informal procedures set forth below:

(i) The Authority shall competitively solicit bids from three or more qualified contractors.

(ii) The qualified contractors shall be invited to submit bids or pre-defined best-value proposals.

(iii) The notices to contractors must be completed not less than 10 calendar days before bids are due.

(iv) The notice inviting informal bids shall: (a) describe the Public Project or Maintenance Work in general terms; (b) describe how to obtain more detailed information about the Public Project or Maintenance Work; and (c) state the time and place for the submission of bids.

(v) After the time for submission of bids or pre-defined best-value proposals has expired, the President/CEO may award the contract to the bidder whose bid the President/CEO determines to be in the best interests of the Authority, taking into account: (a) the bidder's qualifications, fitness, capacity and experience; (b) factors relating to the public interest; and (c) such other factors as the President/CEO reasonably deems appropriate and in the best interests of the Authority.

(vi) If all bids received are in excess of $250,000, then the President/CEO may award the contract to a bidder whose bid is under $275,000, if any, taking into account the factors listed above in Paragraph 1(c)(v). If no bid is under $275,000, then all bids shall be rejected and the Authority's cost estimate shall be reviewed to determine its reasonableness. If necessary, the cost estimate shall be revised and the project rebid using the procedures appropriate for the revised cost estimate.

(vii) The President/CEO shall notify the Authority's Board of Directors (the **"Board"**) at its next meeting of any contracts awarded using the foregoing informal procedures.

(d) When the contract amount for a Public Project or Maintenance Work is more than $250,000, the Authority shall follow the formal bidding procedures set forth below:

(i) The Authority shall competitively solicit contractors identified by categories of work.

(ii) Notice of the Public Project or Maintenance Work shall be published in a newspaper or electronic media of general circulation that is distributed within the jurisdiction of the Authority at least 14 calendar days prior to opening of bids.

(iii) Notice inviting formal bids or competitive proposals also shall be mailed, or sent electronically, to such construction trade journals as are determined by the President/CEO, at least 30 calendar days prior to the bid opening date.

(iv) After the time for submission of formal bids has expired on Contracts under $1,000,000, the President/CEO may award the contract to the person or firm whose proposal or response the President/CEO determines to be in the best interests of the Authority, taking into account: (a) the person's or firm's qualifications, fitness, capacity and experience; (b) factors relating to the public interest; and (c) such other factors as the President/CEO reasonably deems appropriate and in the best interests of the Authority; (d) the President/CEO shall notify the Authority's Board of Directors (the "**Board**") at it's next meeting of any contracts awarded using the foregoing procedures.

(v) For Contracts equal or exceeding $1,000,000, after the time for submission bids has expired, the Board may award the contract to the bidder whose bid the Board determines to be in the best interests of the Authority, taking into account: (a) the bidder's qualifications, fitness, capacity and experience; (b) factors relating to the public interest; (c) consideration of schedule and price where time has a financial impact and (d) such other factors as the Board reasonably deems appropriate and in the best interests of the Authority.

(e) Notwithstanding the requirements set forth above in Paragraph d, and subject to federal requirements, the Authority may follow a competitive RFP or RFQ process for design-build, construction manager at risk, multiple award task order form of contracts.

(2) If deemed appropriate and in the best interest of the Authority, the Authority may utilize private investment capital to study, plan, design, construct, develop, finance, maintain, rebuild, improve, repair, or operate, or any combination thereof, fee-producing infrastructure facilities in accordance with Government Code Section 5956-5956.10.

(3) Federally-Funded Contracts. Notwithstanding any provision in this policy to the contrary, the Authority shall comply with all federal requirements applicable to federally-funded Public Projects, including, without limitation, any terms and conditions that the Federal Aviation Administration (the "**FAA**") requires as a condition to the Authority's receipt of federal funds in connection with the FAA's Airport Improvement Program.

(4) Change Orders.

(a) The President/CEO is authorized to negotiate and execute any change order without Board action for any contract for a Public Project originally awarded following the informal procedures described above in Paragraph 1(b) or 1(c); provided, however, that the Board's approval shall be required for any change order that causes the aggregate amount of the relevant contract (*i.e.,* the original contract amount plus the amount of the change order) to be $275,000 or greater.

(b) In addition, for any contract for a Public Project originally awarded following the procedures described above in Paragraph 1(d) or 1(e), the President/CEO is authorized to negotiate and execute any change order without Board action for:

(i) Contracts awarded for less than or equal to $1,000,000, in an amount not to exceed 10% of the original contract award and change order, and extending time for completion for a period not to exceed 90 days;

(ii) Contracts awarded for more than $1,000,000, but less than or equal to $5,000,000, in an amount not to exceed 6% of the original contract award, and change order extending time for completion for a period not to exceed 90 days; and

(iii) Contracts awarded for more than $5,000,000, in an amount not to exceed 4% of the original contract award and change order, and extending time for completion for a period not to exceed 90 days.

Notwithstanding the foregoing, with respect to any contract originally awarded following the procedures described above in Paragraph 1(d) or 1(e), any change order that exceeds the budget approved by the Board for the relevant Public Project shall be presented to the Board for action.

(c) The President/CEO shall notify the Board at its next meeting of any change orders approved by the President/CEO.

(d) The President/CEO may, at their sole discretion, bring any change order before the Board for action.

(e) The Board, at the time of the award of a Public Project, may authorize the President/CEO to execute Change Orders in amounts in excess of the parameters set forth above upon a finding that doing so is in the best interest of the Airport Authority.

(5) Execution of Contracts. The President/CEO shall execute all contracts for Public Projects, except where otherwise provided by law.

(6) Acceptance and Notice of Completion. Upon the completion of a contract for a Public Project, the President/CEO may execute and record the "Acceptance and Notice of Completion," in accordance with applicable law.

(7) Emergency Contracts

(a) Notwithstanding any other provisions of this policy, the President/CEO may make or authorize others to enter into emergency contracts for Public Projects and Maintenance Work if: (i) there exists a threat to public health, welfare or safety; or (ii) a situation exists that makes compliance with the procurement process contrary to the public interest. Emergency contracts shall be made with such competition as the President/CEO deems appropriate under the circumstances.

(b) A written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file.

(c) Emergency contracts authorized by the President/CEO that exceed $250,000 shall be reported to the Board at its next meeting.

(8) Sole Source Procurement. A contract for a Public Project or Maintenance Work may be awarded without complying with the otherwise applicable competitive procedures under this policy when the President/CEO determines in writing that: (a) there is only one known source for the required supply, service, item or construction; or (b) one source is the only practical way to respond to overriding circumstances that make compliance with the otherwise applicable competitive procedures under this policy not in the best interests of the Authority.

(9) Specifications.

(a) Pursuant to Section 3400 of the California Public Contract Code, the Authority shall not draft RFPs, RFQs or RFBs (i) in a manner that limits the RFP, RFQ or RFB, directly or indirectly, to any one specific concern, or (ii) calling for a designated material, product or service by specific brand or trade name unless the specification lists at least two brands or trade names of comparable quality or utility and is followed by the words "or equal" so that respondents may furnish any equal material, product or service. The Authority shall, if aware of an equal product manufactured in California, name that product in the specification. In those cases involving a unique or novel product application required to be used in the public interest, or where only one brand or trade name is known to the Authority, it may list only one followed by the words "or equal". Specifications shall provide a period of time prior to or after, or prior to and after, the award of the contract for submission of data substantiating a request for a substitution of "an equal" item. If no time period is specified, data may be submitted any time within 35 days after the award of the contract.

(b) Paragraph 9(a) shall not be applicable if the Authority makes a finding that is described in the RFP, RFQ or RFB that a particular material, product or service is designated by specific brand or trade name for either of the following purposes: (i) in order that a field test or experiment may be made to determine the product's suitability for future use; or (ii) in order to match other products in use on a particular public improvement either completed or in the course of completion.

(10) Disadvantaged Business Enterprises. The Authority's procurement of contracts for Public Projects shall be consistent with the FAA's policies relating to the participation of disadvantaged business enterprises.

(11) Performance and Payment Bonds. Performance and payment bonds or equivalent acceptable security shall be required at the discretion of the President/CEO, or to the extent required by applicable law (including, without limitation, Section 9550 *et seq.* of the California Civil Code).

(a) Bond Must be Delivered Prior to Issuing Contract Document. If required, a performance and payment bond satisfactory to the Authority, executed by a surety company authorized to do business in California or otherwise secured in a manner satisfactory to the Authority, shall be presented to the Authority prior to issuance of a contract document that authorizes the work (i.e. construction).

(b) Substitutes for Bonds Acceptable. Except as required by applicable law, the Authority may accept cash, money order, certified check, cashiers check or irrevocable letter of credit. Such alternate form of security shall be for the same purpose and shall be subject to the same conditions as a performance and payment bond.

(c) Reduction of Bond Amount. The President/CEO may reduce the amount of performance and payment bonds required on a specific contract, except as required by applicable law. Disclosure of the reduction shall be present in the notice inviting bids.

(d) Authority to Require Additional Bonds. Nothing in this section shall be construed to limit the authority of the President/CEO to require a performance bond or other security in addition to those bonds, or in circumstances other than to those specified in this policy.

(12) Indemnification. The President/CEO shall determine the appropriate indemnification provisions to include in contracts for Public Projects and Maintenance Work.

(13) Insurance Requirement. The President/CEO shall determine the appropriate insurance provisions to include in contracts for Public Projects and Maintenance Work.

(14) Compliance with all Applicable Laws. In any situation where compliance with this policy will place the Authority in conflict with any applicable provisions of state or federal law, the Authority shall comply with such provisions, notwithstanding this policy.

[Amended by Resolution No. 2022-0093 dated November 3, 2022.]
[Amended by Resolution No. 2005-0061 dated May 2, 2005]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 5 - CONTRACTING AND DEBARMENT
PART 5.1 - EQUAL OPPORTUNITY
SECTION 5.10 - COMPLIANCE WITH EQUAL EMPLOYMENT OPPORTUNITY AND NONDISCRIMINATION POLICY

PURPOSE: To establish a formal policy statement of the Board of Directors (the "**Board**") of the San Diego County Regional Airport Authority (the "**Authority**") to ensure that contractors and lessees adhere to: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the California Fair Employment and Housing Act; and any other applicable federal, state and local law or regulation relating to equal employment opportunity and nondiscrimination, including any such law, regulation and policy hereinafter enacted.

POLICY STATEMENT:

It is the policy of the Authority that all contractors and lessees interested in conducting business with the Authority shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, ancestry, physical or mental disability, veteran status, medical condition, marital status, age (40 years and older), sexual orientation, pregnancy or other non-job related criteria and shall take action to assure applicants are employed and that employees are treated during employment, without regard to race, color, religion, sex, national origin, ancestry, physical or mental disability, veteran status, medical condition, marital status, age (40 years and older), sexual orientation, pregnancy or other non-job related criteria.

The Authority shall require all prospective contractors and lessees to complete and file with the Authority an Equal Employment Opportunity and Nondiscrimination Program and Statement of Compliance for the promotion of equal employment opportunities and nondiscrimination.

Further, the Authority ~~believes that diversity in the workforce provides a variety of perspectives, promotes the exchange of ideas and provides an ability to respond to a diverse community. This statement is provided to reaffirm the Authority's commitment~~ is committed to equal employment opportunity and nondiscrimination and ~~to~~ requires its contractors and lessees to ensure that all employment actions shall be administered in a manner to further the principle of equal employment opportunity and nondiscrimination.

PROVISIONS:

(1) The Board hereby declares that from the effective date of this policy, there shall be included in contract and lease documents covering services or lands under the control of the Authority, a provision requiring the contractor or lessee to formulate and file with the Authority

an Equal Employment Opportunity and Nondiscrimination Program and Statement of Compliance for the promotion of equal employment opportunities and nondiscrimination. The contract or lease provision shall be included in all new, renewed and substantially amended contracts or leases. A sublessee who is the prime operator on leased premises shall be considered the lessee for the purposes and provisions of this policy.

(2) The contract or lease provision incorporating the Equal Employment Opportunity and Nondiscrimination Program and Statement of Compliance requirement shall provide that the Authority may, upon reasonable notice and at reasonable times, have access to employment records so that the effectiveness of the Equal Employment Opportunity and Nondiscrimination Program may be evaluated. Contractor or lessee shall further be required to file the Equal Employment Opportunity and Nondiscrimination Program and Statement of Compliance annually with the Authority for approval and make such progress reports as required by the Authority.

(3) Prior to final Board action on a new, renewed or a substantially amended contract or lease, contractor or lessee shall file with the Authority an Equal Employment Opportunity and Nondiscrimination Program and Statement of Compliance for review and approval.

(4) Currently exempt from the requirements of this policy are:

(a) Any lessee granted a lease for a term of five years or less;

(b) Any lessee with an average annual employment operating from the premises of 50 or less employees; provided, however, that said policy shall be applicable at any time said annual employment level exceeds 50 employees; and

(c) Any contractor or lessee who is subject to a federally mandated affirmative action program for employees, provided such contractor or lessee shall annually certify to the Authority that it is subject to such a program, and, upon request of the Authority, shall furnish evidence thereof.

(5) This policy shall be reviewed and updated annually and when required by law.

[Amended by Resolution No. 2011-0011 dated January 6, 2011.]
[Adopted by Resolution No. 2002-02 dated September 20, 2002.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 8

Staff Report

Meeting Date: June 5, 2025

Subject:

Reject Claim of Linda Mulligan

Recommendation:

Adopt Resolution No. 2025-0031 rejecting the claim of Linda Mulligan.

Background/Justification:

On April 22, 2025, Linda Mulligan filed a claim ("Attachment A") with the San Diego County Regional Airport Authority ("Authority"). Specifically, Mulligan alleges that on March 3, 2025, her car was damaged when a fallen construction sign bounced up and scratched the side of her car and the rearview mirror as she approached the left turn lane into Terminal One from Harbor Drive at San Diego International Airport. Mulligan claims damages in the amount of $2,371.69 to cover the cost of repairs.

As described above, Mulligan alleges that on March 3, 2025, she attempted to enter the left turn lane into Terminal One at San Diego International Airport when she encountered a construction sign that had fallen over. She claims the legs of the construction sign hit the bottom side of her car then bounced up and damaged it in several places, including her side mirror.

Mulligan's claim should be denied. An investigation into the incident revealed no notice of a dangerous condition. The car was either driven too close to the construction sign or driven over the legs of the construction sign. Receipts supplied with the claim do not reconcile with the amount of damages claimed. The General Counsel has reviewed the claim and recommends rejection.

Fiscal Impact:

Not applicable.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☐ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☐ Financial Strategy ☒ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Amy Gonzalez
General Counsel

Attachment A

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.

FOR AUTHORITY USE ONLY
Document No.: ____________
Filed: ____________

1) Claimant Name: LINDA MULLIGAN

2) Address to which correspondence regarding this claim should be sent:

4001 CROWN POINT DR UNIT 27
SAN DIEGO, CA 92109

Telephone No.: 303-883-1071 | Date: 4/20/2025

3) Date and time of incident: MARCH 3, 2025 APPROXIMATELY 5:15 AM

4) Location of incident: LEFT TURN LANE TO TERMINAL ONE ON HARBOR DRIVE

5) Description of incident resulting in claim: CAR DAMAGE DUE TO UPTURNED CONSTRUCTION SIGN. IT WAS A WINDY, DARK MORNING. A CONSTRUCTION SIGN HAD APPARENTLY BEEN BLOWN OVER LEAVING LEGS STICKING UP. AS WE WERE ENTERING THE LEFT TURN LANE TO TURN INTO TERMINAL ONE, THE SIGN LEGS HIT THE BOTTOM SIDE OF OUR CAR, BOUNCED UP & DAMAGED THE SIDE IN SEVERAL PLACES & TORE OFF THE TOP OF THE SIDE MIRROR.

WE HAVE BEEN IN CONTACT WITH SEVERAL PEOPLE AT FLATIRON INCLUDING SAFETY MANAGER, STEVE ROGERS. WE WERE TOLD AN INVESTIGATION WAS UNDERWAY & THEN EVENTUALLY THAT IT HAD BEEN TURNED OVER TO INSURANCE WHO WOULD BE CONTACTING US. WE HAVE HEARD NOTHING MORE & CALLS & E-MAILS ARE NOT BEING RETURNED.

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: LINDA & KEVIN MULLIGAN	Name:
Address: 4001 CROWN POINT DR	Address:
UNIT 27 SAN DIEGO, CA 92109	
Phone: 303-883-1071	Phone:
858-699-2272	

8) Describe property damage or personal injury claimed:
DENTS, SCRATCHED PAINT, BROKEN SIDE MIRROR
9) Owner and location of damaged property or name/address of person injured:
LINDA MULLIGAN 4001 CROWN PT DRIVE UNIT 27 SAN DIEGO, CA 92109
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.
$ 2371.69 SEE ATTACHED ESTIMATE & RECEIPT

Dated: 4/20/2025 Claimant: Linda A Mulligan

(Original Signature)

<u>Notice to Claimant</u>:

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

You or your representative are required to sign this form (G.C. §910.2). Presentation of a false claim with intent to defraud is a felony (Penal Code §72).

Mail completed original form to: <u>OR</u> Deliver completed original form in person to:

Claims
San Diego County Regional Airport Authority
P.O. Box 82776
San Diego, CA 92138-2776

San Diego County Regional Airport Authority
Administration Reception Desk
2417 McCain Rd.
San Diego, CA 92101

PERFECTION AUTO BODY

Perfection is no accident
4370 PACIFIC HIGHWAY, Send mail to: 3802 Rosecrans St # 287, SAN DIEGO, CA 92110
Phone: (619) 294-3256

Workfile ID:	b9c0248d
PartsShare:	8rsNWf
Federal ID:	330442747
Resale Number:	SR FH 25-884316
Federal EPA:	000220435
State EPA:	CAL#000220435
BAR:	ARD# 210550

Preliminary Estimate

Customer: Mulligan, Linda

Written By: DIANE ANG-Manager dang@perfectionautobody.net

Insured:	Mulligan, Linda	Policy #:		Claim #:	
Type of Loss:		Date of Loss:		Days to Repair:	0
Point of Impact:					

Owner:	**Inspection Location:**	**Insurance Company:**
Mulligan, Linda	PERFECTION AUTO BODY	
4001 Crown Point Drive	4370 PACIFIC HIGHWAY	
#27	Send mail to: 3802 Rosecrans St # 287	
San Diego, CA 92109	SAN DIEGO, CA 92110	
(303) 883-1071 Day	Repair Facility	
	(619) 294-3256 Business	

VEHICLE

2015 VW Eos Komfort 2D CNVT 4-2.0L Turbocharged Gasoline Gasoline Direct Injection Blue

VIN:	WVWBW8AH2FV004184	Interior Color:		Mileage In:		Vehicle Out:	
License:	8ECZ338	Exterior Color:	Blue	Mileage Out:			
State:	CA	Production Date:		Condition:		Job #:	

TRANSMISSION
Automatic Transmission

POWER
Power Steering
Power Brakes
Power Windows
Power Locks
Power Mirrors
Heated Mirrors
Power Driver Seat

DECOR
Dual Mirrors
Tinted Glass
Console/Storage

CONVENIENCE
Air Conditioning
Intermittent Wipers
Tilt Wheel
Cruise Control
Rear Defogger
Keyless Entry
Alarm
Steering Wheel Touch Controls
Telescopic Wheel
Climate Control
Navigation System

RADIO
AM Radio
FM Radio
Stereo
Search/Seek
CD Player
Auxiliary Audio Connection
Satellite Radio

SAFETY
Drivers Side Air Bag
Passenger Air Bag
Anti-Lock Brakes (4)
4 Wheel Disc Brakes
Front Side Impact Air Bags
Head/Curtain Air Bags
Communications System
Hands Free Device
Roll Bar

ROOF
Electric Glass Sunroof

SEATS
Reclining/Lounge Seats
Leather Seats
Heated Seats

WHEELS
Aluminum/Alloy Wheels
Locking Wheels

PAINT
Clear Coat Paint

OTHER
Fog Lamps
Traction Control
Stability Control
Signal Integrated Mirrors

Preliminary Estimate

Customer: Mulligan, Linda

2015 VW Eos Komfort 2D CNVT 4-2.0L Turbocharged Gasoline Gasoline Direct Injection Blue

Line		Oper	Description	Part Number	Qty	Extended Price $	Labor	Paint
1	**HOOD**							
2	*	Rpr	Hood from VIN 1F8035001				9.5	2.6
3			Add for Clear Coat					1.0
4	**FENDER**							
5	*	Blnd	LT Fender					1.0
6	**DOOR**							
7	**	Repl	A/M LT Housing assy w/o auto dim, w/puddle light	1Q1857507AT9B9	1	346.50	1.0	
8		Refn	LT Mirror cover					0.5
9			Overlap Minor Panel					-0.2
10			Add for Clear Coat					0.1
11	**MISCELLANEOUS OPERATIONS**							
12	#	Rpr	Color match to spec				0.5	
13	#		Hazardous waste Disposal		1	6.50 X		
				SUBTOTALS		**353.00**	**11.0**	**5.0**

ESTIMATE TOTALS

Category	Basis		Rate	Cost $
Parts				346.50
Body Labor	11.0 hrs	@	$ 80.00 /hr	880.00
Paint Labor	5.0 hrs	@	$ 80.00 /hr	400.00
Paint Supplies	5.0 hrs	@	$ 55.00 /hr	275.00
Miscellaneous				6.50
Subtotal				1,908.00
Sales Tax	$ 621.50	@	7.7500 %	48.17
Grand Total				**1,956.17**

Customer: Mulligan, Linda

2015 VW Eos Komfort 2D CNVT 4-2.0L Turbocharged Gasoline Gasoline Direct Injection Blue

PARTS SUPPLIER LIST

Line	Supplier	Description	Price
7	Collision Auto Parts SoCal (COL/NAP) 8701 Siempre Viva Rd San Diego CA 92154 (619) 661-6883	#VW40MR002 A/M LT Housing assy w/o auto dim, w/puddle light Quote: 3589762977 Expires: 03/14/25	$ 346.50

KEARNY MESA VOLKSWAGEN

8040 Balboa Ave
San Diego, CA 92111
(858) 300-8160
PARTS DIRECT (858) 300-8170
kearnymesavolkswagen.com

RETURN/REFUND POLICY: ALL RETURNS MUST BE ACCOMPANIED BY THIS INVOICE AND ARE SUBJECT TO A 20% HANDLING CHARGE. RETURNED ITEMS MUST BE IN THE ORIGINAL UNOPENED BOX OR CONTAINER. PLEASE NOTE THAT THE DEALERSHIP WILL NOT ACCEPT RETURNS OR MAKE REFUNDS AFTER 30 DAYS. NO REFUNDS OR RETURNS ON SPECIAL ORDER PARTS OR ELECTRICAL PARTS.

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DATE ENTERED	YOUR ORDER NO.	DATE SHIPPED	INVOICE DATE	INVOICE NUMBER		
05 MAR 25		05 MAR 25			76776	11:48

PREPAID

SOLD TO: ACCOUNT NO. KP98
KEVIN
P98

SHIP TO:

PAGE 1 OF 1

SHIP VIA	SLSM.	B/L NO.	TERMS	F.O.B. POINT
WVWBW8AH2FV00	910015	(858)699-2272	CASH	SAN DIEGO CA

QUANTITY ORD.	SHIP	B.O.	PART NO.	DESCRIPTION	LIST	NET	AMOUNT
1	1	1	~~3C8-857-537-GRU~~	CAP	258.94	192.82	192.82
			*** ABOVE PART IS PREPAID ***				
			The following parts have been special ordered:				
		1	3C8-857-537-GRU	CAP			

MISSION BAY VOLKSWAGEN

Parts Department:

Monday-Friday
7:30am - 6:00pm

Saturday
8:00am - 4:00pm

Sunday Closed

KEYS/ LOCK CYLINDERS TO CODE ARE NOT RE· TURNABLE. ELECTRICAL PARTS ARE NOT RETURNABLE. NO REFUNDS ON SPECIAL ORDER ITEMS. 20% HANDLING ON RETURNED MERCHANDISE. NO REFUNDS AFTER 30 DAYS. NO CASH REFUNDS . INSTALLED PARTS ARE NOT RETURNABLE. THANK YOU

NO REFUNDS WITHOUT THIS PAIO INVOICE. REFUNDS ON PURCHASES PAID BY CHECK ARE REFUNDEO AFTER CHECK CLEARS. CORES MUST BE RETURNED IN THE ORIGINAL BOX. ALL WARRANTIES ARE SUBJECT TO THE SERVICE DEPARTMENT AS PERVOA.

NO HAY DEVOLUCIONES SIN COMPROBANTE DE FACTURA PARTES ELECTRICAS , ORDENES ESPECIALESLLAVES, CILINDROS O PARTES INSTALLADAS NO TIENEN DEVOLUCION.

PARTES NUEVAS O RECONSTRUIDAS CON DEPOSITO DEBEN REGRESARSE ORIGINALES, SIN FRACTURAS I EN EL PAQUETE ORIGINAL.

CUALQUIER DEVOLUCION SERA REEMBOLSADA POR CHEQUE Y AL NOMBRE Y DIRECCION FACTURADO (1 A 2 DIAS AVILES) SE APLICARA UN 20% DE CARGO POR DEVOLUCION TODA GARANTIA ES PROCESSADA POR DEPARTAMENTO DE SERVICIO POR REGLAMENTO DE VCA

CORES MUST BE RETURN IN ORIGINAL BOX
ALL RETURNS MUST BE NEW IN PACKAGE
NO RETURNS ON SHEET METAL
NO RETURNS AFTER 30 DAYS
ALL RETURN MUST HAVE COPY OF INVOICE

PARTS	192.82
SUBLET	
FREIGHT	0.00
SALES TAX	14.94
METHOD OF PYMT	
TOTAL	$207.76

CUSTOMER'S SIGNATURE
X

NOTICE TO CONSUMER: PLEASE READ IMPORTANT INFORMATION ON REVERSE SIDE.

CUSTOMER COPY

RESOLUTION NO. 2025-0031

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, REJECTING THE CLAIM OF LINDA MULLIGAN

WHEREAS, on April 22, 2025, Linda Mulligan filed a claim with the San Diego County Regional Airport Authority ("Authority") for losses she claims were the result of a fallen traffic sign hitting her car on Harbor Drive in front of Terminal One at San Diego International Airport; and

WHEREAS, at its regular meeting on June 5, 2025, the Board considered the claim filed by Linda Mulligan 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 Linda Mulligan; and

BE IT FURTHER RESOLVED that 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

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June, 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

____
ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

____
AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 9

Staff Report

Meeting Date: June 5, 2025

Subject:

Review of Authority Policy 4.20 – Guidelines for Prudent Investments and Delegation of Authority to Invest and Manage Authority Funds to the Vice President, Chief Financial Officer/Treasurer; and Authority Policy 4.40 - Debt Issuance and Management Policy

Recommendation:

Adopt Resolution No. 2025-0032, approving the delegation of authority to invest and manage Authority funds to the Vice President, Chief Financial Officer/Treasurer.

Background/Justification:

The Airport Authority's Investment Policy serves as the foundation of the Authority's investment goals and priorities. The Authority's internal policy guidelines compel the Authority's Treasurer to invest Authority funds in a manner that will provide the highest security of funds while meeting the daily cash flow demands. The foremost stated objective is safety, with the requirement that all transactions are structured to avoid capital losses from issuer or broker/dealer default, or erosion of market value.

State law requires that the objective of return on investment be subordinate to the objectives of safety and liquidity. Therefore, the Investment Policy requires the Authority shall seek to achieve a return on funds throughout all economic cycles, taking into consideration the Authority's investment risk constraints and cash flow requirements.

The Authority's Investment Policy was developed in conjunction with our financial and investment advisors, and it adheres to or exceeds the policies and requirements of investment types as authorized by the California Government Code §§ 16429.1 and 53600 et seq.

As a result of the annual review by staff and the Authority's financial and investment advisors, it was determined that no changes are recommended.

While an annual review and adoption is not required by statute, both the Association of Public Treasurers of the United States and Canada and the Government Finance Officers Association have established policy standards recommending a review be conducted annually.

Since this Investment Policy serves as the guidelines for prudent management of the Authority's investments, the attached resolution and accompanying policy are submitted to ensure a regular review and approval of the Investment Policy by the Authority Board.

In addition, the Board delegates the authority to invest and manage the funds of the Authority to the Authority's Treasurer. Such delegation is on a fiscal year basis and subject to renewal by the Board, at its option. Based on the investment record, the attached resolution requests reappointment of the Vice President, Chief Financial Officer/Treasurer to continue this role for another year.

The existence of an approved investment policy demonstrates that the Authority Board and staff are fiducially responsible, thereby promoting trust and confidence from the public that it serves. This annual review ensures the Authority Board's continued oversight and approval of the policies, rules, and performance regarding the investment of Authority funds.

The Authority Policy 4.40 – Debt Issuance and Management was developed in conjunction with the Authority's financial advisors and bond counsel and serves as the foundation of the Authority's debt issuance and management goals and priorities. The stated objectives are:

- Protect the assets and funds entrusted to the Authority;
- Manage and monitor existing debt to optimize financial structure, control costs and ensure compliance with bond financing covenants;
- Oversee the issuance of new debt in order to maintain access to capital markets and other sources of capital financing at a reasonable cost;
- Obtain and maintain the highest possible credit ratings on debt consistent with the overall objectives of the Authority;
- Explore and implement prudent debt structuring ideas when consistent with the debt issuance and management goals described herein;
- Provide the required secondary market disclosure to the rating agencies and investors; and,
- Comply with all federal and state laws and regulations, as well as bond indenture, federal tax and securities law compliance, and reimbursement agreement covenants.

The Vice President/CFO shall be responsible for ensuring the Policy is current and will review the Policy annually, at a minimum. This year there were no substantive changes and the policy will remain unchanged.

See attached Authority Policy 4.40 – Debt Issuance And Management (Attachment 1) and Authority Policy 4.20 – Guidelines For Prudent Investments (Attachment 2).

Fiscal Impact:

No Fiscal impact.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☐ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☐ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Scott Brickner
Vice President, Chief Financial Officer

Attachment 1

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING
PART 4.4 - DEBT
SECTION 4.40 - DEBT ISSUANCE AND MANAGEMENT POLICY

PURPOSE: To establish a policy governing the debt issuance and management policies and practices of the San Diego County Regional Airport Authority (the "**Authority**").

POLICY STATEMENT:

SECTION I. INTRODUCTION & EXECUTIVE SUMMARY

This comprehensive Debt Issuance and Management Policy (the "Policy") contains the policies that govern existing and anticipated debt obligations. In addition, the Policy sets forth certain financial management practices in capital budgeting that will enhance the Authority's ability to manage its outstanding debt and projected debt issuance. It is expected that the Policy will be updated from time to time to reflect changes in law and market practices.

Debt plays an important role in meeting the financial needs of the Authority since it provides the funding for the Authority to build projects today which will subsequently be repaid from future revenues. While the issuance of debt is frequently an appropriate method of financing capital projects, prudent financial management requires careful monitoring of debt issuance to ensure there is not an excessive reliance on debt and to preserve the Authority's access to borrowed capital at competitive borrowing rates, while always maintaining sufficient liquidity. The term "debt" is used in this Policy to describe numerous types of financial obligations of the Authority which may include Bonds, Subordinate Obligations, Special Facility Obligations, interim financing programs, and other financings of the Authority.

The Authority's debt issuance and management objectives are to:

- Manage and monitor existing debt to optimize financial structure, control costs and ensure compliance with bond financing covenants;

- Oversee the issuance of new debt in order to maintain access to capital markets and other sources of capital financing at a reasonable cost;

- Obtain and maintain the highest possible credit ratings on debt consistent with the overall objectives of the Authority;

- Explore and implement prudent debt structuring ideas when consistent with the debt issuance and management goals described herein;

- Provide the required secondary market disclosure to the rating agencies and investors;

- Comply with all federal and state laws and regulations, as well as bond indenture, federal tax and securities law post-issuance compliance, reimbursement and revolving credit agreement covenants; and

- Protect the assets and funds entrusted to the Authority.

SECTION II. ROLES AND RESPONSIBILITIES

The roles and responsibilities of key parties in administering, monitoring, and ensuring on-going compliance with this Policy include:

1) Board: The Authority is governed by an appointed board of nine members who represent all areas of San Diego County and three *ex-officio* members. The Board approves all bond issuances as well as the policies and guidelines pursuant to which debt is incurred and issued. The Board may waive or modify relevant sections of this policy for any lawful purpose, including in response to an emergency or disaster that materially impacts the Authority's operations.

2) President/CEO and Vice President/CFO: The Vice President/CFO, under the direction of the President/CEO, is (i) responsible for developing, evaluating, implementing and monitoring the financing plan and debt strategies for the Authority in compliance with this Policy, subject to Board approvals; (ii) in charge of federal tax and securities law post-issuance compliance with respect to all debt obligations; (iii) responsible for implementing and ensuring compliance with internal control procedures to ensure proceeds of the Authority's debt obligations are directed to the intended use; and (iv) responsible for timely submitting to the California Debt and Investment Advisory Commission any annual debt report required under California Government Code Section 8855(k). As of the date of this Policy, an annual report must be submitted no later than seven (7) months after the end of the immediately preceding "reporting period". A "reporting period" starts on July 1 and ends on June 30.

3) Registered Municipal Advisor: The Authority has chosen to deliver a Notice of Representation by Registered Municipal Advisor pursuant to SEC Rule 17 CFR Section 240.15Bal – 1(d)(3)(vi)(B) dated August 27, 2014 to notify investment banking firms that the Authority has retained a Financial Advisor and, among other things, will rely on advice of the Financial Advisor for recommendations on the issuance of municipal securities provided by investment banking firms. The Authority may amend or modify this notice from time to time.

4) Financial Professionals: All financial professionals performing services for the Authority's debt programs, such as its Financial Advisor, Bond Counsel, Disclosure Counsel, investment advisor and Underwriters, must comply with the policies and procedures set forth herein.

SECTION III. CAPITAL IMPROVEMENTS AND FINANCIAL PLANNING

The Authority maintains a financing plan and model which projects the available sources and uses of funds and verifies the Authority's financial ability to deliver current and planned programs and services. The impact of the funding sources, particularly debt, on future commitments is a relevant consideration of this Policy. The financing plan is based on a set of assumptions developed through detailed collection and analysis of historical and forecasted data concerning revenues and expenses, economic forecasts and trend projections.

The main sources of revenues include airline rates and charges, parking and concession revenues, and lease revenues. Additionally, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), and federal grants-in-aid are included as a funding source for certain eligible projects.

The Authority's annual operating budget will ensure that sufficient resources are provided from current revenues to: 1) finance the current fiscal year's requirements for ongoing operating and maintenance needs; 2) provide reserves for periodic replacement and renewal; 3) fund the annual requirements of the maintenance, operating and other reserves; and 4) meet any debt service coverage requirements.

Both the capital plan and the financing plan shall be updated periodically as part of the budget process. It is the goal of the Authority to adopt its capital plan on a rolling five-year forward basis. Both plans will comply with the Policy, paying particular attention to all relevant target debt affordability indicators.

SECTION IV. DEBT TARGETS

The President/CEO and the Vice President/CFO will recommend to the Board the amount, tenor and type of debt needed to meet the Authority's short-term and long-term financing requirements. In such determinations, issues of debt capacity, amortization period and impact on rates and charges will be considered, guided by the use of target debt capacity indicators for measuring the affordability of additional borrowing.

1) Rate Covenants

   The Authority has covenanted in the Master Indenture to comply with the senior lien Rate Covenant, as summarized below:

   Bonds – The Authority will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System so that Net Revenues, which are generally defined as Revenues less Operation and Maintenance Expenses for a given period, in each Fiscal Year will be at least equal to 125% of the Aggregate Annual Debt Service for all Bonds.

   "Bonds" are generally defined by the Master Indenture to mean any debt obligation of the Authority including bonds, notes, bond anticipation notes, commercial paper notes and other instruments creating an indebtedness of the Authority, and obligations incurred through lease or installment purchase agreements, other agreements, certificates of participation, and bank repayment obligations. The term "Bonds" does not include Subordinate Obligations (which is defined hereinafter).

The Authority has covenanted in the Master Subordinate Indenture to comply with the subordinate lien Rate Covenant, as summarized below:

Subordinate Obligations – The Authority will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System so that Subordinate Net Revenues (which are generally defined as Revenues less Operation and Maintenance Expenses less senior lien Bond debt service and reserve funding requirement for a given period) in each Fiscal Year will be at least equal to 110% of the Aggregate Annual Debt Service for all Subordinate Obligations for such Fiscal Year (excluding the principal amount of Commercial Paper reissued during the Fiscal Year).

"Subordinate Obligations" shall mean any debt obligation of the Authority issued under the Master Subordinate Indenture and are generally defined to mean a subordinate lien debt obligation including bonds, notes, bond anticipation notes, commercial paper notes and other instruments creating an indebtedness of the Authority, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and bank repayment obligations.

2) <u>Additional Bonds Test and Additional Subordinate Obligations Test</u>
In order to issue additional parity debt under the Master Indenture, the Authority must comply with one of the two prongs of the Additional Bonds Test, as summarized below:

(A) The Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds were at least equal to 125% of the sum of the Maximum Aggregate Annual Debt Service due and payable with respect to all Outstanding Bonds and the proposed Bonds to be issued for such applicable period; or

(B) Obtain a certificate prepared by a consultant showing that the forecasted Net Revenues are expected to be at least 125% of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Bonds and the proposed Bonds to be issued for each year of the forecast period.

In order to issue additional parity debt under the Master Subordinate Indenture, the Authority must comply with one of the two prongs of the Additional Subordinate Obligations Test, as summarized below:

(C) The Subordinate Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Obligations were at least equal to 110% of the sum of the Maximum Aggregate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations and the proposed Subordinate Obligations to be issued for such applicable period; or

(D) Obtain a certificate prepared by a consultant showing that the forecasted Subordinate Net Revenues are expected to be at least 110% of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations and the proposed Subordinate Obligations to be issued for each year of the forecast period.

3) Annual Debt Service Coverage Target

The Authority has established a debt service coverage target for its Bonds and Subordinate Obligations (in aggregate) in order to maintain adequate financial margins to accommodate unexpected events given the volatile nature of the aviation industry, preserve financial capacity for future funding needs, and maintain strong credit ratings.

The minimum Debt Service Coverage target for Aggregate Debt Service is:

- 1.40x, where PFCs used to pay debt service, if any, are added to Net Revenues (rather than deducted from Debt Service) with the sum divided by Aggregate Annual Debt Service for Bonds and Subordinate Obligations and Other Debt Service

This debt service coverage target will be reviewed at least annually by the Authority and its Financial Advisor to determine appropriate adjustments that may be necessary.

4) Airline Costs Per Enplaned Passenger Target

The Authority will compare its airline costs per enplaned passenger ("CPE") with available sources of data, including the rating agencies' median reports and a selected peer group of airports. Due to the different ways that airports set airline rates and charges, it is recognized that comparisons between airports can be misleading.

The Authority will regularly review and monitor CPE and seek to maintain a competitive rate.

5) Debt Per Enplaned Passenger – Target (excluding Special Facility Financing)

The Authority will monitor the amount of long-term debt it has outstanding. One common metric of leverage for airports is Debt per Enplanement. This metric, like CPE, is impacted by long-term passenger traffic demand which continues to evolve and has increased uncertainty. The Authority has a Debt per Enplanement target range of $300 to $400.

The Authority will regularly review and monitor the Debt per Enplanement target using available sources of data, including the rating agencies' median reports and a selected peer group of airports. Due to the different ways that airports finance their capital facilities, this measure is only one indicator of debt affordability.

6) Net Debt/Cash Flow Available to Debt Service (CFADS) – Target (excluding Special Facility Financing)

The Authority will monitor the amount of net long-term debt outstanding relative to the Cash Flow Available for Debt Service (CFADS). Net Debt to CFADS is the ratio of gross debt (including long-term capital leases) less unrestricted cash balances and debt service reserve funds divided by CFADS (which includes Net Revenues, Capitalized Interest and PFCs available for debt service). Airport credits, like most infrastructure assets, are highly leveraged and Net Debt/CFADS is a measure of debt affordability. A lower ratio is preferred as that indicates more available cash flow to service a given amount of debt outstanding.

The Authority has a Net Debt to CFADS target range of 8x to 11x. The Authority will regularly review and monitor the Net Debt to CFADS target using available sources of data, including the rating agencies' median reports.

7) Liquidity Target

Recognizing the inherently volatile nature of the aviation industry, the Authority will maintain prudent unrestricted reserves as a backstop to be able to fund its obligations if unforeseen events occur. The level of unrestricted reserves will be evaluated at least annually, as part of the Authority's budgeting and capital planning process.

The Authority's unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long-term investments, the O&M Reserve, and O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 600 days of budgeted operating and maintenance expenses for the current fiscal year.

8) Credit Ratings Target

The Authority will seek to obtain the highest possible credit ratings on its debt, consistent with meeting the operational and long-term development needs of the Airport. The Authority will maintain ratings from at least two of the leading rating agencies for its Senior Lien Airport Revenue Bonds and seek to maintain a rating at least in the A1/ A+ category.

SECTION V. TYPES OF FINANCING – DESCRIPTION AND APPROACH

1) Bonds and Subordinate Obligations of the Authority

In general, issuing senior lien debt under the Authority's Master Indenture will achieve the lowest borrowing costs compared to other forms of borrowing. Under the Master Indenture, senior lien debt is defined as "Bonds". Under the Master Subordinate Indenture, subordinate lien debt is defined as "Subordinate Obligations".

Proceeds of the Authority's Bonds and Subordinate Obligations may be used for any legally permitted purposes.

Bonds issued for the Airport are limited obligations of the Authority payable solely from and secured by a pledge of Net Revenues generated by the Airport. Subordinate Obligations issued for the Airport are limited obligations of the Authority payable solely from and secured by a pledge of Subordinate Net Revenues generated by the Airport.

Revenues generally include all revenues, income, receipts, and money derived from the ownership and operation of the Airport and all gifts, grants, reimbursements, or payments received from governmental units or public agencies, which are not restricted by law or the payor to application for a particular purpose other than payment of bonds. Among other things, Revenues specifically exclude:

(A) Passenger Facility Charges (PFCs)

(B) Released Revenues, which are an identifiable portion of Revenues that have been excluded from Revenues after meeting certain requirements defined in the Master Indenture

(C) State and/or federal grants

(D) Rental car Customer Facility Charges (CFCs)

2) <u>PFC-Supported Bonds and Subordinate Obligations</u>

The Authority leverages PFCs to support investment in Airport infrastructure and facilities. In order to do this, the Authority may make an irrevocable pledge of PFCs to pay eligible debt service for purposes of compliance with the Additional Bonds Test. The Authority may also deposit additional PFC amounts each year to the debt service fund to pay debt service on Bonds and Subordinate Obligations that financed PFC eligible projects.

The Authority will not include PFCs in estimates of future revenues pledged to support Annual Debt Service unless approval for their imposition has been obtained or is expected to be obtained from the FAA.

3) <u>Special Facility Financings</u>

Special Facilities Obligations may be issued by the Authority to finance capital projects and must be secured by a defined revenue stream derived from or relating to discrete facilities such as cargo terminals or maintenance facilities. Such facilities may be leased to one or more tenants.

The Authority may designate facilities at the Airport as Special Facilities and the revenues therefrom as Special Facilities Revenue if such facilities or revenues meet the following tests from the Master Indenture:

(A) The estimated Special Facilities Revenue pledged to the payment of Special Facilities Obligations relating to the Special Facility will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Authority and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due; and

(B) With respect to the designation of any separately identifiable existing Airport Facilities or Airport Facility as a "Special Facility" or "Special Facilities," the estimated Net Revenues, calculated without including the new Special Facilities Revenue and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses of the Airport System, will be sufficient so that the Authority will be in compliance with the Rate Covenant; and

(C) No Event of Default then exists under the Indenture.

If a facility meets these tests, the Special Facilities Revenues will not be Revenues for the period during which any Special Facilities Obligations are outstanding.

Special Facilities Obligations are limited obligations of the Authority to be repaid solely by Special Facilities Revenues derived from or relating to a discrete facility and are not secured by a lien on Revenues or PFC Revenues. Bonds and Subordinate Obligations are not secured by Special Facilities Revenues.

Special Facilities Obligations may be used in lieu of issuance of Bonds or Subordinate Obligations for financing of discrete airport facilities or airport projects that have an independent revenue stream.

The Authority may permit tenants to undertake Special Facilities Obligations under the following specified terms and conditions:

(A) The financing must comply with the Master Indenture limitations on this type of financing;

(B) A pledge of leasehold mortgage or security interest in the underlying asset may be granted to the trustee or Bondholders in certain circumstances, taking into account any value the Authority receives from the tenant in return;

(C) Terms of bonds will be consistent with the standard terms and the provisions of the Airport's leasing policies;

(D) The Authority will not enhance the creditworthiness of Special Facilities Obligations (for example, through the granting of a re-letting provision), unless the Authority determines it is in the best interests of the Airport, taking into account any value the Airport receives from the tenant in return;

(E) The Special Facilities Obligations are amortized over a period that does not exceed the lesser of: (a) 40 years; or (b) the useful life of the facility (80% of the useful life of the facility for projects that are considered to be "private activities" under federal tax regulations, if tax-exempt financing is used). "Bullet" maturities may be considered if they do not exceed the lesser of: (a) the useful life of the facility; or (b) 25 years, and are amortized on a straight line basis for purposes of calculating amortized cost (see below);

(F) The Authority reserves the right to acquire the facility at its amortized cost and the right to require notices exercising early call redemption provisions for the Special Facilities Obligations;

(G) Any refinancing of assets financed with Special Facilities Obligations will not be permitted without the consent of the Board;

(H) The tenant will reimburse the Authority for all of its costs associated with the Special Facilities Obligations;

(I) The Authority may assess an annual fee for Special Facilities Obligations;

(J) Bond Counsel(s) for the Authority will review all Disclosure documents and prepare the financing documents;

(K) The tenant will satisfy Continuing Disclosure and arbitrage rebate requirements and will provide the Authority with indemnities covering any exposure the Authority may have arising from the financing;

(L) The proposed facility must be compatible with Airport System land and capital use plans; and

(M) The Authority may establish minimum threshold Credit Ratings for airlines and other parties wishing to participate in Special Facilities Obligation financed projects. These threshold Credit Ratings will be reviewed by the Authority from time to time.

4) <u>Bond Anticipation Notes ("BANs") and Grant Anticipation Notes ("GANs")</u>

Bond Anticipation Notes ("BANs") are short-term debt instruments that will be repaid with proceeds of an upcoming bond issue.

Grant Anticipation Notes ("GANs") are short-term instruments that will be repaid from expected future federal AIP and TSA grants or other federal or State grants accepted by the Authority. The FAA and TSA may issue Letters of Intent ("LOI") to the Authority indicating their intent, although not their commitment, to fund "long term, high priority capacity projects" on a multi-year basis as appropriations become available. Once an LOI is in hand, notes may be issued that are secured by the grants anticipated to be received from the FAA and/or TSA. However, there typically must be an ancillary source of repayment for the notes in the event grant funding is ultimately not received.

The Authority may use BANs proceeds to finance projects that would be otherwise financed by an upcoming bond issue. The Authority may use GANs proceeds to finance projects permitted by the grants anticipated to be received by the Authority.

Notes may be considered Balloon Indebtedness under the Master Indenture, which specifies that, for purposes of calculating the Aggregate Annual Debt Service of Balloon Indebtedness, such Bonds shall be assumed to be amortized in substantially equal annual amounts for principal and interest over a period of 30 years at an interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, or if that index is no longer published, another similar index selected by the Authority.

If the Authority fails to select a replacement index, the rate shall be the rate determined by a consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under the Master Indenture. Issuance of BANs and GANs should not occur in amounts or result in amortization that would result in the failure by the Authority of its ability to satisfy its rate covenants and the debt coverage goals contained in this Policy.

5) Capital Appreciation Bonds and Zero Coupon Bonds

The Authority will not issue capital appreciation bonds or zero coupon bonds unless the Authority has determined, quantified and demonstrated that there is a significant benefit over traditional structures.

In the event that the Authority issues capital appreciations bonds or zero coupon bonds, proceeds of such bonds may be used for any legally permitted purposes.

6) Commercial Paper

Commercial Paper is a short-term obligation with maturities ranging from 1 to 270 days. The payment when due of principal and interest on each series of the Notes also is secured by separate irrevocable, direct-pay letters of credit.

The Authority may refinance, refund or purchase outstanding Commercial Paper by issuing new Commercial Paper, by issuing Bonds, or by using available Authority funds.

For purposes of calculating Aggregate Annual Debt Service for a Commercial Paper Program, the principal and interest shall be calculated as if the entire Authorized Amount of such Commercial Paper Program were to be amortized over a term of 35 years commencing in the year in which such Commercial Paper Program is implemented and with substantially level Annual Debt Service payments.

The interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by a consultant to be a reasonable market rate for fixed rate Subordinate Obligations of a corresponding term issued under the Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes.

Any outstanding Commercial Paper anticipated to be paid off and not reissued within the current fiscal year shall be excluded from any calculations of variable rate exposure for internal debt management purposes.

The Authority may issue Commercial Paper as sources of interim financing for capital projects. Before issuing such Commercial Paper notes, the take out of such Commercial Paper must be anticipated in the financing plan and determined to be feasible and advantageous by the Authority.

7) Floating Rate Notes and Revolving Credit Facilities

Floating Rate Notes (FRNs), including Revolving Credit Facilities, are notes that have a variable coupon, equal to a money market reference rate, such as SIFMA (Securities Industry and Financial Markets Association) or BSBY (Bloomberg Short Term Bank Yield Index) or SOFR (Secured Overnight Financing Rate), or such other industry benchmarks, plus a spread. The spread is a rate that remains constant. At the beginning of each coupon period, the coupon is calculated by taking the fixing of the reference rate for that day and adding the spread. Because the coupon resets based on a short-term index, the issuer is exposed to rising interest rates unless it has swapped the debt to a fixed rate. However, unlike variable rate demand obligations or Commercial Paper, FRNs are not supported by a bank liquidity facility, and therefore do not pose short-range liquidity/refinancing risk to the issuer.

The Authority may issue FRNs as a source of interim financing for capital projects. Before issuing such FRNs, the take out of such notes must be anticipated in the financing plan and determined to be feasible and advantageous by the Authority.

8) Equipment Leases

Equipment leases are basically loans pursuant to which the lender buys and owns certain equipment (e.g., jet bridges, baggage systems, flight and baggage information display systems) and then "rents" it to the Authority at a flat monthly rate for a specified number of months. At the end of the lease, the Authority may purchase the equipment for its fair market value (or a fixed or predetermined amount), continue leasing, lease new equipment or return the equipment. The Authority may explore equipment leases as a financing vehicle and alternative to debt if the terms and conditions of the lease (including the interest rate charged) are more favorable.

9) Installment Payment Agreement

The Authority may also finance certain facilities, including equipment, under an agreement with a third-party whereby the third-party funds the investment in the facility and the Authority agrees to pay the third party as rental/payment for the use and occupancy of the facility specific installment payments.

The installment payments would be made from the Authority's available funds after payment of all Operation and Maintenance Expenses, all funds necessary to pay debt service on and to fund the reserves for the Authority's Outstanding Senior and Subordinate Debt Obligations and amounts necessary to fund the Authority's Operation and Maintenance Reserve Subaccount and Renewal and Replacement Subaccount in accordance with the Master Trust Indenture.

10) Direct Loans

The Authority may also enter into a direct loan with a financial institution or other lending entity to meet certain of its financing needs. A direct loan is made directly with a financial institution or other lending entity and may be a fixed or variable product. The Authority may use direct loans as interim or permanent financing for capital projects or to refinance outstanding debt.

SECTION VI. FEATURES OF LONG-TERM DEBT

The Vice President/CFO will recommend to the Board the structure and term of long-term debt according to the general policies described below.

1) Selection of Final Maturity and Amortization of Principal

   The final maturity of borrowings should not exceed, and preferably be less than, the projected economic life of the improvements that are financed or such shorter period as required by federal tax law, if tax-exempt debt has been used.

2) Use of Capitalized Interest

   The Vice President/CFO will evaluate whether or not to capitalize the early years' interest cost in a bond issue by taking into account the impact this action would have on the size of the bond issue, future Annual Debt Service requirements, accounting treatments and budgetary impacts.

3) Tax Status

   The Vice President/CFO will evaluate whether or not to issue taxable bonds in lieu of bonds that are subject to the Alternative Minimum Tax (AMT) for certain maturities for private activity financing needs. In some market conditions, the cost for taxable debt may be less than the cost for AMT bonds for certain maturities. The Vice President/CFO will also evaluate the benefit of using taxable bonds for advance refunding transactions.

4) Sizing of Debt Service Reserve Funds

   Except in limited circumstances, the Master Indenture and the Master Subordinate Indenture require either the funding of a common Debt Service Reserve Fund in an amount sufficient to satisfy the reserve requirement for all existing and proposed Bonds or Subordinate Obligations under the respective master indenture participating in such master reserve fund, or the funding of a Debt Service Reserve Fund in an amount sufficient to satisfy the reserve requirement for only the proposed issue. With each issuance of Bonds or Subordinate Obligations, the Vice President/CFO will compare the costs of funding required increases to the reserve requirement from bond proceeds with the costs of satisfying the reserve requirement through the use of a reserve fund surety. The potential effect on credit ratings will also be considered when comparing reserve requirement funding alternatives.

5) Selection of Redemption Provisions

   Redemption provisions will be established on a case-by-case basis, taking into consideration market conditions and the results of a call option analysis prior to the time of sale.

   The issuance of non-callable Bonds or Subordinate Obligations should be considered only in special circumstances based upon the specific transaction. Because the issuance of non-callable debt may restrict future financial flexibility, cost will not be the sole determinant in the decision to issue non-callable bonds. The preference of the Authority is to issue debt with standard redemption provisions.

6) Use of Discount Bonds

   Prior to issuing Bonds or Subordinate Obligations at a dollar price less than 97.0% of par, the Vice President/CFO will request from the Financial Advisor an analysis of the reduced option value resulting from the assignment of a lower interest coupon. The Authority will consider issuing the discount debt, where permissible under tax law, if the present value debt service savings provided by the lower interest coupon is greater than the reduction in call option value. Other benefits such as the participation of new investors will be an additional consideration.

7) Use of Premium Bonds

   Prior to issuing Bonds at a dollar price greater than par, the Vice President/CFO will request from the Authority's Financial Advisor a brief cost/benefit analysis of the interest saved using premium debt versus other possible pricing structures.

8) Minimum Criteria for Debt Financing Equipment Items

   The Authority will not issue long-term debt to finance individual items of equipment with a useful life less than five (5) years, except under a master lease program.

SECTION VII. REFUNDING OPPORTUNITIES

The Vice President/CFO and the Authority's Financial Advisor will monitor refunding opportunities for all outstanding debt obligations on a periodic basis applying established criteria in determining when to issue refunding bonds for debt service savings.

The refunding criteria will include a comparison of expected present value savings with the option value of the existing callable bonds. Generally, the Authority will pursue refunding opportunities if the expected net present value savings provide sufficient compensation for the exercise of the optional redemption provision. Recommendations as to the sufficiency of the net present value savings will be provided by the Authority's Financial Advisor.

Under current Internal Revenue Code provisions, only a current refunding of tax-exempt bonds is permitted using the proceeds of tax-exempt bonds. A current refunding requires issuing refunding bonds no earlier than ninety (90) days prior to the bond's optional redemption date. An Advance Refunding of tax-exempt bonds is permitted using the proceeds of taxable bonds.

Given the limitations on refunding outstanding tax-exempt bonds, careful attention will be given to pricing considerations and the impact early optional redemption provisions have on pricing.

The following considerations apply when the Authority considers refunding opportunities:

1) Monitor Potential Savings:

   The Vice President/CFO with the assistance of the Authority's Financial Advisor, will monitor on an ongoing basis potential savings available by refinancing outstanding debt of the Authority. Savings will be analyzed on a present value basis by using a percentage of the refunded par amount. All costs and benefits of the refinancing will be taken into account.

2) Target Savings Amounts:

A present value analysis must be prepared to identify the economic effect of any proposed refunding. To proceed with a refinancing for economic savings, the Authority will evaluate the net present value savings as a percentage of the refunded par amount relative to the time to the first call date of the bonds and the maturity date of the bonds, using the following minimum guidelines:

		Years to the first Call Date		
		After the First Call Date to Up to 90 Days Before	90 Days to 3 Years Before the First Call Date	More than 3 Years Before the First Call Date
Years from the date of first call to Maturity Date of the Bonds	0-5 Years	0.5%	1.0%	2.0%
	6-10 Years	1.0%	2.5%	4.0%
	11-20 Years	3.0%	4.0%	5.0%

For advance refunding or current refunding utilizing forward delivery bonds, the Authority will also evaluate the efficiency of the refunding opportunity as well as the breakeven analyses of the opportunity relative to a hypothetical current refunding.

3) Other Considerations:

Some refundings may be executed for other than economic purposes, such as to restructure debt, to change the type of debt instrument, or to retire a bond issue and indenture for more desirable covenants. In addition, if the benefits outweigh the costs and the refunding opportunity would otherwise be lost, the Authority may proceed with a refunding that has economic benefit but does not meet the criteria stated above in the "Target Savings Amount" paragraph above.

4) Non-Traditional Refundings:

Refundings executed with non-traditional structures such as tenders and swaps, require a full analysis of the benefits and risks, and may require higher economic benefits.

SECTION VIII. ISSUANCE OF VARIABLE RATE DEBT

Variable Rate Debt typically is issued for a term of up to 30 years, although the interest rate on this debt instrument is reset daily, weekly, monthly or less commonly, periodically.

The Authority recognizes that variable rate securities are a useful debt management tool that traditionally has had lower interest rate costs than fixed rate debt. The Authority's current goal is to maintain a debt program which may include both fixed and variable rate debt, as well as Commercial Paper, FRNs and Revolving Credit Facilities.

1) Purposes of Variable Rate Debt

The Vice President/CFO may recommend that variable rate securities be issued for the following purposes:

(A) Interim Financing Tool

The Authority may consider issuing Variable Rate Debt in connection with its major debt-financed capital projects, especially when interest rates associated with a fixed rate, long term borrowing far exceed the interest rates that can be earned on the construction and capitalized interest funds (resulting in a significant amount of negative arbitrage). Because Variable Rate Debt can be retired or redeemed without penalty, these instruments may better suit circumstances where a refunding or restructuring of a potential debt issue is likely for any reason, (for example, if a change in use of the facility to be funded may reasonably be anticipated, or if grant or another source of funds may be obtained to substitute for bond funding).

Certain variable rate products most notably, Commercial Paper and Revolving Credit Facilities can be issued incrementally as funds are needed to finance current construction, and can reduce the long-term cost of construction financing.

(B) Statement of Net Position Management Tool

The maintenance of Variable Rate Indebtedness, Commercial Paper, FRNs and Revolving Credit Facilities liabilities at a level that takes into consideration the amount of short-term assets maintained by the Authority prudently reduces the Authority's risk of exposure to changes in interest rates. Since the Authority invests its free cash balances in short term instruments, it is exposed to interest rate fluctuations at the short end of the yield curve. Conversely, a large portion of its liabilities are in the form of long term, fixed-rated debt. When interest rates fall, the Authority's assets earn less, while its liabilities are fixed. Offsetting this exposure by better matching the variability of earnings on its assets with variable, rather than fixed, rate liabilities serve as a hedge against interest rate risk and reduces the overall cost of funds.

(C) Diversify Investor Base to Lower Costs

Typically, variable rate debt is sold to a different segment of investors than long-term fixed rate bonds. By tapping short-term investors, an issuer broadens and diversifies its investor base. By becoming a familiar and respected credit among short-term investors, the Authority will be in a better position to gain access to these buyers at those times when it is less advantageous to borrow in the fixed-rate market.

(D) Management of Negative Arbitrage

Issuing debt in a variable rate mode reduces or at times may even eliminate negative arbitrage in Construction, Capitalized Interest and Debt Service Reserve Funds. (See "A" above)

2) Criteria for Use of Variable Rate Debt

The Authority's net variable rate debt composition (defined as variable rate debt less unrestricted cash reserves) excluding interim financings (defined as financings the Authority intends to take out with permanent long term financings) will not exceed 15% of total debt.

Statement of Net Position Risk Mitigation - In determining the appropriate amount of variable rate debt to be issued for risk mitigation purposes, the following factors should be taken into account, and analyzed on the basis of the funds that will be repaying the debt:

(i) The historic average of cash balances analyzed over the course of several prior fiscal years.

(ii) Projected cash balances based on known demands on the given fund.

(iii) Any basis risk, such as differences in the performance or average life of the Authority's investment vehicle (e.g., swaps, as discussed in Section IX) and the variable rate debt instrument.

3) Diversification of Remarketing Agents and Credit Facility Providers

In selecting remarketing agents for variable rate debt, the Authority will seek to choose a diversity of remarketing agents to better foster competition. For similar reasons, the Authority will seek to diversify institutions providing liquidity or credit enhancement for Airport variable rate debt.

4) Budgeting

The Vice President/CFO will determine the appropriate method for budgeting the interest cost of variable rate debt by considering historic interest rates, projected interest rates and the effect of risk mitigation products such as interest rate swaps or caps.

5) Monitoring and Reporting

The Vice President/CFO will monitor the performance of actual interest rates on variable rate debt and periodically report the results. Reports will be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and with rules promulgated by the General Accounting Standards Board (GASB). With the assistance of its Financial Advisor, the Vice President/CFO will regularly review the performance of the individual remarketing agents in relation to other remarketing agents, similar programs and market indices.

SECTION IX. DERIVATIVES

The Authority has adopted and will maintain a separate policy for derivatives (Policy 4.21 "Policy Regarding the Use and Management of Derivative Products").

SECTION X – METHOD FOR SALE OF DEBT

There are two methods of issuing debt obligations: a Competitive Sale and a Negotiated Sale. In a Competitive Sale, Underwriters submit sealed bids, and the Underwriter or Underwriting Syndicate with the lowest True Interest Cost (TIC) is awarded the sale. In a Negotiated Sale, the Underwriter or Underwriting Syndicate is selected through a Request for Proposal (RFP) process. The interest rate and Underwriter's fee are negotiated prior to the sale, based on market conditions.

It is usually not feasible to issue bonds through a Competitive Sale for certain types of financings, such as Variable Rate Debt, Commercial Paper and specialized financings like Special Facility Revenue Bonds. Further, there are factors (e.g., flexibility as to timing and the mix of the underwriting syndicate) that support the use of a Negotiated Sale. Still, a competitive process should be used to choose the appropriate Underwriter and financing team to ensure the most qualified firms are used for a specific financing. The current policy of the Authority establishes a preference for Negotiated Sales of its Bonds.

Role of Underwriters in Negotiated Sale

The Authority expects its Underwriters to: 1) participate in a valuable and significant way with respect to the structuring and pricing of each debt issue and sales performance; 2) cooperate fully with other financing team members in a way that provides the maximum benefit to the Authority; and 3) attend meetings, when requested, related to the issuance of debt.

The book running senior manager, in conjunction with the Financial Advisor, is responsible for developing a time and responsibility schedule that will allow for the timely and successful completion of the financing. The book running senior manager is responsible for communicating the Authority's plan of finance and timing to the other managing Underwriters in the syndicate.

Underwriter Selection in Negotiated Sale

The Authority may select Underwriters for an individual financing or to serve as part of a pre-qualified pool of Underwriters available for appointment for anticipated financings. In either case, the Authority would conduct a competitive selection process, which should include:

- Developing an RFP that meets the financial and policy goals of the Authority.
- Meeting the Authority procurement requirements.
- Circulating the RFP to a wide range of Underwriters (e.g. national and regional firms, DBE and majority firms, firms that provide credit to the Authority, and firms that specialize in certain types of debt).
- Diligently evaluating the Underwriters' proposals received in response to the RFP.

- Conducting follow-up interviews with any or all of the proposing firms (optional).
- Selecting candidates to be recommended for appointment to an individual financing or to an Underwriter pool.

Should the Board appoint Underwriters to a pre-qualified pool after an RFP process, the Vice President/CFO may recommend such firms for appointment to specific financings, without a subsequent RFP process.

SECTION XI. INVESTMENT OF BOND PROCEEDS

The Authority shall invest proceeds generated through the issuance of debt in compliance with the terms of eligible investments under the relevant bond indenture and related bond documents; its Investment Policy; and applicable state laws.

SECTION XII. COMPLIANCE WITH FEDERAL TAX LAW AND MARKET DISCLOSURE OBLIGATIONS

1) Compliance with Federal Tax Law

The Vice President/CFO shall establish a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code and ensure compliance with other federal tax regulations and post-issue compliance as required by Bond Counsel at the time of issuance of the debt. This effort shall include tracking expenditures of bond proceeds to ensure such expenditures comply with federal tax law requirements, tracking investment earnings on proceeds, retention of a rebate consultant to prepare and calculate rebate payments in compliance with tax law and remitting any earnings subject to rebate to the federal government in a timely manner in order to preserve the tax-exempt status of the Authority's outstanding debt issues that have been issued on a tax-exempt basis.

The Authority will comply with all covenants contained in tax certificates.

Trustee banks have been appointed for the Authority's outstanding debt. The trustees shall perform all functions and duties required under the terms and conditions set forth in the respective bond indentures and trust agreements, including maintaining records of fund balances and investments.

2) Initial Disclosure

The Authority acknowledges its responsibilities under the securities laws to avoid material misstatements and omissions in offering documents used in the marketing of Authority debt. The Vice President/CFO shall manage and coordinate the disclosure documentation preparation process and shall establish a system of procedures to ensure the preparation of appropriate disclosure documentation when required, with assistance from the Authority's General Counsel and the Authority's Bond and/or Disclosure Counsel. When necessary, the Vice President/CFO shall provide training covering new developments and disclosure responsibilities to staff members.

3) <u>Continuing Disclosure</u>

To assist Underwriters to comply with Securities and Exchange Commission ("SEC") Rule 15c2-12, the Authority has entered into and expects in the future to enter into additional Continuing Disclosure Undertakings. The Authority is required to provide 1) Annual Reports, containing the Authority's audited financial statements as well as updates of operating and financial data included in the Authority's offering documents, and 2) notices of certain enumerated events.

i) Notice of the occurrence of any of the following events shall be given, or caused to be given by the Authority, with respect to any bonds, not later than ten business days after the occurrence of the event:

(A) Principal and interest payment delinquencies;

(B) Unscheduled draws on the Debt Service Reserve Funds reflecting financial difficulties;

(C) Unscheduled draws on credit enhancements reflecting financial difficulties;

(D) Substitution of credit or liquidity providers, or their failure to perform;

(E) Adverse tax opinions with respect to the tax status of any bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to any bonds;

(F) Tender offers;

(G) Defeasances;

(H) Rating changes;

(I) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(J) Default, event of acceleration, termination event, modification or terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (I), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(K) Any applicable revision to rule 15c2-12 adopted by the SEC

(ii) Notice of the occurrence of any of the following events with respect to any bonds, if material, shall be given, or caused to be given by the Authority, not later than ten business days after the occurrence of the event:

(A) Unless described in paragraph 3(i)(E), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of any bonds or other material events affecting the tax status of any bonds;

(B) Modifications to rights of the owners of any bonds;

(C) Optional, unscheduled or contingent bond calls;

(D) Release, substitution or sale of property securing repayment of any bonds;

(E) Non-payment related defaults;

(F) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

(G) Appointment of a successor or additional trustee or the change of name of a trustee; or

(H) Incurrence of a Financial Obligation or the Authority, or agreement to covenants, events of default, remedies, priority rights, of other similar terms of a Financial Obligation of the Authority, any of which affect security holders;

(I) Any applicable revision to rule 15c2-12 adopted by the SEC.

SECTION XIII. RATINGS AGENCIES AND INVESTOR RELATIONS

The Vice President/CFO shall be responsible for implementing and managing the Authority's Credit Rating agency relationship. The Authority recognizes the importance of immediate and timely disclosure of relevant financial and program information concerning its debt programs to the rating agencies and pursuant to its continuing disclosure undertakings. This effort shall include periodic meetings with the rating agencies and shall provide the rating agencies with the Authority's annual budget projections, financial statements and other relevant information.

The Vice President/CFO shall be responsible for implementing and managing the Authority's investor relations program, including the maintenance and periodic updating of the financial information provided on the Authority's web site. The Authority shall attempt to promptly respond to any reasonable inquiry from an institutional or retail investor concerning information generally available to the investing public and in certain circumstances involving significant events affecting the Authority, make voluntary Secondary Market Disclosure pursuant to an EMMA (Electronic Municipal Market Access) filing.

SECTION XIV. AMENDMENTS TO DEBT ISSUANCE AND MANAGEMENT POLICY

The Policy codifies and explains the guidelines and the policies that govern existing and anticipated debt obligations of the Authority. In addition, the Policy sets forth certain financial management practices in capital budgeting that will enhance the Authority's ability to manage its projected debt issuance. The Policy will require changes and modifications over time. The Vice President/CFO shall be responsible for ensuring the policy is current and will review the Policy annually, at a minimum. In the event that changes to the Policy are necessary, the Vice President/CFO shall propose such changes to the President/CEO. Upon President/CEO approval, the proposed amended Policy will be submitted to the Board requesting approval.

GLOSSARY (PROVIDED FOR INFORMATIONAL PURPOSES ONLY)

Additional Bonds Test: The earnings test which must be satisfied under the provisions of a revenue bond contract before bonds of an additional issue having the same lien on a pledged revenue source can be issued. Typically, the test required that historical or future estimated pledged revenues exceed total debt service (existing and proposed) by a certain ratio. The test provides protection to investors that the bond issuer will not issue additional parity bonds without providing ample security to the investors in the previous financing(s).

Advance Refunding: A refunding that occurs more than 90 days in advance of the first optional redemption date. Under current Internal Revenue Code Provisions no tax exempt bonds may be advance refunded on a tax-exempt basis.

Airline Costs per Enplaned Passenger ("CPE"): A comparative statistic used to demonstrate the affordability of airline operations at an airport. CPE is often used in the process of determining the credit quality of an issue. It is typically calculated as total passenger airline revenue divided by the number of enplaned passengers in any fiscal year.

Airport Revenue Bonds: Airport Revenue Bonds (also known as General Airport Revenue Bonds, or "GARBs") are bonds issued pursuant to the terms of a trust indenture or ordinance which are secured either by a pledge of gross or net airport revenues.

Alternative Minimum Tax: Interest on tax-exempt private activity bonds (held by individuals, issued after January 1, 2018 is generally subject to the Alternative Minimum Tax ("AMT") as a specific item of tax preference: provided however certain new money private activity bonds previously issued during the AMT "waiver" period authorized by the American Recovery and Reinvestment Act of 2009 can be current refunded and exempt from AMT.

Amortization: The process of paying the principal amount of an issue of securities by periodic payments either directly to holders of the securities or to a sinking fund for the benefit of security holders.

Arbitrage: With respect to the issuance of municipal securities, arbitrage usually refers to the difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the bonds in higher-yielding taxable securities. Federal income tax laws generally restrict the ability to earn arbitrage in connection with tax-exempt bonds.

Arbitrage Rebate: A payment made by an issuer to the federal government in connection with an issue of tax-exempt bonds. The payment represents the amount, if any, of arbitrage earnings on bond proceeds and certain other related funds, except for earnings that are not required to be rebated under limited exemptions provided under the Internal Revenue Code. An issuer generally is required to calculate, once every five years during the life of its bonds, whether or not an arbitrage rebate payment must be made.

Balloon Maturity: A bond structure wherein the principal amount becomes due and payable on one date, generally at the end of the bond term.

<u>Basis Point</u>: Yields on bonds are usually quoted in increments of basis points. One basis point is equal to 1/100 of one (1%) percent. For example, the difference between 6.00% and 6.50% is 50 basis points.

<u>Bond Counsel:</u> A law firm retained by the bond issuer to give a legal opinion that the bond issuer is authorized to issue proposed securities, the bond issuer has met all legal requirements necessary for issuance, and interest on the proposed securities will be exempt from federal income taxation and, where applicable, from state and local taxation. Usually, bond counsel will prepare authorizing resolutions and ordinances, trust indentures and other bond documents with the exception of the Official Statement.

<u>Bondholder:</u> The owner of a municipal bond whose name is noted on the bond register.

<u>Bond Insurance:</u> Insurance which provides an additional guarantee of the timely payment of principal and interest of either an entire bond issue or specified maturities. In exchange for payment of the bond insurance premium, a higher credit rating (the rating of the insurer) is assigned to the insured bonds and a lower cost of funds may be attained.

<u>Bond Purchase Agreement</u>: The contract between the Syndicate and the bond issuer setting forth the final terms, prices and conditions upon which the Syndicate will purchase a new issue.

<u>Book Running Senior Manager</u>: The managing underwriter that controls the book of orders for the transaction and is primarily responsible for the successful execution of the transaction.

<u>Broker-Dealer:</u> A securities firm engaged in both buying and selling securities on behalf of customers and also buying and selling securities on behalf of its own account.

<u>Bullet Maturity:</u> See Balloon Maturity.

<u>Callable Bond:</u> A bond where the bond issuer is permitted to redeem it before the stated maturity date at a specified price by giving notice of redemption in the manner specified in the bond document.

<u>Capital Appreciation Bond:</u> A municipal security on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity, at which time the investor receives a single payment (the "maturity value") representing both the initial principal amount and the total investment return. It differs from a Zero Coupon Bond in that only the initial principal amount is counted against an issuer's statutory debt limit, rather than the total par value at maturity.

<u>Capitalized Interest:</u> A portion of the proceeds of an issue which is set-aside to pay interest on the bonds for a specified period of time. Interest is commonly capitalized during the construction period of a revenue-producing project.

<u>Commercial Paper:</u> Short-term (1 to 270 days) promissory notes usually issued to provide for interim financing of projects through the construction period and backed by a letter or line of credit from a commercial bank. Following the completion of the projects, principal and interest due on commercial paper is often redeemed through the issuance of long-term refunding bonds.

Competitive Sale: The sale of a new issue of bonds by an issuer through a bidding process where underwriters are awarded the bonds on the basis of offering the lowest cost of funds for the issuer usually as measured on a true interest cost (TIC) basis. The bid parameters for the public sale are established in the notice of sale or notice inviting bids.

Credit Enhancement: The use of the credit of an entity other than the issuer to provide additional security in a bond or note financing. This term typically is used in the context of bond insurance, letters of credit and other similar facilities.

Credit Ratings: Evaluations of the credit quality of bonds made by independent ratings services such as Moody's Investors Service, S&P Global Ratings, Fitch Ratings and Kroll Bond Rating Agency. Credit ratings are intended to measure the probability of timely repayment of principal and interest on municipal securities. Credit ratings are assigned before issuance of the bonds and are periodically reviewed or may be amended to reflect changes in the issuer's credit position. Bonds with investment grade ratings are assigned credit ratings between Baa3/BBB- and Aaa/AAA.

Current Refunding: A current refunding involves refunding bonds within 90 days of the bonds first optional redemption. Federal tax law does not limit the number of current refundings of any tax-exempt bond.

Customer Facility Charge (CFC): A fee imposed by a car rental company upon a car rental customer arriving at the airport and renting a vehicle from an on-airport or off-airport car rental company serving the airport. The CFC is collected by the car rental company generally for use by the airport in funding rental car facility-related projects or debt associated with such projects.

Debt Ratios: Comparative statistics showing the relationship between a bond issuer's outstanding debt and factors affecting repayment. Such ratios are often used in the process of determining the credit quality of an issue. Examples of debt ratios applied to airport bonds include: debt/revenues/costs per enplaned passenger, debt service coverage ratio, utilization per gate, operating ratio and net takedown.

Debt Service: The amount due for repayment of interest and principal on outstanding debt, including required contributions to a sinking fund for term bonds. Debt service may be computed on a bond year, fiscal year or calendar year basis.

Debt Service Coverage: The ratio of Net Revenues annually available to pay debt service on bonds to the annual debt service requirement. This ratio is one indicator of the credit quality of a bond issue. For example, a coverage ratio of "1.50x" means that for every $1.00 of annual debt service, the bond issuer has $1.50 of annual net revenues.

Debt Service Reserve Fund: The fund in which moneys are placed which may be used to pay debt service if Net Revenues are insufficient to satisfy the debt service requirements. The size of this fund is generally established by the reserve requirement, which is generally equal to the lesser of: (i) 10% of new issue par, (ii) maximum annual debt service (debt service is amount due on existing and proposed debt for a common debt service reserve fund), and (iii) 125% of average annual debt service (debt service is amount due on existing and proposed debt for a common debt service reserve fund).

Debt Service Reserve Fund Surety Policy: A debt service reserve fund insurance policy provided by a highly-rated municipal bond insurer or a letter of credit provided by a highly-rated commercial bank which guarantees the funding of the reserve requirement.

Defeasance: Bonds for which the payment of debt service has been assured through the structuring of a portfolio of government securities, the principal and interest on which will be sufficient to pay debt service on the outstanding bonds. The rights and interest of the bondholders and of their lien on pledged revenues is terminated in accordance with the bond documents through a defeasance. Defeasance usually occurs through the issuance of refunding bonds.

Disclosure: From the perspective of the bond issuer, it is taken to mean the dissemination of accurate and complete information material to an existing or proposed bond issuance which an investor is likely to consider important in making an investment decision. The material facts pertinent to a new bond offering are disclosed in the Official Statement.

Disclosure Counsel: A law firm retained by the bond issuer to prepare the Official Statement and provide a 10b-5 opinion.

Discount Bond: A bond sold for less than its face value as a result of the yield exceeding the coupon rate.

Financial Advisor (also known as a Municipal Advisor): A consultant who advises the bond issuer on matters such as bond structure, timing, marketing, pricing, documentation and credit ratings. The consultant may also provide non-bond related advice relating to capital planning and investment management.

Financial Obligation: shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities (as defined in the securities Act, as amended) as to which final official statement (as define in the rule) has been provided to the MSRB consistent with the Rule.

Fixed Rate Debt: Securities with an interest rate that is established for the life of the securities.

Forward Refunding: A Forward Refunding is an agreement, usually between an issuer and the underwriter, whereby the issuer agrees to issue bonds on a specified future date and an underwriter agrees to purchase such bonds on such date. The proceeds of such bonds, when issued, are generally used to refund the issuer's outstanding bonds.

Group Net Order: An order for bonds submitted by a Syndicate member in which the takedown is distributed to Syndicate members according to their respective liability shares in the issue.

Institutional Order: An order for bonds placed by a bank, pension fund, mutual fund, trust or insurance company, investment bank, hedge fund or similar financial institution.

Interest Rate Risk: The risk associated with changes in general interest rate levels or Yield Curves (see Yield Curves below).

Letter of Credit: A commitment usually made by a commercial bank to honor demands for timely payment of debt service upon compliance with pre-established conditions and/or the occurrence of certain events specified in the agreement between the bank and the issuer of the debt. Letters of credit are often issued as additional sources of security for issues of notes, commercial paper or bonds, with the bank issuing the letter of credit committing to pay debt service on the bonds. Debt issued with a letter of credit may be assigned the credit rating (short- and/or long-term) of the letter of credit provider. Letters of credit may also provide liquidity support for such debt issues.

Master Indenture: The Trust Indenture that governs all the senior lien bond obligations of the issuer.

Master Subordinate Indenture: The Trust Indenture that governs all the subordinate lien bond obligations of the issuer.

Member Order: An order submitted by a syndicate member at the takedown price.

Negotiated Sale: The sale of a new issue of bonds by an issuer through an agreement with an underwriter or underwriting Syndicate selected by the issuer. Bonds are generally sold on a negotiated basis when market conditions, issue structure or issue credit quality indicate that a competitive sale would result in higher borrowing costs for the issuer.

Net Debt/Cash Flow Available for Debt Service (CFADS): Gross debt (including long-term capital leases) less unrestricted cash balances and debt service reserve funds divided by CFADS (which includes net Revenues, Capitalized Interest and PFCs available for debt service).

Net Designated Order: An order submitted by a syndicate member on behalf of a buyer on which all or a portion of the takedown is to be credited to certain members of the syndicate. The buyer directs the percentage of the total designation each member will receive in accordance with the terms of the underwriting syndicate.

New T1: The New Terminal 1 will help the Airport meet the region's passenger demand through the year 2035 by developing a 30-gate replacement facility for Terminal 1 (11 gate net increase) at the San Diego International Airport. The new facility will be accompanied with reconfigured and new taxiways, a close-in parking structure, and associated access and circulation roadway improvements. Collectively, these projects will enhance the passenger experience, improve airport operating efficiency, and lower carbon emissions.

Official Statement: A document published by the bond issuer, and often prepared by Disclosure Counsel, which discloses material information on a new bond issue including the purpose of the issue, source of repayment, bond covenants as well as financial, economic, demographic and legal characteristics of the bond issuer. The Official Statement is used by investors to determine the credit quality of the bond issue. An Official Statement is deemed preliminary prior to the determination of the interest rates on the bond issue.

Other Debt Service: Any debt obligation of Authority other than Bonds and Special Facility Financing, including commercial paper, other indebtedness of Authority, and all other related requirements.

Parity Bonds: Two or more subsequent issues of bonds which have the same priority of claim or lien against pledged revenues.

Passenger Facility Charge (PFC): A fee, in amounts up to $4.50, assessed to enplaned passengers at commercial airports controlled by public agencies. Airports use these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition. Federal law limits use of PFC funds strictly to the above categories.

Premium Bond: A bond sold for greater than its face value as a result of the coupon rate exceeding the yield.

Redemption Provisions: Terms set out in the bond documents which give the bond issuer the right or requirement to redeem or "call" all or a portion of an outstanding issue of bonds prior to their stated dates of maturity at a specified price.

Remarketing Agent: A broker-dealer responsible for reselling to new investors securities (such as variable rate demand obligations and other tender option bonds) that have been tendered for purchase by their owner. The remarketing agent also typically is responsible for resetting the interest rate for a variable rate issue and also may act as tender agent.

Retail Order: An order for bonds placed by an individual or, as determined by the bond issuer, a retail order may also include an order placed by a bank trust department or an investment advisor for an individual.

Revolving Credit Facility: An agreement between a financial institution and the Authority that provides the Authority with the flexibility to drawdown, repay and redraw loans. Loans advanced under the revolving Credit Facility have a variable interest rate.

Secondary Market Disclosure: Disclosure of information relating to outstanding municipal securities made following the end of the underwriting period by or on behalf of the issuer of the securities.

Securities and Exchange Commission (SEC): The federal agency responsible for supervising and regulating the securities industry. In general, municipal securities are exempt from the SEC's registration and reporting requirements. Brokers and dealers in municipal securities, however, are subject to SEC regulation and oversight. The SEC also has responsibility for the approval of Municipal Securities Rulemaking Board (MSRB) rules, and has jurisdiction, pursuant to SEC Rule 10b-5, over fraud in the sale of municipal securities.

SEC Rule 15(c)2-12: A regulation of the SEC which requires underwriters participating in primary offerings of municipal securities of $1,000,000 or more (i) to obtain, review, and distribute to investors copies of the issuer's disclosure documents; (ii) to obtain and review a copy of an Official Statement deemed final by an issuer of the securities, except for the omission of specified information; (iii) to make available upon request, in non-competitively bid offerings, the most recent preliminary official statement, if any; (iv) to contract with an issuer of the securities, or its agent, to receive, within specified time periods, sufficient copies of the issuer's final official statement, both to comply with this rule and any rules of the Municipal Securities Rulemaking Board; and (v) to provide, for a specified period of time, copies of final Official Statements to any potential customer upon request. The rule contains exemptions for underwriters participating in certain offerings of municipal securities issued in large denominations that are sold to no more than 35 sophisticated investors, have short-term maturities, or have short-term tender or put features. The release also modifies, in limited respects, a previously published interpretation of the legal obligations of municipal securities underwriters.

Senior Lien Bonds: Bonds which have a prior claim against pledged revenues.

Serial Bonds: Bonds of an issue in which principal is amortized in successive years without interruption.

Subordinate Lien Bonds: Bonds which have a subordinate, or junior, claim against pledged revenues.

Special Facility Obligations: The issuance of bonds by a governmental entity to finance a project with repayment secured by a defined revenue stream derived from or relating to the use of the completed project.

Syndicate: A group of underwriters formed to purchase and re-offer a bond issuer's bonds for sale to the public. The syndicate is organized for the purposes of sharing the risks of underwriting the issue, obtaining sufficient capital to purchase a bond issue and for broader distribution of the issue to the general public. Each syndicate member has a share in the liability of the issue.

Takedown: The total discount at which members of syndicates buy bonds from an issuer.

Tax Events Risk: Risk to the issuer of variable rate bonds created by either a change in the taxable equivalent yield of comparable investments or loss of tax-exempt status. For an issuer of variable rate bonds, a reduction in federal income tax rates would increase interest costs. Re-classification of outstanding variable rate bonds as taxable would also increase interest costs.

Term Bonds: Bonds comprising a large part of the issue which come due in a single maturity. The bond issuer usually makes periodic payments into a sinking fund for mandatory redemption of term bonds before maturity or for payment at maturity.

True Interest Cost: The rate, compounded semi-annually, necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received on the closing date of the bond issue.

Trust Indenture: A contract between a bond issuer and a trustee, for the benefit of bondholders. The trustee administers the funds specified in the indenture and implements the remedies provided in case of default.

Underwriter: A dealer which purchases a new issue of bonds for resale either by negotiation with the issuer or by award on the basis of a competitive bid.

Underwriter's Counsel: A law firm retained by the Underwriter to represent their interests in connection with the negotiated purchase of a new issue of bonds. The firm's duties may include review of all bond documents, preparation of the agreement among Underwriters and negotiation of the bond purchase contract between the Underwriter and the bond issuer.

Underwriter's Gross Spread: In a negotiated sale, the difference between the price the Underwriter pays the bond issuer and the original reoffering price to the public; includes the management fee, expenses, and sales commissions (takedown and concession).

Variable Rate Debt: Securities with an interest rate that changes at intervals according to an index or formula, or is periodically (daily, weekly or monthly) reset at the market clearing rate. Variable rate debt is also known as "floating rate debt".

Yield Curve: Refers to the graphical or tabular representation of interest rates across different maturities. The presentation often starts with the shortest-term rates and extends towards longer maturities. It reflects the market's views about implied inflation/deflation, liquidity, economic and financial activity, and other market forces.

Zero Coupon Bond: An original issue discount bond on which no periodic interest payments are made but which is issued at a deep discount from par, accreting (at the rate represented by the offering yield at issuance) to its full value at maturity.

[Amended by Resolution No. 2024-0040 dated June 6, 2024.]
[Amended by Resolution No. 2023-0039 dated June 1, 2023.]
[Amended by Resolution No. 2022-0053 dated June 2, 2022.]
[Amended by Resolution No. 2021-0056 dated June 3, 2021.]
[Amended by Resolution No. 2020-0067 dated June 4, 2020.]
[Amended by Resolution No. 2019-0056 dated May 30, 2019.]
[Amended by Resolution No. 2019-0034 dated April 4, 2019.]
[Amended by Resolution No. 2018-0133 dated December 6, 2018.]
[Amended by Resolution No. 2017-0050 dated June 1, 2017.]
[Amended by Resolution No. 2015-0042 dated May 21, 2015.]
[Amended by Resolution No. 2014-0050 dated June 5, 2014.]
[Amended by Resolution No. 2013-0048 dated June 6, 2013.]
[Amended by Resolution No. 2012-0060 dated June 7, 2012.]
[Amended by Resolution No. 2011-0078 dated July 7, 2011.]
[Adopted by Resolution. No. 2010-0046 dated May 6, 2010.]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING
PART 4.2 - INVESTMENTS
SECTION 4.20 - POLICY GUIDELINES FOR PRUDENT INVESTMENTS

PURPOSE: To establish a policy governing the investment policies and practices of the San Diego County Regional Airport Authority (the "**Authority**"), including risk management.

POLICY STATEMENT:

It is the policy of the Authority to invest public funds in a manner that will provide the highest security of the funds under management while meeting the daily cash flow demands of the Authority. The investment policies and practices of the Authority are based upon prudent money management and conform to all state and local statutes governing the investment of public funds.

This policy also addresses risk management because risk management is an integral part of managing a fixed income portfolio. To focus only on maximizing return is imprudent; therefore, policy issues will be directed to limiting the investment portfolio's exposure to each issue and issuer of debt and criteria for establishing minimum credit requirements that firms must have in order to effect security transactions with the Authority.

(1) Scope. This investment policy applies to all the Authority's investment activities, except for the Employees Retirement and Deferred Compensation funds, which are administered separately. In addition, in the event of a conflict between this policy and permitted investments of bond proceeds as defined by a master indenture or supplemental indenture ("**Indenture**") associated with any Authority debt issuance, the more restrictive parameters of either Cal. Gov. Code or the Indenture will take precedence. The financial assets of all other Authority funds shall also be administered in accordance with the provisions of this policy.

(2) Objectives.

(a) Safety of Principal. Safety of principal is the Authority's foremost objective. To accomplish this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Each investment transaction shall seek to ensure that capital losses are avoided, whether from issuer default, broker/dealer default or erosion of market value. The Authority shall seek to preserve principal by mitigating credit risk and market risk.

(i) Credit risk is the risk of loss due to failure of the issuer to repay an obligation and shall be mitigated by investing in only the highest quality credits and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the Authority's cash flows.

(ii) Market risk is the risk of market value fluctuations due to overall changes in the general level of interest rates and shall be mitigated by:

(A) structuring the portfolio so that securities mature at the same time major cash outflows occur, thereby eliminating the need to sell securities prior to their maturity; and

(B) limiting the average maturity of the Authority's portfolio to three years. Furthermore, no investments will be made in any security with a maturity greater than five years unless the Board has granted its express authority to make such investment specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.

It is explicitly recognized, however, that in a diversified portfolio occasional losses may be inevitable and must be considered within the context of overall investment return.

(b) Liquidity. The Authority's investment portfolio will be structured to provide sufficient liquidity to meet the operating requirements of the Authority.

(c) Return on Investment. State law requires that the objective of return on investment be subordinate to the objectives of safety and liquidity. Therefore, investment officials shall seek to achieve a return on the funds under their control throughout all economic cycles, taking into consideration the Authority's investment risk constraints and cash flow requirements.

(3) Authority to Invest Funds.

(a) Policy principles for investment of Authority funds. Monies entrusted to the Authority will be invested and actively managed pursuant to applicable California statutory limitations and the guidance and limitations set forth in the Authority's written policies. Authority for the management and investment of Authority funds rests with the Authority Board of Directors **("Board").** The Board promulgates the policy for investment and management of Authority funds and conducts periodic reviews to ensure compliance with policy and statutory requirements. All persons authorized to make investment decisions for the Authority are trustees of the Authority and owe the Authority a fiduciary duty. All trustees are bound by the prudent investor rule, which requires trustees in making decisions with regards to the Authority's funds to act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Trustees of Authority funds are relieved of personal responsibility for an individual security's risk or market price changes where the trustees at all times were acting in accordance with written procedures and this investment policy, exercising due diligence, taking timely and appropriate action to control adverse developments, and provided timely appropriate reports to the Board regarding the adverse developments with an investment.

(b) Delegation of investment authority to Treasurer. The Board delegates the authority to invest and manage the funds of the Authority to the Authority's Treasurer. Such delegation shall be on a fiscal year basis and subject to renewal by the Board, at its option, after appropriate review of the investment record. The Board reserves the right to revoke the delegation of investment authority at its discretion. The Treasurer shall report to the board the status of Authority's investment portfolio in accordance with Sections (10)(a) and (b) of this policy. Whenever a security is sold at a loss, the Treasurer will record the loss as such in the Authority's accounting system. The Treasurer shall designate in writing an officer or employee of the Authority who shall have authority to execute or authorize execution of an investment trade on behalf of the Authority when the Treasurer is not reasonably available and circumstances require timely action.

(c) Treasurer's responsibility for investments. Investment and management of the Authority's funds shall be solely the responsibility of the Authority's Treasurer, who shall take necessary measures to be fully informed on current market conditions and market trends in general and the condition of the Authority's investment portfolio in particular. The Treasurer shall establish and periodically review for currency and adequacy a system of controls to ensure compliance with the applicable statutory requirements and the Authority's investment policies. The system of controls shall also provide for regulation of subordinate officers and employees as well as investment advisors under contract with the Authority.

(d) Execution of trades by authorized investment advisor. Where the Board has approved a contract for a registered independent investment advisor to assist the Treasurer in the discharge of investment responsibilities and where the Treasurer has approved in writing a strategy to guide the investment of Authority funds, the Treasurer may authorize the investment advisor to execute trades on behalf of the Authority to effectuate the approved investment strategy. The Treasurer shall make such delegation via a document that specifies the boundaries of the delegated authorization. The investment advisor designated to execute trades on behalf of the Authority shall be bound by this policy of the Authority and the Treasurer's written approval of the investment strategy. Authorizing the investment advisor to execute trades on behalf of the Authority does not relieve the Treasurer of responsibility for management and oversight of all investment transactions involving Authority funds. The Treasurer or designated Authority officer or employee, as provided in Section 3(b), when the Treasurer is not reasonably available and circumstances require timely action, must approve in writing all investment transactions that exceed a market value of five million dollars ($5,000,000) prior to execution of the trade. The investment advisor shall not execute any trade through any security broker in whom the investment advisor holds an ownership interest or has a financial interest. The investment advisor shall not take possession of or act as custodian for the cash, securities or other assets. The investment advisor shall provide a written report of all trades made on behalf of the Authority to the Treasurer within twenty-four (24) hours of trade execution.

(4) Ethics and Conflicts of Interest. The Board, Authority officers or Authority employees involved in the investment process shall refrain from any activity that could conflict with proper execution of the investment program or which could impair the Authority's Treasurer's ability to make impartial investment decisions. Authority staff involved with the investment process shall disclose to the Authority's Treasurer any financial interest in financial institutions that conduct business with the Authority and they shall further disclose any personal financial and/or investment positions that could be related to the performance of the Authority's portfolio. Board members, Authority officials and Authority employees shall subordinate their personal investment transactions to those of the Authority, particularly with regard to the time of purchases and sales.

(5) Placement of Trade Execution Orders.

(a) Whenever possible, investment transactions shall be made via a competitive process to ensure the Authority's security transactions are made on terms most favorable to the Authority. Trade execution shall be only through firms registered with the Financial Industry Regulatory Authority (FINRA) and approved by the Treasurer. To ensure security transactions are made via the most competitive process, solicitation of bids to transact a security trade shall be provided equally to all security dealers approved by the Treasurer pursuant to the section (5)(b) of this policy. When purchasing new issue securities, no competitive process will be required as all dealers in the selling group offer the securities at the same original issue price. This policy permits the Authority to purchase investments directly from approved issuers who require no competitive process (e.g., Local Agency Investment Fund (LAIF), the San Diego County Investment Pool (SDCIP), and Local Government Investment Pools (LGIPs),

(b) Other than investments with depository institutions and approved pools, the Treasurer shall only execute trades with security dealers that have been approved to execute security trades on behalf of the Authority. Prior to approving a security dealer to execute security trades, the Treasurer shall determine that the dealer is fully qualified to execute security trades for the Authority. In evaluating whether a specific dealer is so qualified, the Treasurer shall evaluate, at a minimum, the dealer's security registration, financial condition, standing in the investment community, and experience with security trades of the nature to be executed on behalf of the Authority. To be qualified, all financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following information on an annual basis: (1) audited financial statements; (2) proof of Financial Industry Regulatory Authority (FINRA) certification; (3) a trading resolution; (4) proof of California registration; and (5) a completed broker/dealer questionnaire.

(c) Where the Board has approved a contract for a registered independent investment advisor to assist the Treasurer in the discharge of the investment responsibilities, the Treasurer may rely on the advisor's assurances that specific security dealers are fully qualified to execute trades on behalf of the Authority. The investment advisor shall provide such assurances in writing and shall renew the assurances based on an annual review of the financial condition and registrations of qualified bidders.

(6) Authorized Investments.

The Authority is authorized by the applicable sections of Cal. Gov. Code §16429.1, §53600 *et seq*. and §53630 *et seq*. to invest in the following types of securities, further limited herein:

(a) United States Treasury Bills, Bonds and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio that can be invested in this category. Cal. Gov. Code §53601(b)

(b) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio that can be invested in this category. Cal. Gov. Code §53601(f)

(c) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the portfolio. No more than 10% of the portfolio may be invested in a single Supranational issuer. Cal. Gov. Code §53601(q)

(d) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances which are eligible for purchase by the Federal Reserve System and are rated in the highest category by a nationally recognized statistical rating organization (NRSRO), may not exceed 180 days to maturity or 40% of the market value of the portfolio. No more than 5% of the market value of the portfolio may be invested in banker's acceptances issued by any one bank. Cal. Gov. Code §53601(g)

(e) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

> (1) The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars ($500,000,000). (iii) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a NRSRO.
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> (2) The entity meets the following criteria: (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Eligible commercial paper shall have a maturity of 270 days or less. No more than 25% of the market value of the portfolio may be invested in commercial paper. No more than 5% of the market value of the portfolio may be invested in the commercial paper of any single issuer. The amount invested in commercial paper of any one issuer in combination with any other securities from that issuer shall not exceed 5% of the market value of the portfolio. Cal. Gov. Code §53601(h)

(f) Negotiable Certificates of Deposit (NCDs) issued by a nationally or state-chartered bank, a state or federal savings institution or by a federally licensed or state licensed branch of a foreign bank. The amount invested in Negotiable Certificates of Deposit (NCDs) may not exceed 30% of the market value of the portfolio. NCDs eligible for purchase shall be rated in a rating category of "A" or its equivalent or better by a NRSRO. The maximum term for NCDs shall be five years. The amount invested in NCDs of any one issuer in combination with any other securities from that issuer shall not exceed 5% of the market value of the portfolio. Cal. Gov. Code §53601(i)

(g) Placement Service Deposits (PSDs). Deposits placed through a deposit placement service that meet the requirements of Cal. Gov. Code §53601.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance. The maximum term for PSDs shall be three years. The amount invested in Placement Service Deposits (PSDs) may not exceed 30% of the market value of the portfolio. Cal. Gov. Code §53601.8 and 53635.8

(h) Bank Deposits, including, but not limited to, demand deposit accounts, savings accounts, market rate accounts and time certificates of deposits ("TCDs") in financial institutions located in California. The Authority will invest in financial institutions with a net worth of ten million dollars and total assets in excess of $50 million. Such deposits in each bank shall be limited to no more than 5% of the total assets of the bank. To be eligible to receive Authority deposits, the financial institution must have received a minimum overall satisfactory rating, under the Community Reinvestment Act, for meeting the credit needs of California Communities in its most recent evaluation. Bank deposits are required to be collateralized as specified under Cal. Gov. Code §53630 *et seq.* The Treasurer may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The Authority shall have a signed agreement with any depository accepting Authority funds per Cal. Gov. Code §53649. The maximum maturity of TCDs is three years. A maximum of 20% of the market value of the portfolio may be invested in TCDs. The amount invested in TCDs of any one issuer in excess of the FDIC limit in combination with any other securities from that issuer shall not exceed 5% of the market value of the portfolio. Cal. Gov. Code §53630 *et seq.*

(i) Medium Term Notes (MTNs), defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States rated in a rating category of "A" or its equivalent or better by a NRSRO and be issued by a corporation organized and operating within the United States. The aggregate total of MTNs may not exceed 20% of the market value of the investment portfolio. The amount invested in MTNs of any one issuer in combination with any other securities from that issuer shall not exceed 5% of the market value of the portfolio. Cal. Gov. Code §53601(k)

(j) Asset-Backed Securities (ABS) from issuers not defined in sections (a) and (b) of the Authorized Investments section of this policy shall have a credit rating of "AA" or its equivalent or better by a NRSRO. No more than 10% of the portfolio shall be invested in a combination of ABS, MBS, CMOs, and Mortgage Pass-Through Securities. No more than 5% of the portfolio may be invested in a single ABS issuer unless the issuer is the US Treasury or a Federal Agency/GSE. The maturity shall not exceed five years. Cal. Gov. Code §53601 (o).

(k) Mortgage Backed Securities (MBS), Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations (CMOs) from issuers not defined in sections (a) and (b) of the Authorized Investments section of this policy shall have a credit rating of "AA" or its equivalent or better by a NRSRO. No more than 10% of the portfolio shall be invested in a combination of ABS, MBS, CMOs, and Mortgage Pass-Through Securities. No more than 5% of the portfolio may be invested in a single issuer unless the issuer is the US Treasury or a Federal Agency/GSE. The maturity shall not exceed five years. Cal. Gov. Code §53601 (o).

(l) Repurchase agreements (RPAs) shall only be made with financial institutions having a credit rating in the rating category "A" or its equivalent or better by a NRSRO. The Security Industry and Financial Markets Association (SIFMA) master repurchase agreement shall be the Authority's master repurchase agreement.

The term of the agreement may not exceed one year.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in 6(a) and 6(b) above, will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the Authority's custodian bank versus payment or be handled under a tri-party repurchase agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value plus accrued interest, 102% of the total dollar value of the money invested by the Authority for the term of the investment. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a regular basis.

Market value must be calculated each time there is a substitution of collateral.

The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement. Cal. Gov. Code §53601(j)

(m) The Local Agency Investment Fund ("**LAIF**"), established by the State Treasurer for the benefit of local agencies and identified under Cal. Gov. Code §16429.1 *et seq*. The market value of the Authority's investment in LAIF may not exceed the current deposit limit for regular LAIF accounts.

(n) The San Diego County Investment Pool ("**SDCIP"**) as authorized by Cal. Gov. Code §53684. The market value of the Authority's investment in SDCIP may not exceed the current deposit limit for regular LAIF accounts.

(o) Shares of beneficial interest issued by a joint powers authority (Local Government Investment Pools or (**"LGIPs"**)) organized pursuant to Cal. Gov. Code §6509.7 that meet the requirements of the Investment Trust of California (CalTRUST), as authorized by California Government Code §53601(p). The market value of the Authority's investment in each of the CalTRUST funds may not exceed the current deposit limit for regular LAIF accounts.

(p) Shares of beneficial interest issued by a joint powers authority (Local Government Investment Pools or ("**LGIPs**")) organized pursuant to Cal. Gov. Code §6509.7 that meet the requirements of Cal. Gov. Code §53601(p). The market value of the Authority's investment in any LGIP may not exceed the LAIF statutory limit. Prior to investing, the Treasurer will complete a thorough investigation of the potential investment. Whenever the Authority has any funds so invested, the Treasurer shall maintain on-going monitoring including the following:

(i) Establish the investment is a legal investment under Cal. Gov. Code.

(ii) A description of eligible investment securities, and a written statement of investment policy and objectives. All investments must comply with the eligible investments outlined in this policy. In the event that any investments do not comply with the eligible investments outlined in this Policy, the Treasurer will assess the potential risk of a substantial investment loss related to the investment(s) not in compliance.

(iii) The issuer must have a current AAAm rating, provide a constant dollar pool with a stated objective of maintaining a $1 net asset value, meet an asset size of $1 billion at the time of investment, and provide for third-party custody of portfolio assets.

(iv) A description of interest calculations and how it is distributed, and how gains and losses are treated.

(v) A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.

(vi) A description of who may invest in the program, the type and number of governmental participants, investor concentrations, what size deposit and withdrawal are allowed, and what time restrictions are placed on these deposits and withdrawals.

(vii) A schedule for receiving statements and portfolio listings.

(viii) Determination of how reserves, retained earnings, etc. are utilized by the fund.

(ix) A fee schedule, and when and how it is assessed. Cal. Gov. Code §53601(p).

(q) The Authority may place funds in shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. §80a-1 *et seq*.). Investment in money market funds may not exceed 20% of the market value of the portfolio with no more than 10% of the market value of the portfolio in any single fund. Additionally, each selected fund shall be large enough that the Authority's investment does not constitute more than 5% of the total fund balance. To be eligible for investment, these companies shall either:

(i) Attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services, or

(ii) Retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than 5 years' experience managing money market mutual funds with assets under management in excess of $500,000,000. Cal. Gov. Code §53601(l)

(r) The Authority may invest in: (i) Registered state warrants or treasury notes or bonds of this state including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of this state; (ii) Registered treasury notes or bonds issued by any of the other 49 States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state; and (iii) Bonds, notes, warrants or other evidence of debt issued by a local agency or municipality located within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Securities eligible for investment under this paragraph shall be rated in a rating category of "A" or its equivalent or better by a NRSRO. Purchase of securities authorized by this subdivision may not exceed 20% of the Authority's portfolio. The amount invested with any one issuer shall not exceed 5% of the portfolio. Cal. Gov. Code §53601 (c), (d), (e).

(s) Permitted Investment for Bond Proceeds. All investment types listed above are authorized investments for bond proceeds. The percentage or dollar limitations listed above do not apply to bond proceeds investments. In addition to the above investments, bond proceeds may be invested in the following:

Investment agreement or guaranteed investment contract (a) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term rating category (if the term of the Investment Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Investment Agreement is three years or longer) by one or more of the Rating Agencies, or (b) which investment agreement or guaranteed investment contract is fully secured by obligations described in items (a) or (b) of this section which are the following:

(i) Valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, and

(ii) Held by any Federal Reserve Bank or a depository acceptable to the Treasurer or any Authority bond trustee, and

(iii) Subject to a perfected first lien on behalf of the Authority or any bond trustee and free and clear from all third-party liens

The Board has expressly granted the Treasurer the authority to invest debt service reserve funds in U.S. Treasury, federal agency, municipal securities and investment agreements (which meet the requirements of this Investment Policy and the Indenture) with maturities exceeding 5 years if it is considered to be in the best interest of the Authority and if the maturity of such investments does not exceed the expected use of the funds. Reserve fund investments beyond 5 years are specifically excluded from the mathematical calculation of the average maturity of the Authority's portfolio.

(7) Prohibited Investments. Investments not described herein, including but not limited to, inverse floating rate notes, range notes, interest-only strips that are derived from a pool of mortgages, and common stocks are prohibited from use in this portfolio. The Authority shall not invest any funds in any security that could result in zero or negative interest accrual if held to maturity unless they are securities issued or backed by the US Government under a provision sunsetting January 1, 2026 and the Authority has exhausted all other potential investment options to avoid a zero or negative interest accrual. Cal. Gov. Code §53601.6. The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited.

(8) Safekeeping of Securities. To protect against potential losses by the collapse of individual securities dealers, all securities owned by the Authority shall be held in safekeeping by a third person bank trust department acting as agent for the Authority under the terms of a custody agreement executed by the bank and the Authority. All securities will be received and delivered using standard delivery versus payment procedures. The only exception to the foregoing shall be: (i) LAIF; (ii) the SDCIP; (iii) LGIPs; (iv) money market mutual funds, and (v) Deposits (TCDs & PSDs), since the purchased securities are not deliverable. A record of these investments shall be held by the Treasurer.

All investment officers shall be bonded.

(9) Portfolio Limitations. Percentage limits and credit criteria are applied at the time of purchase. If a percentage-of-portfolio limitation is exceeded due to reduction in portfolio size, the affected securities may be held to maturity to avoid losses. When no loss is indicated, the Authority's Treasurer shall consider restructuring the portfolio basing the decision in part on the expected length of time the portfolio will be imbalanced. The Treasurer shall report all such imbalances in the monthly report to the Board. In the event that an investment originally purchased within policy guidelines is downgraded below the policy requirements by any one of the NRSROs, the course of action to be followed by the Treasurer will then be decided on a case-by-case basis, considering such factors as the reason for the downgrade, prognosis for recovery or further rating downgrades, and the market price of the security.

(10) Reporting Requirements.

(a) In accordance with Cal. Gov. Code §53646, on a quarterly basis, the Authority's Treasurer shall prepare in accordance with GAAP and GASB 31 a report detailing investments and investment activity and transmit same to the Executive Officer, the Internal Auditor and the Board.

(i) The report shall be submitted within 45 days of the end of the quarter covered by the report.

(ii) The report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and monies held by the Authority.

(iii) The report shall include a description of any funds, investments, or programs that are under the management of contracted persons.

(iv) The report shall also include a current market value on a market-to-market basis as of the report date using an established identified independent source for the valuation.

(v) The report shall state compliance of the portfolio to the statement of investment policy or the manner in which it is not in compliance.

(vi) The report shall state the Authority's ability to meet its budgeted expenditure requirements for the next six months or to explain why sufficient money may not be available.

(b) In accordance with Cal. Gov. Code §53607, the Authority's Treasurer shall make a monthly report of investment transactions to the Board.

(11) Internal Control. The development of internal controls is a function of management. The Authority's Treasurer shall establish and document a system of internal controls that will provide reasonable assurance regarding the achievement of objectives in the following categories:

- Safeguarding assets
- Ensuring validity of financial records and reports
- Promoting adherence to policies, procedures, regulations and laws
- Promoting effectiveness and efficiency of operations

In addition, the Authority's Treasurer shall:

(a) Establish an annual process of an independent review by an external examiner.

(b) Develop performance standards. Those performance standards will be reviewed by the Treasurer and presented as an information item to the President/CEO and the Board. On a quarterly basis, as part of the reporting requirements the Authority's Treasurer shall report actual compared to the performance standard and any substantial deviations shall be explained.

(c) Review the Authority's investment policy annually at a public meeting and obtain Board approval and adoption of the policy to ensure its consistency with the Authority's objectives of preservation of principal, liquidity, rate of return and the policy's relevance to current law and financial and economic trends. The Authority's Treasurer is responsible for maintaining guidance over the Authority's investment policy and ensuring that the Authority can adapt readily to changing market conditions and shall submit to the Board any modification to the investment policy prior to implementation.

(12) Glossary of Terms.

Asked: The price at which securities are offered (that is, the price at which a firm will sell a security to an investor).

Asset-Backed Securities: Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

Bankers' Acceptance (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Bid: The price offered for securities (that is, the price at which a broker or dealer will pay to purchase a security an investor owns).

Broker: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not take a position. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

Certificate of Deposit (CD): See: Time Certificate of Deposits, Negotiable Certificates of Deposits.

Collateral: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Collateralized Mortgage Obligations: Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

Commercial Paper (CP) - An unsecured short-term promissory note issued by corporations and local governments, with maturities ranging from 1 to 270 days. Commercial paper is usually issued at a discount from par with a zero coupon. Highly-rated, or "Prime" commercial paper carries a Standard & Poor's rating of A1 or A1+, a Moody's rating of P1, and/or a Fitch rating of F1 or F1+.

Constant Maturity Treasury (CMT) – A calculated average released by the Federal Reserve of all Treasury yields along a specific maturity point. This calculation is frequently used as a benchmark for conservative government portfolios.

Coupon: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; (b) A certificate attached to a bond evidencing interest due on a payment date.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his or her own account.

Debenture: A bond secured only by the general credit of the issuer.

Delivery versus Payment: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free delivery). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Discount: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be selling at a discount.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Federal Farm Credit Bank (FFCB): The Federal Farm Credit Bank System is the oldest of the government sponsored enterprises, created by an act of Congress in 1916. Its mission is to provide a reliable and low cost source of funds to support agriculture in the United States. Unlike commercial banks, System banks do not take deposits. Instead, funds for loans are obtained through the issuance of debt securities. FFCB long-term senior debt ratings have traditionally mirrored those of the U.S. government.

Federal Home Loan Banks: Federal Home Loan Banks provide a source of low cost loan funding to U.S. banks. Within their collective membership, the FHLBank System represents the largest source of home mortgages in the United States. The System does not provide loans directly to individuals, only to other correspondent banks. System banks do not take deposits. Instead, funds for loans are obtained through the issuance of debt securities. FHLB long-term senior debt ratings have traditionally mirrored those of the U.S. government.

Federal Home Loan Mortgage Company (FHLMC or "Freddie Mac"): The Federal Home Loan Mortgage Corporation (FHLMC), commonly referred to as "Freddie Mac", was created in 1970 to assist its sister company, Fannie Mae, by purchasing mortgage loans in the secondary market, pooling them together, and selling them to investors in the form of mortgage-backed securities. By providing a secondary market for home loans, Freddie Mac increases the amount of money available for mortgage lending. In September 2008, Freddie was placed under Federal government conservatorship as a result of a decline in the underlying market value of the mortgage loans it held and guaranteed. Like Fannie Mae, Freddie Mac issues debt in maturity ranges from one-day to 30 years, and its long-term senior debt rating has traditionally mirrored U.S. Treasury debt due to its reliance on the U.S. government.

Federal National Mortgage Association (FNMA or "Fannie Mae"): The Federal National Mortgage Association (FNMA), commonly referred to as "Fannie Mae", was created in 1938 during the Great Depression to provide a secondary market for mortgage loans by purchasing groups of loans from lenders and packaging them into pools of mortgage-backed securities that can then be sold to investors. To facilitate this process, Fannie Mae also issues debt in maturity ranges from one-day to 30 years. The company's long-term senior debt rating has traditionally mirrored U.S. Treasury debt due to its reliance on the U.S. government. Although Fannie Mae had operated as a private company since 1968, it was placed under Federal government conservatorship in September 2008 as a result of a decline in the underlying market value of the mortgage loans it held and guaranteed.

Government National Mortgage Association (GNMA or "Ginnie Mae"): Long-term mortgage-backed securities backed by FHA and VA loans guaranteed by the full faith and credit of the U.S. Treasury. The term "pass-through" is often used to describe Ginnie Mae securities as principal and interest payments from the underlying homeowners are passed along to investors.

Federal Open Market Committee (FOMC): A group of Federal Reserve Officials that meet eight times per year to set U.S. monetary policy (raises and lowers interest rates). The Committee must balance its two primary and often conflicting objectives of achieving stable economic growth and keeping inflation at acceptable levels.

Fed or Federal Reserve Bank: The Central Bank of the U.S. responsible for supervising and regulating member banks, providing banking services, providing information, and setting monetary policy through the FOMC.

International Bank for Reconstruction and Development (IBRD or World Bank). The International Bank for Reconstruction and Development was created in 1944 to help Europe rebuild after World War II. Today, its purpose is to assist with reconstruction and poverty reduction through an inclusive and sustainable globalization. The IBRD is owned and governed by its member governments. The United States is the IBRD's leading shareholder.

International Finance Corporation (IFC): The IFC is a member of the World Bank Group. Its focus is on assisting with private sector development in developing countries. The IFC is owned and governed by its member governments. The United States is the IFC's leading shareholder.

Inter-American Development Bank (IADB): The IADB was established in 1959 to provide financing and expertise for sustainable economic, social, and institutional development in Latin America and the Caribbean. The IADB is owned and governed by its member governments. The United States is the IADB's leading shareholder.

Inverse Floating Rate Note: A debt security with an interest rate stated as a fixed rate minus a variable rate index. This calculation causes the rate on the inverse floater to move in the opposite direction of general interest rates. This instrument generally performs well in a declining interest rate environment but will lose value if rates rise.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between the bid and asked prices is narrow and reasonable size can be done at those quotes.

Local Government Investment Pools (LGIPs): Shares of beneficial interest issued by a joint powers authority organized pursuant to Cal. Gov. Code §6509.7. LGIPs offer a diversification alternative to LAIF and SDCIP for short-term cash management facilities.

Market Value: The price at which a security is trading and could presumably be sold.

Master Repurchase Agreement: A written contract covering all future transactions between counterparties to repurchase agreements and reverse repurchase agreements that establish each entity's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable. An investment's term or remaining maturity is measured from the settlement date to final maturity.

Medium Term Notes: A class of debenture that is defined as all corporate and depository debt securities with a maximum remaining maturity of five years or less.

Money Market: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

Mortgage Backed Securities (MBS): A bond that is secured by a mortgage or collection of mortgages.

Mortgage Pass-Through Securities: A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

Nationally Recognized Statistical Rating Organization (NRSRO): A credit rating agency (CRA) that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes.

Negotiable Certificate of Deposit (NCD): A type of CD that is at least $100,000 and can also be traded on a highly liquid secondary market.

Placement Service Deposit (PSD): A type of deposit that uses a deposit placement service. The placement service will allow the bank with which the investment is placed to split the initial deposit into multiple pieces that are then distributed among a network of banks, such that the full amount of the deposit is protected by the FDIC insurance of each participating bank.

Portfolio: Collection of securities held by an investor.

Primary Dealer: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities, broker/dealers, banks and a few unregulated firms.

Prudent Investor Standard: A legal doctrine that requires fiduciaries to make investments using the prudence, diligence, and intelligence that would be used by a prudent person in making similar investments.

Rate of Return: A standard performance measurement that considers the coupon interest a security or portfolio of securities receives, along with any realized gain or loss, along with any change in unrealized market gain or loss. Depending on market volatility, the rate of return could differ significantly from the average yield of a portfolio.

Rating Agency: Nationally recognized credit rating agency such as Fitch, Moody's or S&P.

Rating Category: A credit rating assignment by a Rating Agency shall mean (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

Repurchase Agreement (RP or Repo): A type of financial agreement in which an investor exchanges cash for securities with a primary dealer or bank and earns a fixed rate of interest for a specified period. At the end of the period, securities are returned in exchange for the principal amount, along with accrued interest. Dealers and banks use repo proceeds to finance their inventory positions.

Safekeeping: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Sec Rule 15C3-1: See Uniform Net Capital Rule.

Securities and Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Strip (Bonds): Brokerage-house practice of separating a bond into its principal and interest, which are then sold as zero coupon bonds.

Time Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs are typically negotiable.

Treasurer: The Vice President/Chief Financial Officer of the Authority or the authorized designee or representative as designated by the President/Chief Executive Officer.

Treasury Bill: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

Treasury Bond: Long-term U.S. Treasury security having initial maturities of more than ten years.

Treasury Note: U.S. Treasury security having initial maturities between two and 10 years.

Uniform Net Capital Rule: Securities and Exchange Commission requirement that member firms as well as nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

Yield: The rate of annual income return on an investment, expressed as a percentage. (A) **Income Yield** is obtained by dividing the current dollar income by the current market price for the security. (B) **Net Yield or Yield to Maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

[Amended by Resolution No. 2023-0040 dated June 1, 2023.]
[Amended by Resolution No. 2021-0055 dated June 3, 2021.]
[Amended by Resolution No. 2018-0133 dated December 6, 2018.]
[Amended by Resolution No. 2018-0056 dated June 7, 2018]
[Amended by Resolution No. 2017-0049 dated June 1, 2017]
[Amended by Resolution No. 2016-0040 dated May 19, 2016]
[Amended by Resolution No. 2015-0043 dated May 21, 2015]
[Amended by Resolution No. 2014-0051 dated June 5, 2014]
[Amended by Resolution No. 2013-0049 dated June 6, 2013]
[Amended by Resolution No. 2012-0059 dated June 7, 2012]
[Amended by Resolution No. 2011-0064 dated June 2, 2011]
[Amended by Resolution No. 2010-0059 dated June 3, 2010]
[Amended by Resolution No. 2009-0123 dated October 1, 2009]
[Amended by Resolution No. 2008-0118 dated September 4, 2008]
[Amended by Resolution No. 2006-0010 dated February 6, 2006]
[Amended by Resolution No. 2005-0102 dated September 8, 2005]
[Amended by Resolution No. 2004-0133 dated December 6, 2004]
[Amended by Resolution No. 2004-0100 dated October 4, 2004]
[Amended by Resolution No. 2004-0032 dated April 5, 2004]
[Adopted Resolution No. 2002-02 dated September 20, 2002]

RESOLUTION NO. 2025-0032

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING THE DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, CHIEF FINANCIAL OFFICER/TREASURER

WHEREAS, San Diego County Regional Airport Authority Policy 4.20 establishes a policy governing the investment policies and practices of the San Diego County Regional Airport Authority ("Authority"); and

WHEREAS, the Association of Public Treasurers of the United States and Canada and the Government Finance Officers Association established policy standards recommending a review of a local government's investment policy be conducted annually; and

WHEREAS, Policy 4.20 serves as the guideline for the Authority to ensure prudent management of its investments, having been submitted for regular review and adoption by the Authority Board in a public meeting; and

WHEREAS, Policy 4.20 has been reviewed by the Authority's financial and investment advisors; and

WHEREAS, the Board has reviewed Policy 4.20 and has determined that no changes are needed to Policy 4.20; and

WHEREAS, Policy 4.40 establishes a policy governing the debt issuance and management policies and practices of the Authority; and

WHEREAS, Policy 4.40 serves as the guideline for the Authority to ensure prudent management of its debt, having been submitted for review by the Board in a public meeting; and

WHEREAS, Policy 4.40 has been reviewed by the Authority's financial advisors and bond counsel; and

WHEREAS, the Board has reviewed Policy 4.40 and finds that no changes are needed to Policy 4.40; and

WHEREAS, the Board has reviewed the investment record and desires to continue its delegation of authority to invest and manage the funds of the Authority to the Vice President, Chief Financial Officer.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves Authority Policy 4.20 governing the investment policies and practices of the Authority and delegates the authority to invest and manage Authority funds to the Vice President, Chief Financial Officer/Treasurer; and

BE IT FURTHER RESOLVED that the Board hereby approves Authority Policy 4.40 governing the debt issuance and management policies and practices of the Authority; and

BE IT FURTHER RESOLVED that 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

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 10

Staff Report

Meeting Date: June 5, 2025

Subject:

Required Communication to the Audit Committee on the Financial and Compliance Audits for the Fiscal Year Ended June 30, 2025

Recommendation:

The Audit Committee recommends that the Board accept the information.

Background/Justification:

On March 25, 2024, staff presented a recommendation to the Audit Committee to enter into an agreement with Plante & Moran, PLLC, for Financial Audit Services. The Audit Committee recommended that the Board adopt a resolution approving and authorizing the President/CEO to execute an agreement with Plante & Moran, PLLC.

The Board adopted Resolution No. 2024-0025 during its April 4, 2024, Board Meeting, approving and authorizing the President/CEO to execute an agreement with Plante & Moran, PLLC, for an amount not to exceed $1,200,000 for a three-year term with an option for two (2) one-year extensions, which may be exercised at the discretion of the Authority.

The Charter of the Audit Committee, and as specified in the Statement on Auditing Standards (SAS) 114, requires that the Authority's external auditor communicate for review and approval by the Audit Committee its planned scope and timing for conducting the audit of the Authority's financial statements, communicate auditor independence, report on its quality control program and peer review, and other responsibilities under generally accepted auditing standards.

As required, Pamula Hill, Engagement Partner from Plante & Moran, PLLC, attended the May 5, 2025, Audit Committee Meeting and provided a presentation, Exhibit A on matters pertaining to the scope, timeline, planning, and revisions to professional standards effecting the Financial and Compliance Audit for the Fiscal Year Ending June 30, 2025, Financial and Compliance Audit. In addition, a copy of Plante & Moran's most recent Peer Review Letter was provided as Exhibit B.

Fiscal Impact:

Adequate funding for the agreement with Plante & Moran, PLLC for performing the Authority's financial audit services is included in the Fiscal Year 2025 Adopted Budget and Fiscal Year 2026 Conceptual Budget within the Services-Auditing line item. Expenses that will impact budget years not yet adopted by the Board will be included in future year budget requests.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☐ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☒ Operations Strategy

Focus Areas

☒ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Elizabeth Stewart
Director, Accounting

San Diego County Regional Airport Authority

Required Pre-Audit Meeting

Year-ended June 30, 2025

Agenda

- Engagement team
- Scope of audit
- Audit timeline
- Required communications
- Audit plan
- Information from You Relevant to Our Audit

Engagement team

- Pam Hill, Partner - Engagement partner responsible for supervising our services performed as part of this engagement.
- Blake Roe, Partner – Colleague Partner
- Rumzei Abdallah, Principal – Senior Manager
- Alissa Flury- Manager
- Hunter Clark – Senior

Same team as last year and all members of our national airport practice.

Scope of Audit

- Financial Statement Audit
  - GASB 101, *Compensated Absences*
  - GASB 102, *Certain Risk Disclosures*
- Federal Single Audit
- Passenger Facility Charge (PFC) Compliance Audit
- Customer Facility Charge (CFC) Compliance Audit
- Management Letter with recommendations, if applicable

Audit timeline

- Preliminary and information gathering phase – May-August 2025
- Risk assessment phase – May – August 2025
- Audit procedures
    - Interim audit testing – Week of May 19,2025
    - Fieldwork – August and September 2025
- Goal - Issuance – By October 20, 2025

Required Communications

- Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles.
- Our audit of the financial statements does not relieve you or management of your responsibilities.

Audit Plan

We have identified the following areas during our initial brainstorming session related to significant risks of misstatement:

- Appropriate accounting for all revenues including inclusion of federal funding expenditures on SEFA (Schedule of Expenditures of Federal Awards) and any related revenue diversion.
- Management override of controls
- New Terminal 1 construction

In response to these identified significant risks, we will perform the following:

- Perform detail compliance testing in accordance with Federal regulations as well as recognition of revenue in the proper period.
- Review of a sample of invoices paid to related parties or others to ensure they are for services and airport related expenditures.
- Review and testing of internal controls over significant cycles.
- Review of internal controls and testing of samples related to construction of the New Terminal 1

Audit Plan

- We will gain an understanding of accounting processes and key internal controls through a review of the accounting procedures questionnaires and control procedures questionnaires prepared by management.
- We will confirm through observation and inspection procedures that accounting procedures and controls included in the questionnaires have been implemented.
- We will not express an opinion on the effectiveness of internal control over financial reporting; however, we will communicate to you significant deficiencies and material weaknesses identified in connection with our audit.
- The concept of materiality is inherent in our work. We place greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than with those items of lesser importance or those in which the possibility of material error is remote.

Information from You Relevant to Our Audit

- An important aspect of this communication process is the opportunity for us to obtain from you information that is relevant to our audit.
- We are in the process of meeting with the Chair's of the Board and Audit Committee
- We will discuss their views on:
  - Matters that warrant particular attention during the audit
  - Concerns related to actual or suspected fraud
  - Any particular business risks that may result in material misstatements
  - Any concerns related to related party transactions
  - Effectiveness of internal control and detection of fraud
  - Significant or unusual transactions
  - Any concerns related to fraud

Thank you for the opportunity to serve as auditors for the San Diego County Regional Airport Authority

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Exhibit B

P&N
Postlethwaite & Netterville

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A Professional Accounting Corporation

Report on the Firm's System of Quality Control

December 16, 2022

To the Partners of
Plante & Moran, PLLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Plante & Moran, PLLC (the firm) applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended June 30, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; an audit performed under FDICIA; and examinations of service organizations (SOC 1 and SOC 2 engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Plante & Moran, PLLC applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended June 30, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Plante & Moran, PLLC has received a peer review rating of *pass*.

Postlethwaite & Netterville

Postlethwaite & Netterville, APAC
Baton Rouge, Louisiana

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 11

Staff Report

Meeting Date: June 5, 2025

Subject:

Fiscal Year 2025 Third Quarter Report from the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board accept the report.

Background/Justification:

As directed in the Charter for the Office of the Chief Auditor, the Chief Auditor shall communicate the results of internal audit services to the Authority's Audit Committee and executive management quarterly.

The Fiscal Year 2025 Third Quarter Report from the Office of the Chief Auditor submitted to the Audit Committee is included as Attachment A. The report describes the activities and the results of the OCA during the period January 1, 2025, through March 31, 2025, and includes details on all recommendations completed or in progress during the third quarter of Fiscal Year 2025.

On May 5, 2025, during a regularly scheduled meeting of the Audit Committee, a presentation was provided by the Chief Auditor on its third quarter activities. Upon review of the Fiscal Year 2025 Third Quarter Report, the Audit Committee voted unanimously to forward the report to the Board for acceptance.

Fiscal Impact:

None

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- ☐ Community Strategy
- ☐ Customer Strategy
- ☐ Employee Strategy
- ☒ Financial Strategy
- ☒ Operations Strategy

Focus Areas

- ☐ Advance the Airport Development Plan
- ☐ Transform the Customer Journey
- ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

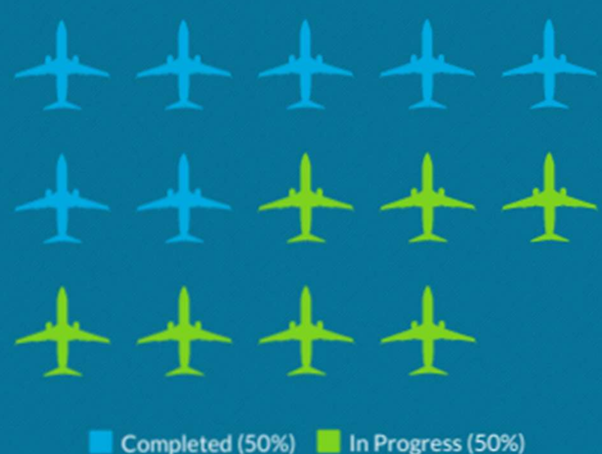
Prepared by:

Lee M. Parravano
Chief Auditor

Office of the Chief Auditor
Fiscal Year 2025 3rd Quarter Report

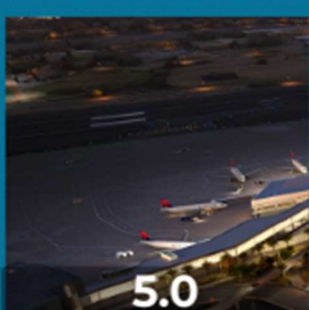
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Audit Engagement Progress



Audit Engagements Completed vs. Benchmark & Goal

By The Numbers



5.0

Customer Satisfaction Rating

71%

Engagements Completed Under Budget

77%

Auditor Utilization Percentage

100%

Recommendations Accepted By Management

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Fiscal Year 2025

Third Quarter Report

Issue Date: May 5, 2025

OFFICE OF THE CHIEF AUDITOR

Third Quarter Summary

Executive Summary

During the third quarter, the Office of the Chief Auditor (OCA) continued its efforts on the Fiscal Year 2025 Audit Plan. By the end of the quarter, six audit reports and one advisory engagement had been completed, with all remaining engagements on the Audit Plan currently in progress. Additionally, the OCA initiated work on the annual Risk Assessment and Audit Plan, which is scheduled to be presented at the Audit Committee meeting on May 5, 2025.

Performance Measures

For Fiscal Year 2025, five major performance measures were developed to evaluate the OCA. The OCAs performance against the selected performance measures is displayed in Table 1.[1]

Table 1: Status of Performance Measures as of March 31, 2025

#	Performance Measure	Goal	Actual	Benchmark
1	Customer satisfaction ratings from auditee	4.0	5.0	4.0
2	Percentage of audit and advisory engagements completed	60%	50%	60%
3	Percentage of recommendations accepted	95%	100%	95%
4	Percentage of staff time spent on audit and advisory engagements and general audit activities	76%	77%	76%
5	Percentage of audit and advisory engagements completed within budget	73%	71%	73%

Customer Satisfaction Rating:

After the completion of an audit or advisory engagement, a survey is sent to the department to obtain customer satisfaction data. The OCAs goal for customer satisfaction is 4.0, on a 1 to 5 scale (with 1 being very dissatisfied and 5 being very satisfied). To date this fiscal year, we have achieved a score of 5.0.

Percentage of Audit and Advisory Engagements Completed:

As of the third quarter, the OCA completed 7 engagements, or 50%, of audit and advisory engagements (7/14 = 50%) that are planned to be completed in the Fiscal Year 2025 Audit

[1] The OCA tracks additional performance measures that are not shown above. Their results are compiled and shared with the Audit Committee annually.

Plan.[2] In addition to the seven engagements completed, the OCA had 7[3] engagements (50%) in progress as of the end of the third quarter. The engagements completed in the third quarter are summarized in the upcoming section titled Audit & Advisory Engagements Completed.

The status of all activities in the Fiscal Year 2025 Audit Plan is included in Appendix A.

Percentage of Recommendations Accepted:

This category helps to evaluate the quality of the findings and recommendations issued by the OCA. Additionally, it helps hold the OCA accountable for the quality of the recommendations issued. As of the end of the third quarter 100% of all recommendations have been accepted.

Percentage of Staff Time Spent on Audit & Advisory Engagements and General Audit Activities:

This measure tracks the time spent on audit and advisory engagements and general audit activities.[4] The OCAs goal is for staff to spend 76% of their working hours[5] on audit engagements, advisory engagements, and general audit activities. The OCA is currently exceeding the goal established, spending 77% of time on audit engagements, advisory engagements, and general audit activities.

Percentage of Audit and Advisory Engagements Completed within Budgeted Time:

This category monitors the efficiency of audit staff in performing audits and advisory engagements. Specifically, audit staff are responsible for the internally prepared budget hours assigned to each audit or advisory engagement. As of the end of the third quarter of Fiscal Year 2025, the OCA completed 71% of its projects within the budgeted time[6]. The OCA is slightly below the goal of 73% established.

---

[2] The Fiscal Year 2025 Audit Plan has 16 audits and 3 advisory engagements. However, the five audits identified as "Tenant Lease Administration and Management – FY2025 Rental Car Companies", "Parking Management Contract Administration", "Construction Change Orders", "Construction Subcontracts", and "Construction Pay Applications" will carry forward into Fiscal Year 2026. This results in 11 audits and 3 advisory engagements (14 total engagements) on the Fiscal Year 2025 Audit Plan to be completed in the fiscal year.

[3] The five audits identified as "Tenant Lease Administration and Management – FY2025 Rental Car Companies", "Parking Management Contract Administration", "Construction Change Orders", "Construction Subcontracts", and "Construction Pay Applications" are not counted as they will be carried forward, as anticipated, into Fiscal Year 2026.

[4] Appendix A details all planned activities in these categories for Fiscal Year 2025.

[5] Excludes Time Off (e.g., Holidays, Paid Time off).

[6] The audit "Harbor Police Contract Management – Fiscal Year 2018, 2019, 2020 Costs" was a multi-year project. The OCA has increased this budget several times and the original budget was exceeded. However, for this audit we only looked at the number of hours in the FY 2025 budget vs the hours utilized.

Audit & Advisory Engagements Completed

The OCA completed one audit and one advisory engagement during the third quarter. Below is a summary of these engagements.

Small Business Development: The objective of this audit was to evaluate the Authority's compliance with applicable Federal Regulations. Specifically, we examined the record keeping and reporting requirements as well as the effectiveness of the Small Business outreach program. We determined that Small Business has an effective small business outreach program; however, we noted issues with the record keeping and reporting requirements that could be improved. The audit identified one finding and provided four recommendations. All recommendations were accepted by management.

Accounts Payable Automation: The objective of this advisory service was to provide advice relating to the design and implementation of the new Accounts Payable automation process. The OCA participated in various meetings and provided advice relating to the design and implementation of the new Accounts Payable automation process and on the anticipated workflows, signoffs, audit trails, and documentation. The OCA did not make any management decisions or perform any management functions during this engagement.

General Audit Activities

In addition to performing audit engagements, the OCA is involved in other general audit activities that do not result in a formal audit report/opinion being issued. The OCA is either required[7] to perform these activities or believes completion of these activities to be in the best interest of the Authority. A summary of the *General Audit Activities* is presented below.

Risk Assessment & Audit Plan

The OCA is required to submit a formal risk-based internal Audit Plan to the Audit Committee annually. The Risk Assessment & Audit Plan is the culminating result of data gathering, management discussions, surveys, and data analysis. The annual Risk Assessment & Audit Plan was formally initiated during the third quarter. The Risk Assessment & Proposed Fiscal Year 2026 Audit Plan will be presented to the Audit Committee at the May 5, 2025, Audit Committee meeting.

Construction Activities

During the third quarter of Fiscal Year 2025, the OCA collaborated with Baker Tilly, the on-call construction audit consultant, to develop the next phase of the construction audit plan for the New T1 Terminal & Roadways and Airside projects. Baker Tilly conducted an initial risk assessment on the Guaranteed Maximum Price phase, which was presented to the Audit Committee in February 2025. Consequently, the OCA initiated three new construction audits focusing on Pay Applications, Subcontracts, and Change Orders. Additionally, the OCA attended meetings related to the New T1 terminal and roadways, as well as the New T1 airside improvements projects. The OCA continues to address issues identified by ADC and Authority management, providing assistance as needed and participating in meetings concerning all aspects of the Authority's construction activities.

Development of Data Analytics

The OCA is actively exploring options to increase its audit coverage through data analytics and to identify where in-depth audits should be initiated. During the third quarter the OCA transitioned to a new data analytics platform called Power BI. Power BI is a Microsoft based product and will allow the OCA to easily connect and visualize data. The OCA utilized Power BI during field work on the *Fiscal Year 2024 Car Rental Companies audit.* The OCA anticipates issuing this audit in the fourth quarter of FY 2025.

The OCA is actively exploring other areas where data analytics could benefit the Authority and the OCA.

[7] Requirements are dictated by the Charter for the Office of the Chief Auditor, Charter of the Audit Committee, or the International Standards for the Professional Practice of Internal Auditing.

Fraud, Waste, Abuse, and Ethics Program

The OCA manages the Authority's Ethics Program that includes a confidential Fraud, Waste, Abuse, and Ethics (FWA&E) reporting hotline. During the first three quarters of Fiscal Year 2025, the OCA received 5 tips/reports that were considered FWA&E related and 10 tips/reports that were not considered FWA&E related[8]. Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate.

The hotline also allows individuals to ask questions about possible ethical matters, thus allowing individuals to make an informed ethical decision. During the first three quarters of Fiscal Year 2025, two (2) questions were received. We appreciate the efforts made by individuals aiming to ensure an ethical decision is reached.

A summary of the tips/reports received through the third quarter is shown in Table 2 below.

Table 2: Hotline Tips/Reports Received through the Third Quarter Fiscal Year 2025

Category	Number of Tips / Reports Received	Investigation Initiated by OCA or Others	Tip/Report was Investigated and was Substantiated
Fraud, Waste, Abuse, & Ethics Tips/Reports			
Misuse, Misappropriation of Assets	3	3	2
Human Resources	1	1[9]	-
Business Integrity	1	1[9]	-
Total Fraud, Waste, Abuse, & Ethics Tips/Reports	**5**	**5**	**2**
Non – Fraud, Waste, Abuse, & Ethics Tips/Reports			
Human Resources	8	-	-
Business Integrity	2	-	-
Total Non-Fraud, Waste, Abuse, & Ethics Tips/Reports	**10**	**-**	**-**
Total Hotline Tips/Reports	**15**	**5**	**2**

Recommendation Follow-up

The OCA is mandated by its Charter to track the recommendations issued in audit reports and to report their implementation status to the Audit Committee on a periodic basis. The OCA tracks recommendations through regular inquiries made to the audited departments

[8] Tips/Reports that are Non-FWA&E related are tracked but are not investigated by the OCA. An example of a non-FWA&E related tip/report is a traveler reporting an issue with a water filling station in the terminal. Generally, these tips/reports are forwarded to management to address.

[9] As of the end of the third quarter these tips are still under investigation.

or to the owner of the specific recommendation(s) (See Appendix B). These inquiries allow the OCA to determine how many recommendations have been completed, as well as to obtain the status on progress being made to implement the recommendations.

Table 3 below shows the number of recommendations that were *Completed* or *In Progress* through the third quarter of Fiscal Year 2025, along with the estimated/actual implemetation timeframes based on the audit report issue date. Of the Completed recommendations, two were implemented within the initial timeframe identified when the recommendations were issued. Of the In Progress recommendations, three recommendations were still within the initial timeframe identified for implementation.

In general, the OCA is satisfied with the progress Authority departments are making.

Table 3: Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total[10]
Completed	3	-	-	3
In Progress	1	3	3	7

Quality Assurance and Improvement Program

The Institute of Internal Auditors' (IIA) *Standards* require the OCA to maintain a Quality Assurance and Improvement Program (QAIP) that includes:

1. Ongoing monitoring (required annually).
2. Internal assessments (required periodically – Next scheduled for FY 2027).
3. External assessments (required every 5 years - Next scheduled for FY 2028).

The OCA completed ongoing monitoring of its Fiscal Year 2024 activities and operations during the first quarter of Fiscal Year 2025. The OCA found no items that would impact audit report quality. Full results are included in the Fiscal Year 2024 OCA Annual Report as part of the September 9, 2024, Audit Committee Meeting materials.

In the second quarter the OCA updated both executive management and the Audit Committee on the Global Internal Audit Standards (GIAS). The OCA is transitioning to the new GIAS, which became effective in the third quarter on January 9, 2025. To facilitate this transition, the OCA has drafted new Policies and Procedures and conducted a gap analysis to pinpoint areas requiring changes or improvements.

[10] Recommendation(s) contained in confidential audit reports are not included in Table 3 or in Appendix B. They are tracked separately by the OCA.

Administrative

The activities that reside within the administrative classification include meetings attended by the OCA, holiday and vacation time, and the fulfillment of Continuing Professional Education (CPE) requirements.

Tracking Budget and Expenses

The OCA expenses totaled approximately $886,000 through the end of the third quarter, which represents 59% of the Fiscal Year 2025 budget. No unexpected or large outlays occurred within the department through the end of the third quarter of Fiscal Year 2025. The OCA expects to remain under budget through the fiscal year-end.

Continuing Professional Development

OCA staff continue to obtain Continuing Professional Education (CPE) credits as required by their various certifications. The OCAs CPE credits are tracked on a calendar year basis. At the end of the calendar year 2024 all OCA staff met their respective CPE requirements. In the third quarter, staff attended training on topics that included the new Global Internal Audit Standards and development of an internal audit strategy. Additionally, Shane Ellis and Lee Parravano were speakers at the Association of Airport Internal Auditors Rent A Car Symposium.

Procedural/Supervisory

One Audit Committee meeting took place during the third quarter, which occurred on February 10, 2025. The meeting contained all regularly scheduled agenda items, of which the OCA assisted in coordination with the Committee Chair and the Clerk's Office.

Staffing

During the third quarter, the Office of the Chief Auditor (OCA) worked with Human Resources to recruit for a vacant Senior Auditor position. The OCA aims to hire a new internal auditor as soon as possible.

Use of Report

The information in this report is intended solely for the use of the San Diego County Regional Airport Authority's (SDCRAA) Audit Committee, Board, and management and is not intended to be, and should not be, used by anyone other than the specified parties.

This report has been authorized for distribution to the Audit Committee and as specified:

Board Members
President/Chief Executive Officer
General Counsel
Vice Presidents
Director, Authority Clerk
Director, Government Relations
Assistants specified by Board Members and SDCRAA

Appendix A – Fiscal Year 2025 Audit Plan

#	Activity	Status as of 3/31/2025	Over/ Under Budget
	Audit		
1	Tenant Lease Admin. & Management – FY 2024 Rental Car Companies	In Progress	
2	Tenant Lease Admin. & Management – ABRM Data Accuracy	In Progress	
3	Tenant Lease Admin. & Management – Sixt	Completed	Under
4	Tenant Lease Admin. & Management – FY 2025 Rental Car Companies[11]	In Progress	
5	System Security	In Progress	
6	Parking Management Contract Administration[11]	In Progress	
7	Tenant Lease Admin. & Management – Hertz	Completed	Over
8	Account Provisioning / Deprovisioning	Completed	Under
9	Tenant Lease Admin. & Management – High Flying Foods Package 7	Completed	Under
10	Small Business Management	Completed	Over
11	Harbor Police Contract Management – Fiscal Year 2018, 2019, 2020 Costs	Completed	Under
12	Harbor Police Contract Management – Fiscal Years 2021, 2022, 2023, 2024	In Progress	
13	Purchase Goods and Services	In Progress	
14	Construction Change Orders[11]	In Progress	
15	Construction Subcontracts[11]	In Progress	
16	Construction Pay Applications[11]	In Progress	
	Advisory		
17	Harbor Police Contract Management	In Progress	
18	Tenant Lease Admin. & Management – New Rental Car Company Reporting	In Progress	
19	Accounts Payable Automation	Completed	Under
	General Audit		
20	Risk Assessment & Audit Plan	In Progress	
21	Construction Meeting Attendance & Coordination	In Progress	
22	Development of Data Analytics	In Progress	
23	Fraud, Waste, Abuse, and Ethics Program	In Progress	
24	Recommendation Follow-up	In Progress	
25	Quality Assurance & Improvement Program	In Progress	
	Administrative		
26	Indirect - Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other	In Progress	
27	Benefit - Vacation, Holiday Time, and Other Leave/Time Off	In Progress	

[11] Audit engagement is not anticipated to be completed in Fiscal Year 2025 and will be carried forward to Fiscal Year 2026.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2025
Completed						
25-01	Audit Report 24012 Issued: September 30, 2024 Title: High Flying Foods San Diego Partnership Package #7 Department: TERMINAL BUSINESS DEVELOPMENT	Low	We recommend that RG&PD require High Flying Foods to review its accounting or internal control procedures and ensure that Gross Receipts reported by their store/locations are accurate.	10/31/2024	1/24/2025	RGPD has taken action regarding this recommendation. A letter detailing the Airport's request was sent to HFF on January 24, 2025. Additionally management met with HFF's controller in January to discuss the recommendation further.
25-20	Audit Report 24009 Issued: November 22, 2024 Title: Active Directory Management Department: INFORMATION AND TECHNOLOGY SERVICES	Medium	I&TS should work with HR and other departments to ensure that I&TS is notified of separated employees, contractors, or VPN users to facilitate the deactivation of AD user accounts in a timely manner.	1/30/2025	1/30/2025	I&TS implemented steps to facilitate the deactivations in a timely manner.
25-28	Audit Report 24001 Issued: January 8, 2025 Title: Small Business Development Department: SMALL BUSINESS DEVELOPMENT	Medium	Small Business should leverage, to the extent possible, the efforts of other individuals, departments, and contractors to ensure the accuracy of data.	6/30/2025	3/31/2025	SBD staff is meeting regularly with staff from ADC and Labor Compliance ensure all DBE activity is being captured. CUF reviews by SBD are ongoing.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2025
In Progress						
24-09	Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance Department: AIRPORT DESIGN & CONSTRUCTION	High	ADC should work with the JV, and General Counsel if appropriate, to determine the most appropriate way to receive reimbursement of the $1,290,000.	9/30/2024	6/30/2025	The JV has agreed to reimburse the Authority for the underpayments. ADC is working with the JV on processing the repayment.
24-11	Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance Department: AIRPORT DESIGN & CONSTRUCTION	High	ADC should work with the JV to determine the most appropriate way to receive the credits of $144,915 for the unapproved administrative fees and $847,195 for the duplicate coverage.	9/30/2024	6/30/2025	The JV has agreed to reimburse the Authority for the underpayments. ADC is working with the JV on processing the repayment.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2025
In Progress						
24-10	Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance Department: AIRPORT DESIGN & CONSTRUCTION	Low	We recommend ADC seek reimbursement for the audit costs in the amount of $82,413 from the JV.	4/30/2024	6/30/2025	The JV has agreed to reimburse the Authority for the underpayments. ADC is working with the JV on processing the repayment.
25-23	Audit Report 25010 Issued: December 27, 2024 Title: The Hertz Corporation Department: LANDSIDE BUSINESS DEVELOPMENT	Medium	RG&PD should request that the Accounting Department issue a credit to Hertz for $86,976 for the overpayment of CFCs. Additionally, RG&PD should recommunicate to Hertz on the correct calculation of a rental day.	1/31/2025	4/30/2025	The credit to Hertz was issued and completed on January 6, 2025. The issue with the 25-hour calculation is included in the FY24 audit that is being completed now, and Landside Business Development will meet with Hertz to review the calculation instructions and their current methods. That meeting will be completed no later than April 30, 2025.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2025
In Progress						
25-24	Audit Report 24001 Issued: January 8, 2025 Title: Small Business Development Department: SMALL BUSINESS DEVELOPMENT	Medium	The Authority should ensure adequate resources are available to recruit, train, and retain professionals with the knowledge required to administer a Small Business program in accordance with federal regulations. Specifically, to ensure the accuracy and timeliness of information in B2Gnow, Small Business should allocate resources specifically for its management and should implement processes to regularly monitor and ensure data quality.	12/31/2025	12/31/2025	The recruitment for the Program Coordinator position has started and the top three candidates have scheduled interviews for the first week of April. The Small Business Development department is presently engaged in the recruitment process to fill a staff vacancy. All three SBD staff members have registered for the B2Gnow user conference in April.
25-26	Audit Report 24001 Issued: January 8, 2025 Title: Small Business Development Department: SMALL BUSINESS DEVELOPMENT	Medium	Small Business should submit the DBE Uniform Reports to the FAA as soon as the information is accurate and available. In the future, Small Business should ensure the reporting is done within the required timeframe.	8/30/2025	8/30/2025	We anticipate that all outstanding DBE and ACDBE reports will be ready for General Council review by April 30, 2025.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2025
In Progress						
25-27	Audit Report 24001 Issued: January 8, 2025 Title: Small Business Development Department: SMALL BUSINESS DEVELOPMENT	Medium	Small Business should provide periodic reports to Authority Management and the Board of Directors on ACDBE, DBE, small, local, and veteran-owned business participation.	10/31/2025	10/31/2025	Staff gives regular updates to Division VP. Staff will make a presentation to CIPOC in July. SBD Manager will meet with CEO in June and Division VP and Senior Director, External Relations are in regular communication with CEO regarding Small Business.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 12

Staff Report

Meeting Date: June 5, 2025

Subject:

Risk Assessment and Proposed Fiscal Year 2026 Audit Plan of the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board adopt Resolution No. 2025-0033, approving the proposed Fiscal Year 2026 Audit Plan of the Office of the Chief Auditor.

Background/Justification:

As directed by the Charter for the Office of the Chief Auditor (OCA), a risk-based internal Audit Plan must be submitted at least annually to the Audit Committee. After the Committee reviews and accepts the plan, it is sent to the San Diego County Regional Airport Authority Board for approval.

The Fiscal Year 2026 Proposed Audit Plan was prepared by the OCA based on a comprehensive Risk Assessment, input from Board Members and Audit Committee Members, input from Authority management, and a review of available staff resources. Details on the Risk Assessment methodology are included in Attachment A.

During the May 5, 2025, regularly scheduled meeting of the Audit Committee, the proposed OCA Fiscal Year 2026 Audit Plan (Attachment 1) was presented. The Audit Committee voted unanimously to accept the Fiscal Year 2026 Audit Plan and to forward it to the Board for approval.

Fiscal Impact:

A proposed Fiscal Year 2026 Operating Budget for the OCA to execute the Fiscal Year 2026 Audit Plan is $1,529,000. Additionally, the OCA will continue to augment its staff for audit work related to the New T1 by utilizing the consulting services of a professional on-call construction audit service provider with expertise in large construction projects. The estimated cost for New T1 construction auditing is approximately $1,500,000 over a seven-year period and is funded from the Airport Development Program capital budget. The proposed budget for New T1 construction auditing is $875,000 in Fiscal Year 2026.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

☐ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☒ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Lee M. Parravano
Chief Auditor

RESOLUTION NO. 2025-0033

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING THE PROPOSED FISCAL YEAR 2026 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR

WHEREAS California Public Utilities Code §170018 specifies the membership (consisting of board members and public members), the terms, and the responsibilities of the Audit Committee; and

WHEREAS §170018(g) of the California Public Utilities Code and the Authority Charter of the Office of the Chief Auditor require the Audit Committee to approve the annual internal and external audits, including the auditor's annual audit plan, for each fiscal year and submit the same to the Board for approval; and

WHEREAS at its regular meeting on May 5, 2025, the Audit Committee was presented with the Fiscal Year 2026 Proposed Audit Plan and voted to accept the plan and forward it for Board approval.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Fiscal Year 2026 Audit Plan of the Office of the Chief Auditor (Attachment A); and

BE IT FURTHER RESOLVED that 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

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June, 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

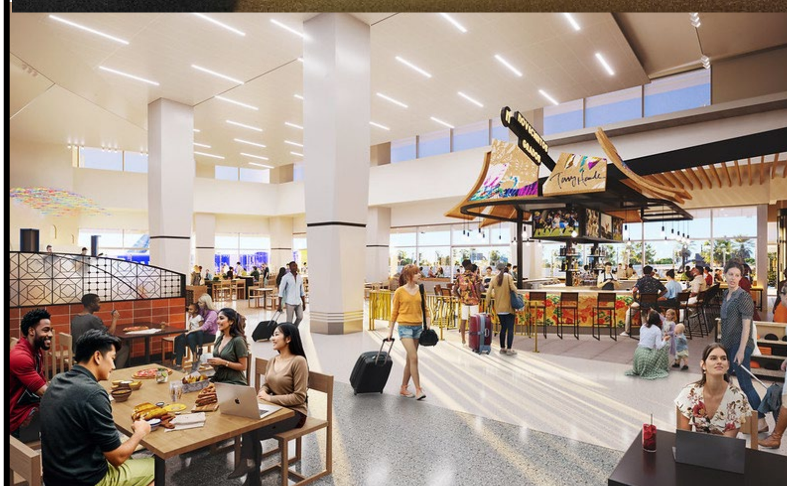
____
ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

____
AMY GONZALEZ
GENERAL COUNSEL

Attachment A

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY



Risk Assessment and Proposed Fiscal Year 2026 Audit Plan

Office of the Chief Auditor

May 5, 2025

INTRODUCTION

The Global Internal Audit Standards (*Standards*) and the Charter for the Office of the Chief Auditor (OCA) require the OCA to establish a risk-based approach to determine the priorities for internal audit activities.

A risk assessment for audit planning involves systematically scoring the impact of various risk factors, which are indicators of conditions or events that could adversely affect the San Diego County Regional Airport Authority (Authority). This assessment helps identify, measure, and prioritize activities based on their risk level. The results, combined with input from the Authority Board, Audit Committee, and management, were used to prepare the OCA Audit Plan for Fiscal Year 2026. The plan focuses on high-risk activities where the OCA can have the greatest impact, while ensuring the scope of work is achievable within the fiscal year.

The risk assessment methodology utilized by the OCA to construct the Fiscal Year 2026 Audit Plan is a five-part process consisting of:

1. Developing the Risk Assessment Framework
2. Defining the Audit Universe
3. Identifying and Ranking Risks
4. Interpreting the Risk Assessment Results
5. Developing the Audit Plan

The annual internal Audit Plan is designed to support the OCAs strategic objectives by focusing on areas that are critical to the Authority's success. This ensures that the audit activities are relevant and contribute to the overall strategic goals and the OCA’s vision. See **Attachment 4** for the OCAs Vision and Strategic Objectives.

The Audit Plan also considers the OCAs Mandate as described in the Charter for the Office of the Chief Auditor.

DEVELOPING THE RISK ASSESSMENT FRAMEWORK

The risk assessment process begins with a general risk framework that includes analyzing both internal and external risks, and extends to seeking input from the Authority Board, the Audit Committee and Authority management, as well as considering various risk factors.

DEFINING THE AUDIT UNIVERSE

After the framework is adopted, the next step is to define the audit universe. The audit universe is a listing of all the potential audits that can be performed for the Authority. The list of potential audits is created by surveying Authority management and asking them to provide a list of all the Key Work Activities within their specific departments. Key Work Activities are the major functions/activities carried out by the Authority. An example of an

Accounting Department Key Work Activity is Bank Reconciliations. Key Work Activities do not include items like checking email.

For the New Terminal 1 Development (New T1), in Fiscal Year 2022 the OCA began a multi-year partnership with an on-call construction audit service provider (Baker Tilly, U.S., LLP) to audit the related construction activities. Baker Tilly is performing individual Risk Assessments on each specific package of the New T1. Internal auditing *Standards* require the OCA to ensure proper coverage and minimize the duplication of effort. Therefore, in compliance with the *Standards*, the OCA is utilizing Baker Tilly's individualized risk assessments to prioritize potential construction audit activities based on the level of risk. Key Work Activities for the Development Division in charge of the New T1 were excluded from this assessment.

IDENTIFYING AND RANKING RISKS

The next step is to identify and rank major risks associated with each Key Work Activity. To achieve this, a management questionnaire that was developed by the OCA measured several risk factors examining the Likelihood and Impact each risk factor could have on the Authority. The questionnaire used the seven risk factors shown in Table 1 below.

Table 1

Risk Factor	Description
Likelihood	
Complexity of Operations or Regulations	What is the ***likelihood*** of something going wrong due to the complexity of this Key Work Activity?
Change / Stability	What is the ***likelihood*** of something going wrong due to a change in the process or the personnel carrying out this Key Work Activity?
Controls	How effective are the internal controls in place over this Key Work Activity?
Impact	
Fiscal Impact	What is the dollar ***impact*** if something were to go wrong with this Key Work Activity?
Travel Experience Impact	How would a traveler be ***impacted*** if something were to go wrong with this Key Work Activity?
Strategic / Operational Impact	How would the Authority's Strategic Objectives be ***impacted*** if something were to go wrong with this Key Work Activity?
Reputation	How would the Authority's reputation be ***impacted*** if something were to go wrong with this Key Work Activity?

Management scored the level of risk/control on each of their department's Key Work Activities from Low to High. An integral step to complete the Risk Assessment was to calculate the total Likelihood and Impact for each Key Work Activity. The Key Work Activities with the highest risk score within each Authority Division is provided in **Attachment 3**.

INTERPRETING THE RISK ASSESSMENT RESULTS

The Key Work Activities ranked with a high likelihood or impact indicates that these activities are by nature a high risk, because of such factors as having complex or highly regulated transactions or could have a material impact on the Authority, if a risk event were to occur. A high-risk rank does not mean that an activity is being managed ineffectively.

DEVELOPING THE AUDIT PLAN

The Audit Plan reflects the results of a continuous Risk Assessment process gathered from various sources including, but not limited to, management questionnaires, interviews with staff, and the results of previous audits/ advisory service engagements/ risk assessments. Additionally, selection of activities for the Audit Plan includes examining various factors, such as: time of last audit engagement, velocity of impact if a risk event were to occur, relevant or current events, areas where the OCA can have the greatest impact, requests by Authority management or Board, resource limitations that may exist, and if outsourcing or co-sourcing arrangements are available to supplement the Audit Plan. This can result in the OCA selecting activities for inclusion in the Audit Plan that may not have the highest likelihood or impact scores. The Audit Plan reflects consideration given to all these factors. The proposed Fiscal Year 2026 Audit Plan is included as **Attachment 1**.

AUDIT RESOURCES

The Audit Plan relies heavily on the identified risks and the availability of internal audit resources, which are determined through the budgeting process. The Fiscal Year 2026 budget for the OCA includes six full-time auditors and one executive assistant. Currently, the executive assistant position and one Sr. Auditor role are vacant. The OCA is actively recruiting for the Sr. Auditor role and aims to fill it by July 1, 2025. The Audit Plan assumes all auditor roles will be filled in Fiscal Year 2026, providing 12,480 staff hours, as detailed in Table 2 and Attachment 1.

Table 2

Office of the Chief Auditor	Staff	Hours per Staff	Hours Available
Full Time Auditors	6	2,080	12,480
Hours for Fiscal Year 2026 Audit Plan			**12,480**

The actual hours incurred will be monitored for the purpose of budgeting future audit activities. In the event all planned activities are completed, additional activities will be initiated based on the results of the Risk Assessment and the professional judgment of the OCA.

Fiscal Year 2026 resources also include the OCAs continuing partnership with the outside construction auditing firm, Baker Tilly. Baker Tilly will assist the OCA in conducting audit construction activities related to the New T1. The OCA plans to utilize Baker Tilly to supplement current staff capabilities and the Proposed Audit Plan in Attachment 1. Audits conducted by Baker Tilly are based on Risk Assessments performed and will only occur after the OCA has approved the scope and associated costs. The OCAs proposed construction auditing costs for the Fiscal Year 2026 capital budget includes approximately $875,000 to perform audits related to the New T1.

The OCA believes the human resources are adequate and sufficient to achieve the Audit Plan.

CONTINGENT AUDIT ACTIVITIES

The OCA has included contingent audit activities in the Proposed Fiscal Year 2026 Audit Plan, which will be initiated if all planned activities for the fiscal year are completed. If these contingent activities are not started in Fiscal Year 2026, they will be considered for the Fiscal Year 2027 Audit Plan. These activities are detailed in **Attachment 2**.

To ensure flexibility, the Chief Auditor may request to substitute a contingent audit for a planned audit based on professional judgment. Any substitutions will be discussed with the Chair of the Audit Committee and communicated to management and the Audit Committee during scheduled meetings.

AMENDMENTS TO THE AUDIT PLAN

Requests to amend the Audit Plan will be submitted to the Audit Committee, with priority given to revisions that could result in significant financial savings or address integrity issues in the workplace. Any amendment must be approved by the Board, requiring five affirmative votes from the Audit Committee before Board approval.

Office of the Chief Auditor

Proposed Fiscal Year 2026 Audit Plan

Division	Key Work Activity	Objective[1]	Estimated Hours
Audit Hours			
Revenue Management and Innovation	Tenant Lease Administration and Management[2]	To determine if Airport Rental Car Companies accurately paid concession fees and Customer Facility Charges (CFCs) / Transportation Facilities Charges (TFC) in fiscal year 2025, in all material respects. *Audit Engagement #25004*	300
Operations	Parking Management Contract Administration[2]	To determine if the parking management contract is administered appropriately. *Audit Engagement #25009*	650
Operations	Harbor Police Contract Mgmt. [2]	To determine if Harbor Police costs or services are appropriate related to fiscal years 2021, 2022, 2023, and 2024. *Audit Engagement #25006*	400
Development	Construction[2]	To determine compliance with the change order process within ADC. *Audit Engagement #25015 – Baker Tilly*	100
Development	Construction[2]	To evaluate compliance with bid, award, and billing requirements of subcontracts. *Audit Engagement #25016 – Baker Tilly*	850
Development	Construction[2]	To determine if costs within payment applications are allowable and meet requirements. *Audit Engagement #25017 – Baker Tilly*	150
Revenue Management and Innovation	Tenant Lease Administration and Management[2]	To determine if appropriate internal controls in the property management software (ABRM) are appropriate. *Audit Engagement #26001*	650
Finance	Payroll	To determine if the Social Security (Section 218 Agreement) process was administered appropriately. *Audit Engagement #26002*	450
Revenue Management and Innovation	Tenant Lease Administration and Management[3]	To determine if Airport Rental Car Companies accurately paid concession fees and Customer Facility Charges (CFCs) / Transportation Facilities Charges (TFC) in fiscal year 2026, in all material respects. *Audit Engagement #26003*	500
Finance	System Security	To evaluate the Authority's security posture by performing testing of a selected Information Technology system. *Audit Engagement #26004*	350
Operations	ARFF Management	To determine if costs included in ARFF billings are appropriate. *Audit Engagement #26005*	600

[1] Objective may change based on the preliminary survey performed by the OCA.
[2] Audit activity has been carried forward from fiscal year 2025.
[3] Audit activity will continue into fiscal year 2027.

Office of the Chief Auditor
Proposed Fiscal Year 2026 Audit Plan

Division	Key Work Activity	Objective[1]	Estimated Hours
N/A	To Be Determined	To initiate audit(s)/advisory engagements based on risks identified at the discretion of the Chief Auditor.	350
		Total Audit Hours	**5,350**
Advisory Service Hours			
Operations / Finance	Harbor Police Contract Mgmt.	To provide management assistance with recommendations related to the Harbor Police Contract. *Advisory Service Engagement #26006-AS*	600
Revenue Management and Innovation	Tenant Lease Administration and Management	To provide management assistance with Rent a Car Companies related to reporting and payment of concession fees and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC). *Advisory Service Engagement #26007-AS*	50
		Total Advisory Service Hours	**650**

Office of the Chief Auditor
Proposed Fiscal Year 2026 Audit Plan

Division	Key Work Activity	Objective[1]	Estimated Hours
		General Audit Hours	
N/A	Risk Assessment and Audit Plan[4]	To conduct a Risk Assessment that will identify the high-risk activities to be considered when preparing the annual Audit Plan.	252
Development	Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the External Construction Auditor.	300
N/A	Development of Data Analytics	Enhance or develop the data analytics program.	200
N/A	Fraud, Waste, Abuse & Ethics Program[4]	To review policies, perform training, and investigate reported incidents.	400
N/A	Recommendation Follow-up[4]	To verify that internal and external audit recommendations have been implemented as intended.	160
N/A	Quality Assurance & Improvement Program[4]	To assess conformance with the *Standards,* whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	400
		Total General Audit Hours	**1,712**
		Administrative Hours	
N/A	Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,632
N/A	Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,136
		Total Administrative Hours	**4,768**
		Total Hours	**12,480**

[4] Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

Office of the Chief Auditor

Fiscal Year 2026 Contingent Audit Activities

Division	Key Work Activity	Objective[5]	Estimated Hours
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) were accurately paid for a selected Rental Car Company based on Data Analytics or new entity.	400
Operations	Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately.	650
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if a selected in terminal concession contract correctly calculated and remitted concession fees due.	350
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if 3MP Rent a Car accurately paid concessions and Transportation Facility Charges (TFC).	350
Operations	Parking Management Contract Administration	To determine if Dynamic Pricing is being managed appropriately.	550
Operations	TNC Contract Administration & Revenue Collection	To determine if the TNC contract is administered appropriately.	475
Development	Small Business Management	To determine if the Authority complies with applicable Federal Regulations for Small Business.	525
Revenue Management and Innovation	Advertising	To determine if the concessions marketing program is managed appropriately.	500
Operations	Traffic Control, Vehicle Insp., Code Comp., Citations & Notice of Violation Admin.	To determine if the processes and controls in place for citations are adequate and appropriate.	500

[5] Objective may change based on the preliminary survey performed by the OCA.

Office of the Chief Auditor

Fiscal Year 2026 Contingent Audit Activities

Division	Key Work Activity	Objective	Estimated Hours
Development	Curfew Violations	Determine if Curfew Violations are administered appropriately.	500
Finance	P Card Administration	To determine if the Authority's P Cards are administered appropriately.	500
Operations	Contract Security Personnel Management	To determine if the contract for the Authority's security personnel is administered appropriately.	550
Operations	On Airport Paramedic Services Contract Management	To determine if the EMT contract is administered appropriately.	500
Revenue Management and Innovation	Tenant Lease Administration and Management	To determine if the contract for advertising is administered appropriately.	500
		Total Contingent Audit Hours	**6,850**

Office of the Chief Auditor

Top Risks By Division

ATTACHMENT 3

General Counsel	Finance	Development	Revenue Management & Innovation	Operations	Human Resources
Litigation Management	System Security*	Determined by Individuilized Risk Assessment by Baker Tilly 1.Subcontracts 2.Change Orders 3.Pay Applications	Parking Management Contract Admin. *	Harbor Police Contract Management*	Employee Benefits*
Ordiances, Resolutions, Codes & Policies	Grant, PFC, CFC Administration		Tenant Development & Major Reconstruction	Contract Security Personnel Management	Compensation & Rewards
Review and approval of legal form	Plan of Finance		Tenant Lease Admin. And Management*	Activation of New T1 (Phase 1a)	Leave of Absence / Catastrophic Leave

* Indicates this Key Work Activity or components of this Key Work Activity have been audited within the last five fiscal years.

Indicates this Key Work Activity or components of this Key Work Activity are included in the Fiscal Year 2026 Audit Plan.

Vision

To be recognized as a leading internal audit function that is trusted and proactive in promoting a culture of accountability, transparency, and continuous improvement across the Authority.

Strategic Objectives

1. Enhance Audit Methodologies
2. Strengthen Stakeholder & Community Relationships
3. Promote Continuous Improvement & Build a Strong Audit Team
4. Leverage Technology, Innovation, and Outside Professionals
5. Enhance Communication and Reporting

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 13

Staff Report

Meeting Date: June 5, 2025

Subject:

Authorize Execution of the Application and Agreement for Social Security Coverage for Authority Employees who are Members of the San Diego City Employees' Retirement System (SDCERS)

Recommendation:

Adopt Resolution No. 2025-0034, authorizing the execution of the Application and Agreement for Social Security coverage for employees of the San Diego County Regional Airport Authority who are members of the San Diego City Employees' Retirement System.

Background/Justification:

Public agencies that have retirement plans are subject to certain laws related to Social Security. If a public agency's retirement plan is a defined benefit pension plan—where the retirement benefit is guaranteed -- then payment into Social Security is not allowed unless the public agency enters into an agreement with the Social Security Administration (SSA). Authority employees in the Defined Benefit Pension Plan administered by the San Diego City Employees Retirement System (SDCERS) (hereinafter "Defined Benefit Pension Plan") have been paying into Social Security since the Authority's inception in 2003. To protect the Social Security benefits of those who have retired and those who wish to continue contributing to Social Security, the Authority must enter into a voluntary agreement with the SSA – this is called a Section 218 Agreement. Section 218 refers to a section of the Social Security Act that allows a voluntary agreement between the federal government and a local government to allow employees who are participating in a defined benefit pension plan to also participate in Social Security.

Without a 218 Agreement, the Social Security benefits of the current employees and retirees are at risk. This issue can be solved with a Section 218 Agreement. In order to get a Section 218 Agreement, the Airport Authority, with the assistance of CalPERS (the administrator for Social Security in California) must conduct an election or a vote of all active and eligible employees who are participating in the Defined Benefit Pension Plan. The vote can be done in one of two ways: a majority vote or a divided vote. A majority vote requires that a majority of employees vote "yes" in order to preserve Social Security benefits.

A divided vote allows each employee to vote whether they want to continue paying into Social Security or not. A "yes" vote in a divided vote means that the employee wishes to continue participating in Social Security. A "yes" vote continues the status quo. A "no" vote in a divided vote means that the employee does not wish to participate in Social Security. The vote process is conducted by CalPERS.

The first step in the vote process was for the Board to adopt the Resolution provided by CalPERS allowing for the vote. On October 3, 2024, the Board adopted Resolution No. 2024-0088 authorizing a divided vote. On March 5, 2025, the vote was successfully held. The ballots were sent to CalPERS and CalPERS has certified the vote.

The next step is the adoption of the Resolution authorizing execution of the Application and Agreement for Social Security coverage for employees of the Authority who are members of the SDCERS. The Resolution is provided by CalPERS and cannot be modified in any way.

Fiscal Impact:

Not applicable.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☐ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☒ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

Environmental Review:

A. CEQA: This Board action is a not a project subject to the California Environmental Quality Act ("CEQA"), as amended. 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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Amy Gonzalez
General Counsel

RESOLUTION NO. 2025-0034

(To Accompany Application and Agreement)

WHEREAS, a division of the San Diego City Employees' Retirement System with respect to eligible employees of the San Diego County Regional Airport Authority, hereinafter referred to as "Public Agency", who are members of and in positions covered by said retirement system, has been conducted in accordance with Federal and State Laws and State regulations for the purposes of coverage under the insurance system established by the Federal Social Security Act and a deemed retirement system, hereinafter referred to as Group B of the San Diego City Employees' Retirement System has been established thereby as provided in Section 218(d)(6) of the Federal Social Security Act, composed of positions of members of such retirement system who desire coverage under the said insurance system; and

WHEREAS, the Public Agency desires to file an application with the State and to enter into an agreement with the State to extend coverage under the said insurance system on behalf of the Public Agency to services performed by individuals as employees of the Public Agency as members of a coverage group, as defined in Section 218(d)(4) of the Federal Social Security Act, of the said Group B of the San Diego City Employees' Retirement System and

WHEREAS, official form "Application and Agreement" containing the terms and conditions under which the State will affect such inclusion has been examined by this body;

NOW, THEREFORE, BE IT RESOLVED, that said Application and Agreement on said official form be executed on behalf of the Public Agency and submitted to the State to provide coverage under the California State Social Security Agreement of March 9, 1951, of all services performed by individuals as employees of the Public Agency as members of a coverage group (as defined in Section 218(d)(4) of the Social Security Act) of said Group B San Diego City Employees' Retirement System, except the following:

1. All services excluded from coverage under the agreement by Section 218 of the Social Security Act; and

2. Services excluded by option of the Applicant as indicated in Resolution No. 2024-0088 adopted at a meeting of the Board on October 3, 2024:

   None

Effective date of coverage of services under said agreement to be January 1, 2003; and

BE IT FURTHER RESOLVED, that Kimberly J. Becker, President/CEO, 2417 McCain Road, San Diego, CA 92101, is hereby authorized and directed to execute said Application and Agreement on behalf of and as Authorized Agent of the Public Agency and to forward same to the State for acceptance and further action; and

BE IT FURTHER RESOLVED, that authority hereafter to act as Authorized Agent, and so to conduct all negotiations, conclude all arrangements, submit all reports, and sign all agreements and instruments which may be necessary to carry out the letter and intent of the aforesaid application and agreement, in conformity with all applicable Federal and State laws, rules and regulations, is vested in the position of President/CEO.

San Diego County Regional Airport Authority

____
Presiding Officer

____
President/CEO

____
Date

CERTIFICATION

I, __________________, __________________ of the San Diego County Regional Airport Authority, State of California, do hereby certify the foregoing to be a full, true, and correct copy of Resolution No. __________ adopted by the Board of the San Diego County Regional Airport Authority at the regular meeting held on the _____ day of _____, _____, as the same appears of record in my office.

____
Signature

____
Title

____
Date

APPLICATION AND AGREEMENT

For the purposes of this application and agreement, any reference made herein to any State or Federal statute or statutes, or regulations, or part thereof, applies to all amendments thereto now or hereafter made.

For the purposes of this application and agreement, "Federal System" means Old-Age, Survivors, and Disability and Health Insurance system established by the Federal Social Security Act, "Federal agency" means the Commissioner of Social Security, or successor in function to such officer, "Board" means the Board of Administration of the Public Employees' Retirement System, acting on behalf of the State of California.

The San Diego County Regional Airport Authority, a public agency as defined in Section 22009 of the Government Code* hereinafter called Applicant, hereby makes application to the Board to execute a modification to the California State Social Security Agreement extending thereunder the Federal System to all services performed by individuals as employees of the Applicant in a coverage group (as defined in Section 218(d)(4) of the Social Security Act*) of the Group B of the San Diego City Employees' Retirement System, a deemed retirement system established by division of a retirement system pursuant to Section 218(d)(6) of the Social Security Act, composed of positions of members desiring coverage under said insurance system, except the following:

1. Those services mandatorily excluded from said agreement by Section 218 of the Social Security Act. *

2. The following services excluded by option of the Applicant pursuant to Resolution No. 2024-0088, adopted on October 3, 2024:

None

*See Attachment

In order to carry into effect the common governmental duties under such statutes and in consideration of the mutual promises hereinafter made, the Applicant and the Board agree as follows:

1. The Board will execute a modification to the California State Social Security Agreement to extend thereunder the Federal System to the services of employees of Applicant as hereinbefore applied for.
2. Applicant will comply promptly and completely, throughout the term of this application and agreement, with the letter and intent of all statutes of the State of California, and Section 218 of the Federal Social Security Act, and applicable Federal and State regulations adopted pursuant thereto.
3. Applicant shall pay to the Federal Government amounts equivalent to the sum of taxes (employer-employee contributions) imposed under the Federal Insurance Contributions Act if the services of employees covered by the application and agreement constituted employment as defined in such Act. Applicant shall keep or cause to be kept accurate records of all remuneration for such services, said records to be maintained as required by Federal or State regulations, and said records shall be available for inspection or audit by the Board or its designated representative.
4. Applicant will prepare and submit such wage reports as may be required.

5. Applicant shall pay and reimburse the State at such times as may be determined by the State:

   (a) Any sums of money that the State may be obligated to pay or forfeit to the Federal Government by reason of any failure of the Applicant, for any cause or reason, to pay the contributions, penalties, or interest required by the agreement between the Federal agency and the State at such time or in such amounts as required by the said agreement and any State or Federal regulations adopted pursuant thereto.

   (b) In such amounts as may be determined by the State, its proportionate share of any and all costs incurred by the State in the administration of the Federal System as it affects the Applicant and its employees.

   (c) In such amounts as may be determined by the State, the cost of any and all work and services relating to any division for the purposes of coverage under the Federal System held with respect to the coverage group for which coverage under the Federal System is requested herein.

   (d) In such amounts as may be determined by the State, the costs of any audits of the books and records of the Applicant made by the State or its designated representatives pursuant to Section 22559 of the Government Code.

6. The coverage herein provided for shall be effective January 1, 2003.

7. That, subject to the aforesaid provisions and applicable law, this application and agreement may be amended by the mutual consent of the parties in writing.

8. After the filing of this application and agreement, its acceptance and execution by the State shall constitute it a binding agreement between the Applicant and the State of California with respect to the matters herein set forth.

San Diego County Regional Airport Authority

Signed by:

____
Authorized Agent

And by:

____
Witness

____
Title

____
Date

ACCEPTED: _________________________________
STATE OF CALIFORNIA

BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY ____
Liza Lopez
State Social Security Administrator
State Social Security Administrator Program

ATTACHMENT

Section 22009, Government Code:

"Public Agency" means the State, any city, county, city and county, district, municipal or public corporation or any instrumentality thereof, or boards and committees established under Chapter 10 of Division 6 of the Agricultural Code, Chapter 754 of Statutes of 1933, as amended, or Chapter 307 of the Statutes of 1935, as amended, the employees of which constitute one or more coverage groups or retirement system coverage groups.

Section 218(d)(4):

For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group:

(A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system (other than employees to whose services the agreement already applied on such date);

(B) all employees in positions which became covered by such system at any time after such date; and

(C) all employees in positions which were covered by such system at any time before such date and to whose services the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system - including employees to whose services the agreement was not applicable on such date because such services were excluded pursuant to subsection (c)(3)(B).

The following services are mandatorily excluded:

(a) service performed in a policeman's or fireman's position, covered by a retirement system at the time coverage is extended to the Public Agency;

(b) service performed by an individual who is employed to relieve him from unemployment;

(c) service performed in a hospital, home, or other institution by a patient or inmate thereof;

(d) covered transportation service (as defined in Section 210(k) of the Social Security Act, as amended);

(e) service (other than agricultural labor or service performed by a student) which is excluded from employment by any provision of Section 210(a) of the Social Security Act, other than paragraph 7 of such section, or service the remuneration for which is excluded from wages by paragraph (2) of Section 209(h);

(f) service performed by an individual as an employee on a temporary basis in case of fire, storm, snow, earthquake, or similar emergency;

(g) services performed by election officials or election workers for each calendar year in which the remuneration paid for such service is less than the threshold amount mandated by law.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 14

Staff Report

Meeting Date: June 5, 2025

Subject:

Authorize a Voluntary 2% Surcharge for Food And Beverage Concessions for Employee Retention and Recruitment at the New Terminal 1 and Extend the Existing Voluntary 2% Surcharge at San Diego International Airport

Recommendation:

Adopt Resolution No. 2025-0035 authorizing a voluntary 2% surcharge for food and beverage concessions at San Diego International Airport until July 1, 2028.

Background/Justification:

On November 4, 2021, the Board adopted Resolution No. 2021-0131 permitting the Airport's food & beverage concessionaires to add a 2% pre-tax surcharge on all food & beverage purchases specifically ear-marked for direct payment to concessionaire employees as a hiring and retention incentive. The voluntary surcharge was set to expire on December 31, 2022. On October 3, 2022, the Board adopted Resolution No. 2022-0094 extending the surcharge to be coterminous with the expiration of concession leases at San Diego International Airport. The surcharge has proven to be helpful in maintaining adequate staffing levels in restaurant concessions. In particular, the incentive pay has helped concessionaires hire and retain non-tipped employees such as cooks and bussers. The current job market for workers remains very competitive with a shortage of restaurant workers interested in airport employment.

Authority staff recommends that the Board authorize an extension of the voluntary surcharge existing food and beverage concessions and allow an Airport-wide voluntary 2% surcharge for all food and beverage concessions, including concessions in the New Terminal 1, until July 1, 2028. Specifically, food & beverage concessionaires opting to apply the voluntary surcharge must include the 2% in the price of each individual product for sale. In concessionaire's point-of-sale systems, the surcharge will continue to be rung separately in order to exempt the surcharge from the concession fee and to preserve the Authority's continued ability to audit the program.

The voluntary surcharge shall be cancellable by the President/CEO if the surcharge no longer serves the Authority's interests.

Fiscal Impact:

There is no fiscal impact to the Authority. The surcharge must be included in the price of every product sold but it is exempt from the concession fee charged and collected by the Authority on concession gross sales.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

- ☐ Community Strategy
- ☐ Customer Strategy
- ☐ Employee Strategy
- ☐ Financial Strategy
- ☒ Operations Strategy

Focus Areas

- ☐ Advance the Airport Development Plan
- ☐ Transform the Customer Journey
- ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Deanna Zachrisson
Director, Revenue Generation & Partnership Development

RESOLUTION NO. 2025-0035

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING A VOLUNTARY 2% SURCHARGE FOR FOOD AND BEVERAGE CONCESSIONS AT SAN DIEGO INTERNATIONAL AIRPORT UNTIL JULY 1, 2028

WHEREAS, on November 4, 2021, the Board adopted Resolution No. 2021-0131 authorizing an amendment to the Non-Exclusive Concession Lease ("Concession Lease") for in-terminal Food and Beverage Concessionaires allowing Concessionaires to voluntarily add a temporary surcharge of 2% to all pre-tax food and beverage sales; and

WHEREAS, the surcharge was used to compensate concessions employees as either additional wages or bonuses to support recruitment and increase retention; and

WHEREAS, the findings included in Resolution No. 2021-0131 are hereby incorporated fully into this Resolution; and

WHEREAS, the voluntary surcharge authorized under Resolution No. 2021-0131 was set to expire on December 31, 2022; and

WHEREAS, on November 3, 2022, the Board adopted Resolution No. 2022-0094 extending the voluntary surcharge on pre-tax food and beverage sales at Food and Beverage Concession locations to be coterminous with the expiration of Concession Leases; and

WHEREAS, the findings included in Resolution No. 2022-0094 are hereby incorporated fully into this Resolution; and

WHEREAS, the Board finds it in the best interest to extend and allow the voluntary 2% surcharge for all food and beverage concessions at San Diego International Airport, including the New Terminal 1; and

WHEREAS, the Board finds that allowing the 2% voluntary surcharge for all food and beverage concessions at San Diego International Airport, including the New Terminal 1, preserves and provides a high level of customer service, protects the Authority's future revenues, and ensures the needs of the traveling public are met; and

WHEREAS, the Board believes that allowing the voluntary surcharge complies with Grant Assurances 22 and Grant Assurance 24.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute the required amendments to allow for the extension of the 2% voluntary surcharge to existing and new food and beverage concession leases through July 1, 2028; and

BE IT FURTHER RESOLVED that voluntary surcharge program shall be cancellable at the discretion of the President/CEO, if it is determined that the surcharge is no longer serving the Authority's interests; and

BE IT FURTHER RESOLVED that participating concessionaires must have a plan approved by the Authority of how they intend to distribute the proceeds from the surcharge to their employees and notify customers of the surcharge; and

BE IT FURTHER RESOLVED that the voluntary surcharge shall not be included in the rent calculation; and

BE IT FURTHER RESOLVED that the Board finds that allowing the voluntary surcharge of 2% complies with Grant Assurance 22 and Grant Assurance 24; and

BE IT FURTHER RESOLVED that the Board hereby incorporates the findings made in Resolution No. 2021-0131 and Resolution No. 2022-0094 fully into this Resolution; and

BE IT FURTHER RESOLVED that 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

BE IT FURTHER RESOLVED that the Board finds that this action is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

____
ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

____
AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 15

Staff Report

Meeting Date: June 5, 2025

Subject:

Ratify a Memorandum of Agreement with the U.S. Customs and Border Protection for Reimbursement of Critical Network Infrastructure Costs

Recommendation:

Adopt Resolution No. 2025-0036, ratifying a Memorandum of Agreement with the U.S. Customs and Border Protection for reimbursement of critical network infrastructure costs.

Background/Justification:

U.S. Customs and Border Protection (CBP) operates mission-critical inspection and enforcement functions at the San Diego International Airport (SAN). To support these federal operations, CBP requires dedicated communications and information technology (IT) infrastructure. In accordance with CBP's national cost-recovery policies and its legal authority under 8 U.S.C. §§ 1223–1224 and 1356(a), CBP is requiring the Airport Authority to reimburse it for the cost of equipment and connectivity services used to support these operations.

A Memorandum of Agreement (MOA) between the San Diego County Regional Airport Authority and CBP formalizes the Airport Authority's obligation to reimburse CBP for the purchase, installation, and maintenance of critical network infrastructure at SAN. The CBP OIT Cost Estimate for SDO027A-OFO-25208C is $449,918.40 for initial equipment and services, with estimated annual recurring costs of $26,110.00. CBP will maintain operational control of the equipment, with ownership transferring to the Airport Authority only when CBP vacates the premises.

To ensure timely execution of the MOA and maintain compliance with federal operational timelines, the Chief Financial Officer signed the MOA on May 13, 2025, in advance of CBP's required execution deadline of May 16, 2025. Board ratification is now being requested.

The MOA outlines responsibilities for both parties, including provisions for cost reimbursement, data ownership, future equipment upgrades, and payment procedures. It also ensures long-term coordination and uninterrupted service to support CBP's inspection functions.

Fiscal Impact:

Adequate funding for this reimbursement is included in the proposed FY2026 Information and Technology Services (I&TS) budget, presented at this same Board meeting, within the Equipment and Systems line item. Funding for the recurring annual costs of the agreement are included in the I&TS department's operating budget. Staff will continue to evaluate future-year impacts and incorporate necessary adjustments into subsequent budget cycles to account for recurring obligations and periodic equipment upgrades as required under the terms of the MOA.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☐ Community Strategy ☒ Customer Strategy ☐ Employee Strategy ☐ Financial Strategy ☒ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

Environmental Review:

A. CEQA: This Board action is for a project that is Categorically Exempt under the California Environmental Quality Act ("CEQA"), pursuant to 14 Cal. Code Regs §15301, as part of Class 1 operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public structures, facilities, and mechanical equipment involving negligible expansion within existing facilities.

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

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Jessica Bishop
Director, Information and Technology Services

RESOLUTION NO. 2025-0036

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, RATIFYING A MEMORANDUM OF AGREEMENT WITH THE U.S. CUSTOMS AND BORDER PROTECTION FOR REIMBURSEMENT OF CRITICAL NETWORK INFRASTRUCTURE COSTS.

WHEREAS, U.S. Customs and Border Protection (CBP) operates mission-critical inspection and enforcement functions at the San Diego International Airport (SAN); and

WHEREAS, to support these federal operations, CBP requires dedicated communications and information technology (IT) infrastructure. In accordance with CBP's national cost-recovery policies and its legal authority under 8 U.S.C. §§ 1223–1224 and 1356(a), CBP is requiring the Airport Authority to reimburse it for the cost of equipment and connectivity services used to support these operations; and

WHEREAS, a Memorandum of Agreement (MOA) between the San Diego County Regional Airport Authority and CBP formalizes the Airport Authority's obligation to reimburse CBP for the purchase, installation, and maintenance of critical network infrastructure at SAN which is estimated to cost $449,918.40 for initial equipment and services, with estimated annual recurring costs of $26,110.00; and

WHEREAS, CBP will maintain operational control of the equipment, with ownership transferring to the Airport Authority only when CBP vacates the premises; and

WHEREAS, to ensure timely execution of the MOA and maintain compliance with federal operational timelines, the Chief Financial Officer signed the MOA on May 13, 2025, in advance of CBP's required execution deadline of May 16, 2025; and

WHEREAS, Board ratification of the MOA is required.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby ratifies the MOA with the U.S. Customs and Border Protection for reimbursement of critical network infrastructure costs, a copy of which is attached to this Resolution; and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that is Categorically Exempt under the California Environmental Quality Act ("CEQA"), pursuant to 14 Cal. Code Regs §15301, as part of Class 1 operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public structures, facilities, and mechanical equipment involving negligible expansion within existing facilities; and

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June, 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

____
ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

____
AMY GONZALEZ
GENERAL COUNSEL

COPY

Attachment

610 Ash Street
San Diego, CA 92101

U.S. Customs and Border Protection

U. S. CUSTOMS AND BORDER PROTECTION (CBP)
MEMORANDUM OF AGREEMENT TO REIMBURSE CBP

This Memorandum of Agreement ("MOA") outlines the agreement between San Diego County Regional Airport Authority (Sponsor) and CBP regarding the sponsor's responsibility to reimburse CBP for costs related to providing communications and information technology (IT) equipment and services required at the below named location. The legal authority for CBP to enter into and require such an agreement is found at 8 U.S.C. §§ 1223-1224, 1356(a); 19 U.S.C. §§ 1459, 1461, 1499, 1524, 1644a; 8 C.F.R. Part 234; 19 C.F.R. Part 122.

Airport Owner/Operator: **San Diego County Regional Airport Authority (Sponsor)**
Location: 2417 McCain Road
San Diego, California 92101

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY'S RESPONSIBILITIES

Data and Cabling
San Diego County Regional Airport Authority is responsible for the procurement and installation of all data cabling and electrical components required for connectivity of systems and equipment, according to CBP Office of Information Technology (OIT) provided specifications. San Diego County Regional Airport Authority San Diego International Airport is required to provide a two-week advanced notice of all cable pulls to allow CBP to observe installation.

Reimbursement of Equipment, Initial Service, and Recurring Costs
San Diego County Regional Airport Authority agrees to reimburse CBP for all equipment and connectivity costs, including installation, maintenance, and recurring costs, at the San Diego County Regional Airport Authority, 3835 North Harbor Drive, San Diego, California 92101. Current estimated equipment and initial service costs a total of **$449,918.40**. The estimated annual recurring costs are **$26,110.00**. CBP OIT's Cost Estimate titled "SDO027A-OFO-25208C" is attached.

San Diego County Regional Airport Authority will be billed the actual costs for the equipment identified in CBP OIT's Cost Estimate SDO027A-OFO-25208C

Equipment Upgrades
Upgrades to CBP required equipment shall be collaboratively discussed with San Diego County Regional Airport Authority and may be required on a reasonable schedule as determined by CBP (approximately every 3-5 years, as needed). San Diego County Regional Airport Authority is responsible for the actual cost of required upgrades. CBP will provide San Diego County Regional Airport Authority a minimum of 180 days advance notice of any required upgrades.

Payment Process
A copy of this signed agreement will be forwarded to the CBP National Finance Center (NFC). Upon receipt and acceptance of equipment by CBP, the NFC will issue San Diego County Regional Airport Authority a bill for the actual equipment and initial services costs as detailed in CBP OIT Cost Estimate SDO027A-OFO-25208C. The bill will include sufficient detailed documentation that supports the amount billed. Sponsor's obligation for payment is conditioned upon and due after its receipt of documentation substantiating CBP's actual costs. The CBP NFC will bill San Diego County Regional Airport Authority 30-days prior to the due date for charges owed pursuant to this MOA, along with any sums owed for replacement equipment not covered by manufacturer warranties.

Pursuant to 19 C.F.R. § 24.3a, any amounts due CBP under the terms of this agreement that are more than 30 days past-due will begin accruing interest charges based on U.S. Treasury borrowing rates and may ultimately be referred for collection.

San Diego County Regional Airport Authority Accounts Payable Information
Tax Identification Number: 75-3019713
Bill To Representative: Accounts Payable
Phone Number: 619-400-2400
Email Address: AP@SAN.org
Address: P.O. Box 82776 San Diego, CA 92138-2776

Equipment Ownership
CBP will retain possessory ownership of all equipment used in CBP operations until CBP vacates the premises. CBP will transfer the equipment reimbursed by San Diego County Regional Airport Authority when CBP vacates the premises. Within two months (60-days) of installation and reimbursement, CBP OIT will deliver a list of serial numbers and/or other identification and warranty information for San Diego County Regional Airport Authority reimbursed equipment to the point of contact listed below.

San Diego County Regional Airport Authority Equipment Administrator: Jessica Bishop
Email Address: jbishop@san.org
Phone Number: [619-455-9099
Ship to Address: 2417 McCain Road, San Diego CA 92101

U.S. CUSTOMS AND BORDER PROTECTION (CBP) RESPONSIBILITIES

Equipment Connectivity and Maintenance
CBP OIT will be responsible for ordering and installing required circuit, data equipment, and connection(s) from the San Diego County Regional Airport Authority to the CBP National Data Center. CBP is also responsible for imaging, maintaining, and controlling all equipment listed in the attached CBP OIT Cost Estimate SDO027A-OFO-25208C. San Diego County Regional Airport Authority will incur no CBP OIT charged service fees for any equipment maintenance/repair/replacement covered by CBP procured equipment warranties.

Data Ownership
All data entered and/or stored in any manner on the equipment covered by this MOA shall belong to the United States and is confidential and protected information. It is CBP's responsibility to properly remove data before possession of any equipment is transferred to San Diego County Regional Airport Authority. In the event data inadvertently remains on any equipment after transfer, San Diego County Regional Airport Authority shall keep the information confidential and immediately notify CBP so that CBP can remove the data.

AUTHORIZATION

Authorized Representative
The signatory to this MOA represents and warrants that he or she is a duly authorized representative of San Diego County Regional Airport Authority, with full power and authority to enter into this MOA and to bind San Diego County Regional Airport Authority with regard to all matters relating to this agreement.

Agreement to these terms is attested by the signatures below.

Scott Brickner (May 13, 2025 15:06 PDT)
[Signature] sbrickne@san,org 05/13/2025
Name Scott Brickner Email Address Date
Title VP, Treasurer & Chief Financial Officer

[Signature] peter.lewenda@cbp.dhs.gov _04/21/2025
Name Peter Lewenda Email Address Date
Title Assistant Director, Field Operations
Office of Field Operations, San Diego Field Office
U.S. Customs and Border Protection

RMOA San Diego Int. Airport SDO027A-25208C

Final Audit Report 2025-05-13

Created:	2025-05-13
By:	Deanna Niccum (dmniccum@san.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAh5WnBxKEgX71XlvUiiYJHYMUF_pMUhzs

"RMOA San Diego Int. Airport SDO027A-25208C" History

Document created by Deanna Niccum (dmniccum@san.org)
2025-05-13 - 8:24:11 PM GMT- IP address: 108.195.110.252

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Document approved by Terri Esteban (testeban@san.org)
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Agreement completed.
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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 16

Staff Report

Meeting Date: June 5, 2025

Subject:

Ratify a Memorandum of Agreement (SDO027A-OFO-25287C) with U.S. Customs and Border Protection for reimbursement of Centralized Area Video Surveillance System (CAVSS) costs

Recommendation:

Adopt Resolution No. 2025-0037, ratifying a Memorandum of Agreement (SDO027A-OFO-25287C) with U.S. Customs and Border Protection for reimbursement of Centralized Area Video Surveillance System (CAVSS) costs.

Background/Justification:

U.S. Customs and Border Protection (CBP) operates mission-critical inspection and enforcement functions at the San Diego International Airport (SAN). To support these federal operations, CBP requires dedicated Centralized Area Video Surveillance System (CAVSS) equipment. In accordance with CBP's national cost-recovery policies and its legal authority under 8 U.S.C. §§ 1223–1224 and 1356(a), CBP is requiring the Authority to reimburse it for the cost of equipment and services used to support these operations.

A Memorandum of Agreement (MOA) (SDO027A-OFO-25287C) between the Authority and CBP formalizes the Authority's obligation to reimburse CBP for the purchase, installation, and maintenance of CAVSS equipment at SAN. The current estimated first-year costs total $38,280.00 for initial equipment and services, with a subsequent four-year total of estimated annual recurring costs of $135,768.94. CBP will maintain operational control of the equipment, with ownership being transferred to the Authority only when CBP vacates the premises.

To ensure timely execution of the MOA and maintain compliance with federal operational timelines, the Vice President, Operations/Chief Operating Officer signed the MOA on May 13, 2025, in advance of CBP's required execution deadline of May 16, 2025. Board ratification is now being requested.

The MOA outlines responsibilities for both parties, including provisions for cost reimbursement, data ownership, future equipment upgrades, and payment procedures. It also ensures long-term coordination and uninterrupted service to support CBP's inspection functions.

Fiscal Impact:

Adequate funding for reimbursement of the CBP CAVSS costs is included in the Authority's proposed FY2026 and FY2027 budget being presented at this same Board meeting. Costs are budgeted in the Other Safety and Security Services line item of the Airside and Terminal Operations Department budget. Funding for the recurring annual costs of the agreement will also be included in future years' budget requests, as necessary.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☐ Community Strategy ☒ Customer Strategy ☐ Employee Strategy ☐ Financial Strategy ☒ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

Environmental Review:

A. CEQA: This Board action is for a project that is Categorically Exempt under the California Environmental Quality Act ("CEQA"), pursuant to 14 Cal. Code Regs §15301, as part of Class 1 operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public structures, facilities, and mechanical equipment involving negligible expansion within existing facilities.

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

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

L. Clint Welch
Director, Aviation Security and Public Safety

RESOLUTION NO. 2025-0037

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, RATIFYING A MEMORANDUM OF AGREEMENT (SDO027A-OFO-25287C) WITH U.S. CUSTOMS AND BORDER PROTECTION FOR REIMBURSEMENT OF CENTRALIZED AREA VIDEO SURVEILLANCE SYSTEM (CAVSS) COSTS.

WHEREAS, the Authority desires to ratify a Memorandum of Agreement with U.S. Customs and Border Protection for reimbursement of Centralized Area Video Surveillance System (CAVSS) costs; and

WHEREAS, U.S. Customs and Border Protection (CBP) operates mission-critical inspection and enforcement functions at the San Diego International Airport (SAN). To support these federal operations, CBP requires dedicated CAVSS equipment. In accordance with CBP's national cost-recovery policies and its legal authority under 8 U.S.C. §§ 1223–1224 and 1356(a), CBP is requiring the Airport Authority to reimburse it for the cost of equipment and services used to support these operations; and

WHEREAS, a Memorandum of Agreement (MOA) (SDO027A-OFO-25287C) between the San Diego County Regional Airport Authority and CBP formalizes the Airport Authority's obligation to reimburse CBP for the purchase, installation, and maintenance of CAVSS equipment at SAN. The CBP OIT Cost Estimate for SDO027A-OFO-25287C is $38,280.00 for first-year initial equipment and services, with a total of estimated annual recurring costs of $135,768.94 for the subsequent four years. CBP will maintain operational control of the equipment, with ownership transferring to the Airport Authority only when CBP vacates the premises; and

WHEREAS, to ensure timely execution of the MOA and maintain compliance with federal operational timelines, the Vice President, Operations/Chief Operating Officer signed the MOA on May 13, 2025, in advance of CBP's required execution deadline of May 16, 2025. Board ratification is now being requested; and

WHEREAS, the MOA outlines responsibilities for both parties, including provisions for cost reimbursement, data ownership, future equipment upgrades, and payment procedures. It also ensures long-term coordination and uninterrupted service to support CBP's inspection function.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby ratifies a Memorandum of Agreement (SDO027A-OFO-25287C) (Exhibit A) with U.S. Customs and Border Protection for reimbursement of CAVSS costs (Exhibit B); and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that is Categorically Exempt under the California Environmental Quality Act ("CEQA"), pursuant to 14 Cal. Code Regs §15301, as part of Class 1 operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public structures, facilities, and mechanical equipment involving negligible expansion within existing facilities; and

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June, 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

COPY

Exhibit A

610 Ash Street
San Diego, CA 92101

U.S. Customs and Border Protection

U. S. CUSTOMS AND BORDER PROTECTION (CBP)
MEMORANDUM OF AGREEMENT TO REIMBURSE CBP

This Memorandum of Agreement ("MOA") outlines the agreement between San Diego County Regional Airport Authority (Sponsor) and CBP regarding the Sponsor's responsibility to reimburse CBP for costs related to providing Centralized Area Video Surveillance System (CAVSS) equipment and services required at the below named location. The legal authority for CBP to enter into and require such an agreement is found at 8 U.S.C. §§ 1223-1224, 1356(a); 19 U.S.C. §§ 1459, 1461, 1499, 1524, 1644a; 8 C.F.R. Part 234; 19 C.F.R. Part 122.

Airport Owner/Operator: **San Diego County Regional Airport Authority (Sponsor)**
Location: 3835 North Harbor Drive
San Diego, California 92101

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY'S RESPONSIBILITIES

Data and Cabling
San Diego County Regional Airport Authority ("SDCRAA") is responsible for the procurement and installation of all data cabling and electrical components required for connectivity of systems and equipment, according to CBP Office of Information Technology (OIT) provided specifications. SDCRAA is required to provide a two-week advance notice of all cable pulls to allow CBP to observe installation.

Reimbursement of Equipment, Initial Service, and Recurring Costs
SDCRAA agrees to reimburse CBP for all equipment and connectivity costs, including installation, maintenance, and recurring costs, at the SDCRAA, 3835 North Harbor Drive, San Diego, California 92101. Current estimated equipment and initial service costs are **$38,280.00**. The estimated total of annual recurring costs is **$135,768.94**. CBP OIT's Cost Estimate titled "SDO027A-OFO-25287C" is attached.

SDCRAA will be billed the actual costs for the equipment identified in CBP OIT's Cost Estimate SDO027A-OFO-25287C.

Equipment Upgrades
Upgrades to CBP required equipment shall be collaboratively discussed with SDCRAA and may be required on a reasonable schedule as determined by CBP (approximately every 3-5 years, as needed). SDCRAA is responsible for the actual cost of required upgrades. CBP will provide SDCRAA a minimum of 180 days advance notice of any required upgrades.

Payment Process
A copy of this signed agreement will be forwarded to the CBP National Finance Center (NFC). Upon receipt and acceptance of equipment by CBP, the NFC will issue SDCRAA a bill for the actual equipment and initial services costs as detailed in CBP OIT Cost Estimate SDO027A-OFO-25287C. The bill will include sufficient detailed documentation that supports the amount billed. Sponsor's obligation for payment is conditioned upon and due after its receipt of documentation substantiating CBP's actual costs. The CBP NFC will bill SDCRAA 30-days prior to the due date for charges owed pursuant to this MOA, along with any sums owed for replacement equipment not covered by manufacturer warranties.

Pursuant to 19 C.F.R. § 24.3a, any amounts due CBP under the terms of this agreement that are more than 30 days past-due will begin accruing interest charges based on U.S. Treasury borrowing rates and may ultimately be referred for collection.

San Diego County Regional Airport Authority Accounts Payable Information
Tax Identification Number: 75-3019713
Bill To Representative: Accounts Payable
Phone Number: 619-400-2400
Email Address: AP@san.org
Address: PO BOX 82776 San Diego, CA 92138-2776

Equipment Ownership
CBP will retain possessory ownership of all equipment used in CBP operations until CBP vacates the premises. CBP will transfer the equipment reimbursed by SDCRAA when CBP vacates the premises. Within two months (60-days) of installation and reimbursement, CBP OIT will deliver a list of serial numbers and/or other identification and warranty information for SDCRAA reimbursed equipment to the point of contact listed below.

San Diego County Regional Airport Authority Equipment Administrator: L. Clint Welch
Email Address: cwelch@san.org
Phone Number: 619-400-2766
Ship to Address: 2417 McCain Road, San Diego CA 92101

U.S. CUSTOMS AND BORDER PROTECTION (CBP) RESPONSIBILITIES

Equipment Connectivity and Maintenance
CBP OIT will be responsible for ordering and installing required circuit, data equipment, and connection(s) from the SDCRAA to the CBP National Data Center. CBP is also responsible for imaging, maintaining, and controlling all equipment listed in the attached CBP OIT Cost Estimate SDO027A-OFO-25287C. SDCRAA will incur no CBP OIT charged service fees for any equipment maintenance/repair/replacement covered by CBP procured equipment warranties.

Data Ownership
All data entered and/or stored in any manner on the equipment covered by this MOA shall belong to the United States and is confidential and protected information. It is CBP's responsibility to properly remove data before possession of any equipment is transferred to SDCRAA. In the event data inadvertently remains on any equipment after transfer, SDCRAA shall keep the information confidential and immediately notify CBP so that CBP can remove the data.

AUTHORIZATION

Authorized Representative
The signatory to this MOA represents and warrants that he or she is a duly authorized representative of SDCRAA, with full power and authority to enter into this MOA and to bind SDCRAA with regard to all matters relating to this agreement.

Agreement to these terms is attested by the signatures below.

Rick Francis (May 13, 2025 17:26 PDT)

[Signature]________________ rfrancis@san.org ________ May 13, 2025

Name Rick Francis Email Address Date

Title VP Operations & Chief Operating Officer

[Signature]________________ peter.lewenda@cbp.dhs.gov _04/21/2025

Name Peter Lewenda Email Address Date

Title Assistant Director, Field Operations

Office of Field Operations, San Diego Field Office

U.S. Customs and Border Protection

RMOA San Diego Int. Airport SDO027A-25287C

Final Audit Report 2025-05-13

Created:	2025-05-13 (Pacific Daylight Time)
By:	Larry Welch (cwelch@san.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAvo9N38mR_7Ic0Y3qYiVfhQqsFNB6VeQj

"RMOA San Diego Int. Airport SDO027A-25287C" History

Document created by Larry Welch (cwelch@san.org)
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Signature Date: 2025-05-13 - 5:26:19 PM PDT - Time Source: server

Agreement completed.
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COPY **Exhibit B**

U.S. Customs and Border Protection
Office of Information & Technology
Cost Sign-Off Document*

(*Actual costs will be derived from actual obligations)

This is a Rough Order of Magnitude Estimate.

Final costs will be determined once the network designs are completed

Site Code: SDO027A (SDO027A-OFO-25287C) WIN 11 CAVSS Equipment Only
Site Name: San Diego International Airport
Site Address: 3835 N. Harbor Drive, San Diego, CA 92101
Date Prepared: 03/11/2025
Preparer: Tracey Marbury

Equipment and Service Costs

Data Equipment Costs (OCC-31)

Line Item	Description	Qty	Unit Cost	Total
10	There are no Data Equipment costs associated with this request.	0	$0.00	**$0.00**
20	**15% Cost Contingency for Equipment**	0	$0.00	**$0.00**
	Total Data Equipment Costs:			**$0.00**

Network Equipment Costs (OCC-31)

Line Item	Description	Qty	Unit Cost	Total
30	There are no Network Equipment costs associated with this request.	0	$0.00	**$0.00**
40	**15% Cost Contingency for Equipment**	0	$0.00	**$0.00**
	Total Network Equipment Costs:			**$0.00**

Voice Equipment Costs (OCC-31)

Line Item	Description	Qty	Unit Cost	Total
50	There are no voice costs associated with this request.	0	$0.00	**$0.00**
60	**15% Cost Contingency for Equipment**	0	$0.00	**$0.00**
	Total Voice Equipment Costs			**$0.00**

BSDP Equipment Costs (OCC-31)

Line Item	Description	Qty	Unit Cost	Total
70	Workstation - Processor: Intel Core i7 14700 or better, WIN11 pro, 32GB RAM, 512GB storage, Smartcard keyboard, Mouse, Pro Support Plus	2	$ 1,550.00	$ 3,100.00
80	**10% Equipment Contingency Costs**	1	$ 310.00	$ 310.00
	Total BSDP Equipment Costs:			**$3,410.00**

Tactical Communication (TACCOM) Equipment Costs (OCC-31):

Line Item	Description	Qty	Unit Cost	Total
90	There are no TAC COMM equipment costs associated with this request.	0	$0.00	**$0.00**
100	**15% Cost Contingency for Equipment**	0	$0.00	**$0.00**
	Total Communication Equipment Costs:			**$0.00**

TOTAL EQUIPMENT COSTS: **$3,410.00**

Service Costs

Circuit Costs (OCC-23)

Line Item	Description	Qty	Unit Cost	Total
110	There are no Circuit Service costs associated with this request.	0	$0.00	**$0.00**
120	**15% Cost Contingency for Tax / USF**	0	$0.00	**$0.00**
	Total Circuit Costs:			**$0.00**

BSDP Services Costs (OCC-25)

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Line Item	Description	Qty	Unit Cost	Total
130	Replace the current non-compliant workstation (wsdo27au03, wsdo27au04) with a WIN11 workstation used for CAVSS.	1	$ 1,000.00	$ 1,000.00
140	Materials and ODC: Cables, straps, and adapters	1	$ 200.00	$ 200.00
150	Contractor deployment to image, install and configure	1	$ 500.00	$ 500.00
160	158 IP cameras, 35 microphones, 2 NVRs, 2 workstations, 2 VMDC	1	$ 30,000.00	$ 30,000.00
170	**10% Service Costs**	1	$ 3,170.00	$ 3,170.00
Line Item	**Description**	**Qty**	**Unit Cost**	**Total**
	Total BSDP Contract Services Costs:			**$34,870.00**
	TACCOM Service Costs (OCC-25)			
180	There are no TACCOM Service costs associated with this request.	0	$0.00	**$0.00**
	Total Tactical Communication Services Costs:			**$0.00**
	Government Travel (OCC-21)			
190	There are no Travel costs associated with this request.	0	$0.00	**$0.00**
	Total Government Travel Costs:			**$0.00**
	TOTAL SERVICE COSTS:			**$34,870.00**
	TOTAL ESTIMATED INITIAL EQUIPMENT AND SERVICES COSTS			**$38,280.00**
	Out Year Recurring Service Costs			
	Circuit Recurring Costs (OCC-23)			
200	There are no Circuit Recurring Service costs associated with this request.	0	$0.00	**$0.00**
210	**15% Cost Contingency for Tax / USF**	0	$0.00	**$0.00**
	Total Recurring Circuit Costs:			**$0.00**
	Network Equipment Service Costs (OCC-25)			
220	There are no Network Equipment Service costs associated with this request.	0	$0.00	**$0.00**
	Total Recurring Network Service Costs:			**$0.00**
	BSDP Service Costs (OCC-25)			
230	Year 1 - Cover all CAVSS equipment installed at the site	1	$ 31,500.00	$ 31,500.00
240	Year 2 - Cover all CAVSS equipment installed at the site	1	$ 33,075.00	$ 33,075.00
250	Year 3 - Cover all CAVSS equipment installed at the site	1	$ 34,728.75	$ 34,728.75
260	Year 4 - Cover all CAVSS equipment installed at the site	1	$ 36,465.19	$ 36,465.19
	Total Recurring BSDP Service Costs:			**$135,768.94**
	TACCOM Annual Operation and Maintenance Costs (OCC-25)			
270	There are no TACCOM Service costs associated with this request.	0	$0.00	**$0.00**
	Total Recurring TACCOM Service Costs:			**$0.00**
	TOTAL ANNUAL RECURRING COSTS			**$135,768.94**

COPY

Exhibit B

NOTE: The OIT Cost Sign-Off Document and the associated estimated costs listed above expires 90 days from the above Date Prepared or at the end of the Governments current fiscal year, whichever comes first. After such time, a new OIT Cost Sign-Off Document is required.

Acceptance	
By signing below, I accept any and all costs associated with the purchase and installation of equipment itemized above.	
Authority Signature: Rick Francis (May 13, 2025 13:08 PDT)	**Date:** May 13, 2025

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Exhibit B

Line Item	Description	Qty	Unit Cost	Total
Authority Printed Name:	Rick Francis, Vice President, Operations/COO			
Phone/Email Address:	619.400.2400 rfrancis@san.org			

OIT REFERENCE Number: SDO027A-OFO-25287 C
Document Expiration Date: 09/30/2025

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Exhibit B

CSO San Diego Intl Airport SDO027A 25287C

Created:	2025-05-13 (Pacific Daylight Time)
By:	Larry Welch (cwelch@san.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAlhJa-A-fKhdOfukzNlDbPyox4Fu46zba

"CSO San Diego Intl Airport SDO027A 25287C" History

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Signature Date: 2025-05-13 - 1:08:44 PM PDT - Time Source: server

Agreement completed.
2025-05-13 - 1:08:44 PM PDT

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Exhibit B

Adobe Acrobat Sign

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 17

Staff Report

Meeting Date: June 5, 2025

Subject:

Award a Contract to S&L Specialty Construction, Inc. for Quieter Home Program Phase 14, Group 1, Project No. 381401 Twenty-Five (25) Non-Historic Single-Family and Multi-Family Units on Eighteen (18) Residential Properties Located East and West of the San Diego International Airport

Recommendation:

Adopt Resolution No. 2025-0038, awarding a contract to S&L Specialty Construction, Inc. in the amount of $1,570,000 for Phase 14, Group 1, Project No. 381401, of the San Diego County Regional Airport Authority's Quieter Home Program and making a finding that the project is exempt from the California Environmental Quality Act.

Background/Justification:

The San Diego County Regional Airport Authority's ("Authority") Quieter Home Program ("Program") provides sound attenuation treatments to residences within the highest noise-impacted neighborhoods surrounding San Diego International Airport ("SDIA"). This contract for Phase 14, Group 1, Project No. 381401 includes the installation of new acoustical windows, doors, and ventilation improvements to reduce aircraft-related noise levels and provide sound attenuation to Twenty-Five (25) non-historic single-family and multi-family units on Eighteen (18) residential properties located east and west of the Airport (refer to Attachment A).

To date, the Program has completed 5,897 residences, of which 1,254 are historic and 4,643 are non-historic. 3,877 residences are located west of SDIA and 2,020 are located east of SDIA.

Project No. 381401 was advertised on April 8, 2025, and bids were opened on May 8, 2025. The following bid was received (refer to Attachment B):

Company	Total Bid
S&L Specialty Construction, Inc.	$1,570,000
G&G Specialty Contractors, Inc.	$2,028,832

Engineer's Estimate: $2,069,569.30; Adjusted Engineers Estimate: $1,749,327.93

The low bid was 27% lower than the original Engineer's Estimate. During the review of the bid, it was determined that the cost estimates for the exterior stucco on six units and siding removal and replacement on one unit was overestimated approximately $320,000 in the Engineer's Estimate. A revised Engineer's Estimate was provided with a new amount of $1,749,327.93.

The low bid of $1,570,000 is considered responsive and S&L Specialty Construction, Inc. is considered responsible. Award to S&L Specialty Construction, Inc. is, therefore, recommended in the amount of $1,570,000.

Fiscal Impact:

Adequate funds for the contract with S&L Specialty Construction, Inc. are included in the proposed FY 2026 and conceptual FY 2027 Operating Expense Budgets, proposed at this same Board meeting, within the Quieter Home Program budget line item. Sources of funding include federal Airport Improvement Program grants and Passenger Facility Charges.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☒ Community Strategy ☒ Customer Strategy ☐ Employee Strategy ☐ Financial Strategy ☒ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

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 Review: This Board action is a "development" as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. This project 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."

C. NEPA: This Board action is a project that involves approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, also requires review under the National Environmental Policy Act ("NEPA") for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on March 22, 2021, for these Quieter Home Program projects.

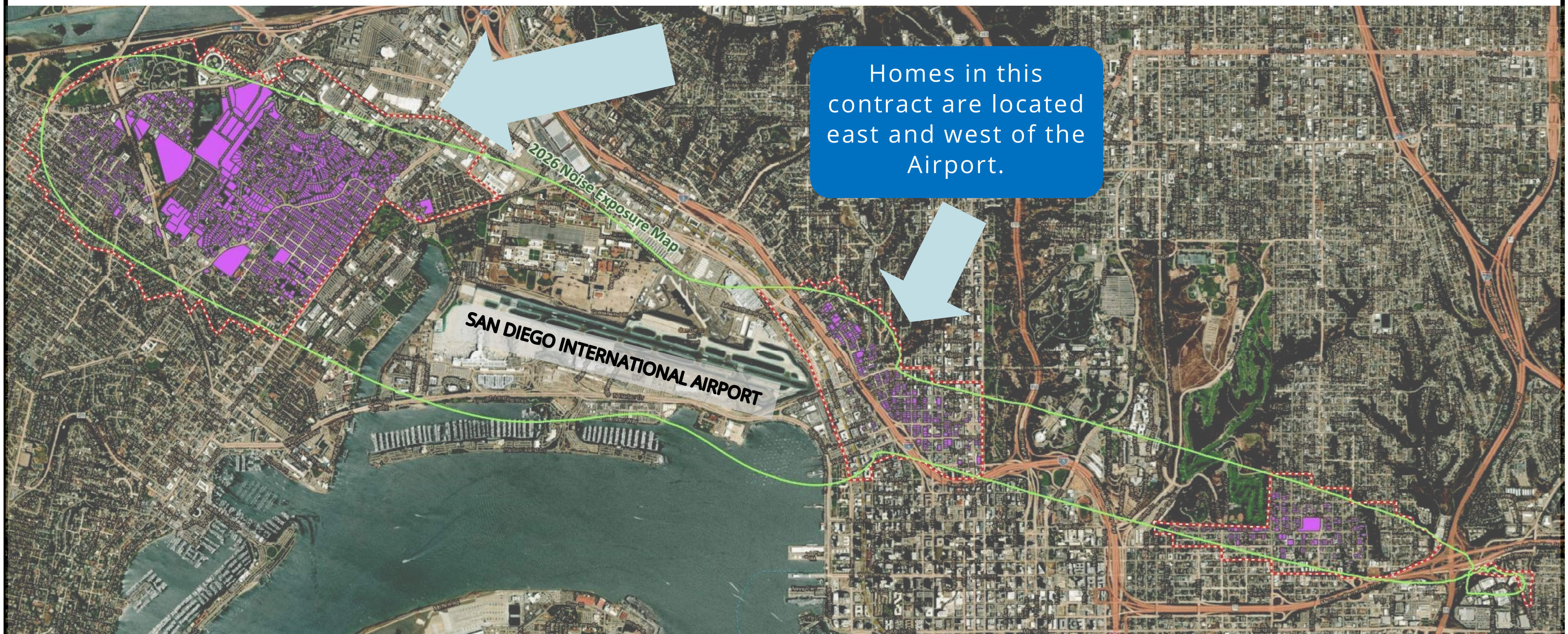
Prepared by:

Sjohnna Knack
Director, Planning, Noise & Environment

ATTACHMENT A

TITLE: QUIETER HOME PROGRAM

PROJECT NO. 381401



LEGEND

Completed Parcels

SDIA 2026 65 CNEL Noise Contour

2026 Eligibility 65dB Boundary

TABULATION OF BIDS

ATTACHMENT B

TITLE: QUIETER HOME PROGRAM PROJECT NO. 381401
BIDS OPENED: May 8, 2025 at 2:00 p.m.
REVISED ENGINEER'S ESTIMATE: $1,749,327.93*

CONTRACTOR:					**Revised Engineer's Estimate***				**S&L Specialty Construction, Inc.**				**G&G Specialty Contractors, Inc.**			
ADDRESS:									**315 S. Franklin Street, Syracuse, NY 13202**				**1221 N. Mondel Drive, Gilbert, AZ 85233**			
GUARANTEE OF GOOD FAITH:									**Liberty Mutual Insurance Company**				**Hartford Casualty Insurance Company**			
Res No.			Dwelling Units	Unit of Measure	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)
381111.41	NEFF AND STANLEY	3213 B STREET	1	Lump Sum	$50,009.23	$0.00	$0.00	$50,009.23	$46,000.00	$0.00	$0.00	$46,000.00	$41,078.00	$0.00	$0.00	$41,078.00
381311.20	C. R. HIBBS TRUST	1370 24TH STREET	1	Lump Sum	$84,739.64	$0.00	$0.00	$84,739.64	$124,000.00	$0.00	$0.00	$124,000.00	$73,197.00	$0.00	$0.00	$73,197.00
381312.17	PIETANZA FAMILY TRUST	3058 MADRID STREET	1	Lump Sum	$44,716.75	$0.00	$0.00	$44,716.75	$26,000.00	$0.00	$0.00	$26,000.00	$38,741.00	$0.00	$0.00	$38,741.00
381401.01	FOGERTY FAMILY BY-PASS TRUST	4741 GREENE STREET	1	Lump Sum	$33,545.83	$15,153.94	$3,581.16	$52,280.93	$41,000.00	$11,000.00	$4,000.00	$56,000.00	$54,442.00	$17,300.00	$2,000.00	$73,742.00
381401.02	STEVEN D. HALL & PATRICIA A. HALL FAMILY TRUST	4761 LOTUS STREET	1	Lump Sum	$29,732.96	$15,146.65	$6,618.65	$51,498.26	$20,000.00	$10,000.00	$5,000.00	$35,000.00	$51,086.00	$17,300.00	$3,500.00	$71,886.00
381401.02	STEVEN D. HALL & PATRICIA A. HALL FAMILY TRUST	4763 LOTUS STREET	1	Lump Sum	$19,174.31	$13,592.76	$7,102.69	$39,869.75	$35,000.00	$11,000.00	$5,000.00	$51,000.00	$27,885.00	$16,400.00	$5,000.00	$49,285.00
381401.03	NOLAN	4659 CAPE MAY AVENUE	1	Lump Sum	$51,309.68	$14,074.30	$19,666.55	$85,050.54	$62,000.00	$11,000.00	$7,000.00	$80,000.00	$59,859.00	$16,400.00	$14,200.00	$90,459.00
381401.03	NOLAN	4661 CAPE MAY AVENUE	1	Lump Sum	$49,436.71	$14,353.04	$4,500.12	$68,289.87	$48,000.00	$10,000.00	$7,000.00	$65,000.00	$58,679.00	$17,000.00	$6,300.00	$81,979.00
381401.03	NOLAN	4663 CAPE MAY AVENUE	1	Lump Sum	$49,090.07	$16,665.15	$4,394.90	$70,150.12	$42,000.00	$10,000.00	$7,000.00	$59,000.00	$56,170.00	$17,000.00	$2,800.00	$75,970.00
381401.04	SQUERI ENTERPRISES	4652 LARKSPUR STREET	1	Lump Sum	$58,085.62	$0.00	$0.00	$58,085.62	$71,000.00	$0.00	$1,000.00	$72,000.00	$78,481.00	$0.00	$0.00	$78,481.00
381401.04	SQUERI ENTERPRISES	4654 LARKSPUR STREET	1	Lump Sum	$19,385.31	$16,732.81	$4,966.62	$41,084.74	$24,000.00	$11,000.00	$5,000.00	$40,000.00	$28,342.00	$18,000.00	$3,500.00	$49,842.00
381401.09	LINDA C. SANDRI LIVING TRUST	4386 SANTA MONICA AVENUE	1	Lump Sum	$175,138.07	$0.00	$0.00	$175,138.07	$57,000.00	$0.00	$0.00	$57,000.00	$142,022.00	$0.00	$0.00	$142,022.00
381401.10	WENDY L. MORRISON LIVING TRUST	1968 MENDOCINO BOULEVARD	1	Lump Sum	$40,813.89	$16,166.87	$3,188.32	$60,169.08	$44,000.00	$12,000.00	$4,000.00	$60,000.00	$48,921.00	$19,400.00	$2,000.00	$70,321.00
381401.11	NUNEZ FAMILY TRUST	1989 MENDOCINO BOULEVARD	1	Lump Sum	$38,565.83	$19,591.46	$4,436.99	$62,594.27	$40,000.00	$13,000.00	$4,000.00	$57,000.00	$50,188.00	$20,000.00	$2,000.00	$72,188.00
381401.13	SMITH	4038 ALICIA DRIVE	1	Lump Sum	$58,619.68	$15,956.07	$8,877.48	$83,453.24	$48,000.00	$12,000.00	$7,000.00	$67,000.00	$74,333.00	$18,300.00	$6,500.00	$99,133.00
381401.14	WICKSTRAND FAMILY TRUST	4142 UDALL STREET	1	Lump Sum	$47,602.54	$24,537.14	$10,915.34	$83,055.02	$39,000.00	$21,000.00	$7,000.00	$67,000.00	$64,018.00	$21,400.00	$7,500.00	$92,918.00
381401.14	WICKSTRAND FAMILY TRUST	4144 UDALL STREET	1	Lump Sum	$50,427.27	$13,612.92	$6,201.26	$70,241.45	$46,000.00	$11,000.00	$5,000.00	$62,000.00	$67,880.00	$17,300.00	$3,500.00	$88,680.00
381401.14	WICKSTRAND FAMILY TRUST	4146 UDALL STREET	1	Lump Sum	$33,780.91	$11,813.75	$5,324.39	$50,919.04	$29,000.00	$10,000.00	$3,000.00	$42,000.00	$41,674.00	$14,500.00	$2,000.00	$58,174.00
381401.14	WICKSTRAND FAMILY TRUST	4148 UDALL STREET	1	Lump Sum	$35,847.30	$13,499.74	$4,510.65	$53,857.68	$33,000.00	$11,000.00	$3,000.00	$47,000.00	$42,447.00	$15,500.00	$2,000.00	$59,947.00
381401.15	SUSAN J. REHM TRUST	3951 BERNICE DRIVE	1	Lump Sum	$39,970.21	$15,342.19	$4,573.78	$59,886.18	$46,000.00	$11,000.00	$5,000.00	$62,000.00	$62,932.00	$20,000.00	$3,500.00	$86,432.00
381401.17	HUFFMAN	3522 QUIMBY STREET	1	Lump Sum	$78,532.68	$17,487.17	$6,902.76	$102,922.60	$61,000.00	$12,000.00	$5,000.00	$78,000.00	$77,868.00	$22,300.00	$3,500.00	$103,668.00
381401.21	PAVLICK AND RODRIGUEZ	2156 CLOVE STREET	1	Lump Sum	$52,628.15	$17,428.03	$6,317.01	$76,373.19	$75,000.00	$12,000.00	$5,000.00	$92,000.00	$82,852.00	$19,400.00	$3,500.00	$105,752.00
381401.22	PETER THOMPSON 2005 REVOCABLE TRUST	2207 PLUM STREET	1	Lump Sum	$78,399.39	$17,620.84	$4,289.67	$100,309.90	$81,000.00	$13,000.00	$3,000.00	$97,000.00	$109,433.00	$24,400.00	$2,500.00	$136,333.00
381401.24	DE LA CRUZ	3114 BEECH STREET	1	Lump Sum	$28,468.83	$13,806.33	$2,869.14	$45,144.29	$37,000.00	$11,000.00	$6,000.00	$54,000.00	$59,587.00	$19,400.00	$5,000.00	$83,987.00
381401.25	KRISTOPHER AND HEATHER SNYDER 2020 TRUST	3114 BROADWAY	1	Lump Sum	$64,488.46	$0.00	$0.00	$64,488.46	$59,000.00	$0.00	$0.00	$59,000.00	$89,617.00	$0.00	$0.00	$89,617.00
							Subtotal	$1,734,327.93			Subtotal	$1,555,000.00			Subtotal	$2,013,832.00
	*Original Engineer's Estimate was $2,069.569.30						**Probable Cost for Permits:**	$15,000.00			**Probable Cost for Permits:**	$15,000.00			**Probable Cost for Permits:**	$15,000.00
							TOTAL	**$1,749,327.93**			**TOTAL BID**	**$1,570,000.00**			**TOTAL BID**	**$2,028,832.00**

RESOLUTION NO. 2025-0038

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AWARDING A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC., IN THE AMOUNT OF $1,570,000 FOR PHASE 14, GROUP 1, PROJECT NO. 381401, OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY'S QUIETER HOME PROGRAM AND MAKING A FINDING THAT THE PROJECT IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

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 ("Airport"); and

WHEREAS, Phase 14, Group 1, of the Program will include the installation of new acoustical windows, doors, and ventilation improvements to reduce aircraft-related noise levels inside the homes; and

WHEREAS, Phase 14, Group 1, of the Program provides sound attenuation to twenty-five (25) non-historic single-family and multi-family units on eighteen (18) residential properties located east and west of the San Diego International Airport; and

WHEREAS, the Authority issued a Bid Solicitation Package for Phase 14, Group 1, on April 8, 2025; and

WHEREAS, on May 8, 2025, the Authority opened sealed bids received in response to the Bid Solicitation Package; and

WHEREAS, the apparent low bidder, S&L Specialty Construction, Inc., submitted a bid of $1,570,000 and the Authority's staff has duly considered the bid and has determined that S&L Specialty Construction, Inc. is responsible, and 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 S&L Specialty Construction, Inc., the lowest bidder, the contract for Phase 14, Group 1, upon the terms and conditions set forth in the Bid Solicitation Package.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby awards a contract to S&L Specialty Construction, Inc., in the amount of $1,570,000 for Phase 14, Group 1, Project No. 381401, of the San Diego County Regional Airport Authority's Quieter Home Program; and

BE IT FURTHER RESOLVED that the Authority's President/CEO or designee is hereby authorized to execute and deliver such contract to S&L Specialty Construction, 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 that the individual Quieter Home Program projects are categorically exempt from the CEQA under Cal. Code Regs. §15301(f), "Existing Facilities"; and

BE IT FURTHER RESOLVED that the Board finds that this action is a "development" as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. This project 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"; and

BE IT FURTHER RESOLVED that the Board finds that this action is a project that involves approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on March 22, 2021, for these Quieter Home Program projects.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 18

Staff Report

Meeting Date: June 5, 2025

Subject:

Approve and Authorize the President/CEO to Award Blanket Purchase Orders to Purchase IT Equipment and Supplies as needed for Repair and Maintenance

Recommendation:

Adopt Resolution No. 2025-0039, approving and authorizing the President/CEO to award blanket purchase orders to GovConnection, Inc. dba Connection Public Sector Solutions, Questivity, Inc., and Zones, LLC for a three-year term with an option for two (2) one-year extensions, in a combined amount not-to-exceed $4,500,000 for the purchase of computer equipment, software, software licensing and maintenance, hardware maintenance and peripherals.

Background/Justification:

Background: On March 10, 2025, the Authority issued a Request for Bids (RFB) to provide computer equipment, software, software licensing and maintenance, peripherals and specified services for IT Equipment and Supplies. Notice of the RFB was advertised in the *San Diego Daily Transcript* and on the Authority's Website. Two thousand one hundred (2,100) vendors were notified of the opportunity via the Authority's database.

Small and Local Business Preference: Policy 5.12 was applied to this solicitation. In accordance with Policy 5.12, the following firms received a small business preference: Kambrian Corporation and Questivity, Inc.

Business Type Participation – Prospective Firms: Seventy-one (71) firms viewed the opportunity. The business types are as follows: 1 LBC, 0 ACDBE, 2 DVB, 5 DBE, 7 MIC, 15 OSB, 9 SBE, 19 MBE, 2 CADIR, 4 SDVSB, 1 VOSB, 11 WBE, and 16 Local.

Submitted Bids: The Authority received eight (8) bids on April 1, 2025. Two (2) bids were found non-responsive. The following six (6) bids were evaluated:

1. Axelliant, LLC
2. GovConnection, Inc. Inc. dba Connection – Public Sector Solutions
3. Kambrian Corporation
4. Logicalis, Inc.
5. Questivity, Inc.
6. Zones, LLC

Bid Analysis: The RFB identified one hundred seven (107) frequently used IT equipment and supplies for which pricing/discounts were requested. Bidders were to provide a minimum of 80% of the core items listed in Exhibit B – Core Items Bid Quote. Bid results were compiled and each Bidder's pricing was compared for the product line-items for which a response was provided.

Bidder	Percentage of Core Line-Items for Which Response was Received	Percentage of Core Line-Items for Which Response Was Not Received
Axelliant, LLC	91%	9%
GovConnection dba Connection - Public Sector Solutions	94%	6%
Kambrian Corporation	88%	12%
Logicalis, Inc.	83%	17%
Questivity, Inc.	87%	13%
Zones, LLC	92%	8%

All six (6) vendors submitted bids covering at least 80% of the core items. GovConnection, Inc. dba Connection Public Sector Solutions, Questivity, Inc. and Zones, LLC offered the most competitive pricing and discounts for the core items listed in Exhibit B – Core Items Bid Quote.

Questivity, Inc. qualified for a 3% preference as a certified small business, in accordance with small business procurement policies.

GovConnection, Inc. dba Connection Public Sector Solutions was identified as a cooperative/consortium agreement participant. Authority Policy 5.04 permits participation in cooperative procurement arrangements for the purchase of supplies, materials, equipment, information technology or services. The pricing offered under this consortium agreement is the lowest price available as the result of pooling the purchasing power of multiple government entities.

Recommendation: Award three (3) blanket purchase order agreements, one (1) each to GovConnection, Inc. dba Connection Public Sector Solutions, Questivity, Inc., and Zones, LLC. All three (3) blanket purchase order agreements will be part of a pool of a not-to-exceed amount of Four Million Five Hundred Thousand Dollars ($4,500,000.00). Each blanket purchase order agreement shall have an initial three (3) year term with options for two (2), one (1) year extensions, which may be exercised at the sole discretion of the Authority.

Fiscal Impact:

Adequate funding for this Purchase Order is included in the adopted FY 2025 and conceptual FY 2026 Operating Budgets within the Equipment and Systems line item and Repairs, Office Equipment and Systems; Maintenance Agreements line item. Funding for the subsequent years of the agreement will be included in the I&TS Department's Operating budgets.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☐ Community Strategy ☒ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☐ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Jessica Bishop
Director, Information & Technology Services

RESOLUTION NO. 2025-0039

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO AWARD BLANKET PURCHASE ORDERS TO GOVCONNECTION, INC., DBA CONNECTION PUBLIC SECTOR SOLUTIONS, QUESTIVITY, INC., AND ZONES, LLC EACH FOR A THREE-YEAR TERM WITH AN OPTION FOR TWO (2) ONE-YEAR EXTENSIONS, IN A COMBINED AMOUNT NOT-TO-EXCEED $4,500,000 FOR THE PURCHASE OF COMPUTER EQUIPMENT, SOFTWARE, SOFTWARE LICENSING AND MAINTENANCE, HARDWARE MAINTENANCE AND PERIPHERALS.

WHEREAS, the Authority has the need to purchase computer equipment, software, software licensing and maintenance, peripherals and specified services for Authority IT Equipment and Supplies; and

WHEREAS, on March 10, 2025, the Authority issued a Request for Bids (RFB) to provide computer equipment, software, software licensing and maintenance, peripherals and specified services for IT Equipment and Supplies; and

WHEREAS, notice of the RFB was advertised in the *San Diego Daily Transcript* and on the Authority's website; and

WHEREAS, the Authority received six (6) responsive bids on April 1, 2025; and

WHEREAS, the RFB identified one hundred seven (107) frequently used IT equipment and supplies for which pricing/discounts were requested. Bidders were required to provide a price for at least 80% of the core items listed in Exhibit B – Core Items Bid Quote; and

WHEREAS, GovConnection, Inc. dba Connection Public Sector Solutions, Questivity, Inc. and Zones, LLC offered the most competitive pricing and discounts for the core items listed in Exhibit B – Core Items Bid Quote; and

WHEREAS, staff recommends the Board approve and authorize the President/CEO to award three (3) blanket purchase order agreements, one (1) each to GovConnection, Inc. dba Connection Public Sector Solutions, Questivity, Inc., and Zones, LLC for a term of three years with two (2) one-year extensions and a combined total not to exceed compensation amount of four million five hundred thousand dollars ($4,500,000).

NOW, THEREFORE, BE IT RESOLVED that the Board hereby APPROVES the award of three (3) blanket purchase order agreements, one (1) each to GovConnection, Inc. dba Connection Public Sector Solutions, Questivity, Inc., and Zones, LLC for a term of three years with two (2) one-year extensions and a combined total not to exceed compensation amount of four million five hundred thousand dollars ($4,500,000) for the purchase of IT Equipment and Supplies as needed for Repair and Maintenance; and

BE IT FURTHER RESOLVED that the Board AUTHORIZES the President/CEO or her designee to execute three (3) blanket purchase order agreements, one (1) each to GovConnection, Inc. dba Connection Public Sector Solutions, Questivity, Inc., and Zones, LLC for a term of three years with two (2) one-year extensions and a combined total not to exceed compensation amount of four million five hundred thousand dollars ($4,500,000) for the purchase of IT Equipment and Supplies as needed for Repair and Maintenance; and

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

BE IT FURTHER RESOLVED that 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

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: June 5, 2025

Subject:

Approve and Authorize the President/CEO to Execute an Agreement with Saab, Inc., to Provide a Flight Tracking and Surface Area Management System at San Diego International Airport

Recommendation:

Adopt Resolution No. 2025-0040, approving and authorizing the President/CEO to execute an agreement with Saab, Inc., to provide a Flight Tracking and Surface Area Management System for three (3) years, with five (5) one-year options exercisable at the sole discretion of the President/CEO, in an amount not to exceed $2,059,864.

Background/Justification:

On February 12, 2025 the Authority issued a Request For Proposal ("RFP") for a Flight Tracking and Surface Area Management System to assist the Authority, SAN FAA air traffic control and the ramp control staff by providing a comprehensive real-time flight tracking radar of SAN's surrounding airspace and surface area of the airport; with planning and predictability features that allows the Authority and FAA to safely and efficiently manage aircraft movements from the gates to the runway.

The Authority received three responses from: Saab, Inc., SITA Information Networking Computing USA Inc., and Vianair Inc. On April 15, 2025, the Evaluation Panel ("Panel") was comprised of three representatives from the Authority's Airside Operations department, the ramp control facility supervisor and one supervisor from the SAN air traffic control tower.

The Panel evaluated the three respondents using a weighted criterion of seven factors: the firm's experience and organizational structure, key system features and functionality, technical support services, cost, and small business, local, and Veteran's preference as per Authority Policy 5.12.

The final ranking matrix from the Panel is as follows:

Final Rankings	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Panelist 5	Total	Rank
Saab, Inc.	1	1	1	1	1	5	1
SITA	3	3	3	3	3	15	3
Vianair	2	2	2	2	2	10	2

The final combined scores matrix from the panel is as follows:

Combined Final Scores	SB	Local	Vet.	Cost	Experience and Organizational Structure	Key System Features and Functionality	Technical Support Services	Total
Saab, Inc.	0	0	0	450	1505	1230	780	3965
SITA	0	0	0	525	595	570	560	2250
Vianair	0	0	0	750	945	780	580	3055

The Panel unanimously ranked Saab Inc. as the best qualified respondent to provide the subject services based upon the evaluation criteria and the interview.

Saab, Inc. has provided flight tracking and surface area management system services at SAN for the past five (5) years and currently serves eighteen (18) of the twenty (20) busiest airports in the world, and thirty (30) plus US airports including many of the busiest airports within the FAA National Airspace System. These airports include JFK, ATL, ORD, LAX and DEN. Saab, Inc. has also partnered with the FAA to incorporate Tower Flight Data Management, a significant FAA next generation program that supplies surface management functions.

Based upon the Panel's evaluation, Saab, Inc. was determined to be the best qualified respondent, and staff recommends that the Board approves and authorizes the President/CEO to execute an agreement with Saab, Inc., to provide a Flight Tracking and Surface Area Management System for three (3) years, with five (5) one-year options exercisable at the sole discretion of the President/CEO, in an amount not to exceed $2,059,864.

Fiscal Impact:

Adequate funding for a Flight Tracking and Surface Area Management System is included in the FY 2026 and conceptual FY 2027 Operating Expenses Budget within the Airfield Cost Center. The expense for this contract that will impact budget years not yet adopted or approved by the Board will be included in future year budget requests.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☐ Community Strategy ☒ Customer Strategy ☐ Employee Strategy ☐ Financial Strategy ☒ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Dean Robbins
Manager, Airside Operations

RESOLUTION NO. 2025-0040

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH SAAB, INC., TO PROVIDE A FLIGHT TRACKING AND SURFACE AREA MANAGEMENT SYSTEM FOR THREE (3) YEARS, WITH FIVE (5) ONE-YEAR OPTIONS EXERCISABLE AT THE SOLE DISCRETION OF THE PRESIDENT/CEO, IN AN AMOUNT NOT-TO-EXCEED $2,059,864.

WHEREAS, on February 12, 2025, the Authority issued a Request For Proposal ("RFP") for a Flight Tracking and Surface Area Management System to assist the Authority, SAN FAA air traffic control and the ramp control staff by providing a comprehensive real-time flight tracking radar of SAN's surrounding airspace and surface area of the airport; with planning and predictability features that allows the Authority and FAA to safely and efficiently manage aircraft movements from the gates to the runway; and

WHEREAS, the Authority received three responses from: Saab, Inc., SITA Information Networking Computing USA Inc., and Vianair Inc.; and

WHEREAS, on April 15, 2025, the Evaluation Panel ("Panel") was comprised of three representatives from the Authority's Airside Operations department, the ramp control facility supervisor and one supervisor from the SAN air traffic control tower; and

WHEREAS, the Panel evaluated the three respondents using a weighted criteria of seven factors: the firm's experience and organizational structure, key system features and functionality, technical support services, cost, and small business, local, and Veteran's preference as per Authority Policy 5.12; and

WHEREAS, the Panel unanimously ranked Saab, Inc. as the best qualified respondent to provide the subject services based upon the evaluation criteria and the interview.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute an agreement with Saab, Inc., to provide a Flight Tracking and Surface Area Management System for three (3) years, with five (5) one-year options exercisable at the sole discretion of the President/CEO, in an amount not to exceed $2,059,864.

BE IT FURTHER RESOLVED that 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

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June, 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 20

Staff Report

Meeting Date: June 5, 2025

Subject:

Approve and Authorize the President/CEO to Execute an Agreement for Identity Management System (IDMS) Services

Recommendation:

Adopt Resolution No. 2025-0041, approving and authorizing the President/CEO to execute an Agreement with AirBadge LLC for a term of three (3) years, with the option for two (2) one-year extensions in an amount not to exceed one million two hundred fifty thousand dollars $1,250,000.00.

Background/Justification:

On November 30, 2017, the Authority entered into an agreement with HID Global, formerly Quantum Secure, for Identity Management System (IDMS) equipment and services. In November 2023, HID Global issued a notice to all customers that version 4.9 of HID Global – SAFE would no longer be supported effective April 1, 2026. As of this date, HID Global will no longer support the system and will not maintain, patch, or provide security updates, possibly resulting in severe disruptions to business operations. As such, the Authority determined it was in its best interests to proceed with Requests for Proposals (RFP) from alternative firms to procure and onboard a new system before April 1, 2026.

On November 24, 2024, the Authority published an RFP for IDMS Services. Notice of the RFP was advertised in the San Diego Daily Transcript and on the Authority's website. One thousand sixty-seven (1,067) vendors were notified via the Authority's vendor database. Of these, seventy-six (76) firms viewed the opportunity.

On February 13, 2025, the Authority's Procurement Department received six (6) proposals from A and I Solutions, AirBadge LLC, Birdi and Associates, GCR/Tadera, HID Global, and Intellisoft. One (1) respondent, A and I Solutions, was deemed non-responsive by the Procurement Department. The Authority's Evaluation Panel (Panel), which was comprised of representatives from the Facilities Management, Information and Technology Services, and Aviation Security and Public Safety departments, short-listed the responses to three (3) firms, which were invited to interview. The Panel's shortlisted rankings of the proposals are presented below:

Shortlist Rankings	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Panelist 5	Panelist 6	Total	Rank
AirBadge	1	1	2	1	1	1	7	1
Birdi	3	5	3	4	3	2	20	3
GCR dba Tadera	4	4	5	3	5	4	25	4
HID	5	3	4	5	4	5	26	5
Intellisoft	2	2	1	2	2	3	12	2

Combined Shortlist Scores	SB	Local	Vet	Cost	Respondent Experience & Qualifications	Project Approach & Project Management	Solution Functionality & Tech Support	System Support Maintenance	Reporting	Total
AirBadge	0	0	0	630	1040	1080	1100	795	510	5155
Birdi	180	0	0	900	660	620	580	495	290	3725
GCR dba Tadera	0	0	0	540	780	760	700	480	370	3630
HID	0	0	0	540	740	620	580	345	280	3105
Intellisoft	0	0	0	90	1140	1000	1020	810	530	4590

The three (3) *highest-ranked* firms were invited to interview on April 18, 2025. The Respondents were asked to respond to a specific list of questions, prepared by the Panel, which targeted the evaluation criteria presented in the RFP. The panelists' final rankings are presented below:

Shortlist Rankings	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Panelist 5	Panelist 6	Total	Rank
AirBadge	1	1	1	1	1	1	6	1
Birdi	3	3	3	2	2	3	16	3
Intellisoft	2	2	2	3	3	2	14	2

Combined Shortlist Scores	SB	Local	Vet	Cost	Respondent Experience & Qualifications	Project Approach & Project Management	Solution Functionality & Tech Support	System Support Maintenance	Reporting	Total
AirBadge	0	0	0	630	540	1425	1400	840	540	5375
Birdi	180	0	0	900	330	750	725	525	360	3770
Intellisoft	0	0	0	90	520	1050	1175	795	550	4180

AirBadge LLC is an IDMS provider designed exclusively for airports. More than 27 U.S. airports use the AirBadge platform, a cloud-based software that modernizes the issuance

and management of security badges, enhancing security compliance and optimizing operational efficiency.
The AirBadge platform offers features such as paperless badging operations, self-service portals, appointment scheduling, private and public system integrations, signatory and company management personnel portals, and compliance auditing and reporting functionality.

Fiscal Impact:

Adequate funding for the Agreement with AirBadge LLC for Identity Management Services is included in the FY 2026 and conceptual FY 2027 Operating Expense Budgets, being proposed at this same Board meeting, within the Aviation Security and Public Safety department budget. Ongoing IDMS expenses will be incorporated into future budget requests for years that have not yet been adopted.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

- ☐ Community Strategy
- ☐ Customer Strategy
- ☐ Employee Strategy
- ☐ Financial Strategy
- ☒ Operations Strategy

Focus Areas

- ☐ Advance the Airport Development Plan
- ☒ Transform the Customer Journey
- ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:
L. Clint Welch
Director, Aviation Security and Public Safety

RESOLUTION NO. 2025-0041

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH AIRBADGE LLC, TO PROVIDE IDENTITY MANAGEMENT SYSTEM (IDMS) SERVICES FOR THREE (3) YEARS, WITH TWO (2) ONE-YEAR OPTIONS EXERCISABLE AT THE SOLE DISCRETION OF THE PRESIDENT/CEO, IN AN AMOUNT NOT-TO-EXCEED $1,250,000

WHEREAS, on November 24, 2025, the Authority issued a Request for Proposal (“RFP”) for the procurement of Identity Management System (IDMS) Services to enhance the issuance, tracking, and overall management of SAN security badges, and to replace the current end-of-life system, as of April 1, 2026; and

WHEREAS, on February 13, 2025, the Authority received six (6) responses from A and I Solutions, AirBadge LLC, Birdi and Associates, GCR/Tadera, HID Global, and Intellisoft; and

WHEREAS, the Evaluation Panel (“Panel”) short-listed the responses to three (3) firms, which were invited to interview; and

WHEREAS, on April 18, 2025, the Panel evaluated the three (3) respondents using a weighted criteria of seven factors: the firm’s experience and qualifications, project approach & Project Management, solution functionality & Technical Support, system support maintenance, reporting, cost, and small business, local, and Veteran’s preference as per Authority Policy 5.12; and

WHEREAS, the Panel unanimously ranked AirBadge LLC as the best qualified respondent to provide the system services based on the evaluation criteria and the interview.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute an agreement with AirBadge LLC to provide Identity Management System Services for three (3) years, with two (2) one-year options exercisable at the sole discretion of the President/CEO, in an amount not to exceed $1,250,000; and

BE IT FURTHER RESOLVED that 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

BE IT FURTHER RESOLVED that the Board finds that this action is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June, 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

____

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ
GENERAL COUNSEL

Board Communication

Date: June 5, 2025
To: Board Members
From: Monty Bell, Director, Human Resources
Subject: Vacancy Rates for Bargaining Units

Assembly Bill (AB) 2561, effective January 1, 2025, requires public agencies to present on the status of vacancies, recruitment, and retention efforts at a public hearing at least once per fiscal year. AB 2561 adds Section 3502.3 to the Government Code and states in pertinent part:

(a)(1) A public agency shall present the status of vacancies and recruitment and retention efforts during a public hearing before the governing board at least once per fiscal year.

(2) If the governing board will be adopting an annual or multiyear budget during the fiscal year, the presentation shall be made prior to the adoption of the final budget.

(3) During the hearing, the public agency shall identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process.

(b) The recognized employee organization for a bargaining unit shall be entitled to make a presentation at the public hearing at which the public agency presents the status of vacancies and recruitment and retention efforts for positions within that bargaining unit.

(c) If the number of job vacancies within a single bargaining unit meets or exceeds 20 percent of the total number of authorized full-time positions, the public agency shall, upon request of the recognized employee organization, include all of the following information during the public hearing:

(1) The total number of job vacancies within the bargaining unit.

(2) The total number of applicants for vacant positions within the bargaining unit.

(3) The average number of days to complete the hiring process from when a position is posted.

(4) Opportunities to improve compensation and other working conditions.

Based on the permanent full-time headcount as of May 1, 2025, the Authority's vacancy rate for the bargaining units is as follows:

- Airport Traffic Officer – 4.9%
- Facilities Management – 10.3%
- General Supervisory – 0%

Additionally, the Authority's vacancy rate for all positions is 7.6%, indicating that while there may be room for improvement, our recruitment strategies have been effective. The Authority has employed several tactics to not only attract top talent, but to also retain our workforce. A few of these key programs/initiatives are listed below.

- Competitive benefits package
    - Paid Family Leave offering 6 weeks of salary continuation
    - Paid Time Off that provides 18 days/year for the first five years of service, increasing to 23 days, and then 28 days/year once the employee reaches 16 years or more
    - $600 employer contribution to a Lifestyle Spending Account
    - 14 paid holidays
    - Pension plan to support retirement planning

- Career growth opportunities

    - Job shadow program offering the opportunity to shadow in a different department part or full-time for up to four months
    - Formal mentorship program with two cohorts per year
    - SDCRAA Career Fair provides an opportunity for employees to network with leaders in other departments and learn more about various growth paths.
    - Quarterly coaching conversations include a personal career goal section aimed at facilitating the communication between leadership and employees to foster continuous growth and employee engagement.

- Outreach efforts
    - Take Flight: The Authority hosts students from high schools, community colleges, universities, trade schools, and other continuing education programs for an all-day on-site networking event. This includes a facilitated panel with individuals from across the Authority and SAN talking about their career path, a hosted lunch, and VIP tour of the airfield to educate the next wave of talent on aviation careers. The spring session was held at our Facilities Maintenance Department with a focus on the trades.

- Career Fairs and Networking Events: A. In FY25 the HR Talent Team attended 25 events across the county with various partners including the San Diego Community College District, YMCA HIRE program, and San Diego Workforce Partnerships.
- Leverage LinkedIn Recruiter: One of the top talent sourcing and recruiting tools on the market. This helps our talent acquisition find talent on LinkedIn's extensive network that closely aligns with the needs of our jobs. This also creates targeted InMail that puts our positions in front of candidates with similar profiles.

Item 21

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

Current Vacancy Reporting

Monty Bell, Director, Human Resources

June 2025

Background

Assembly Bill (AB) 2561

- Effective January 1, 2025 public agencies are required to present on the status of vacancies, recruitment, and retention efforts at a public hearing at least once per fiscal year.
- If the number of vacancies within a single bargaining unit exceeds 20% of the total authorized full-time positions, at the request of the bargaining unit must include:
  - Vacancies within the bargaining unit
  - Total number of applicants for vacant positions in the bargaining unit
  - Average number of days to complete the hiring process
  - Opportunities to improve compensation and other working conditions

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

Vacancy Rates as of May 1, 2025

- All Authority positions – 7.6%
- Airport Traffic Officer Unit – 4.9%
- Facilities Management Unit – 10.3%
- General Supervisory Unit – 0%

Recruitment & Retention Efforts

What we offer

- Competitive benefits package
- Flexible work arrangements for eligible positions
- Career growth opportunities
- Outreach efforts

Questions?

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 22

Staff Report

Meeting Date: June 5, 2025

Subject:

Approval and Adoption of the Operating Budget for Fiscal Year 2026, the Capital Program for Fiscal Years 2026-2030, and Conceptual Approval of the Operating Budget for Fiscal Year 2027

Recommendation:

Adopt Resolution No. 2025-0042, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2026, the Capital Program for Fiscal Years 2026-2030, and conceptually approving the Annual Operating Budget for Fiscal Year 2027.

Background/Justification:

On May 15, 2025, the Board participated in a Workshop that reviewed the Proposed Operating Expense Budget for Fiscal Year 2026, Conceptual Fiscal Year 2027 Budget, and Fiscal Year 2026 – Fiscal Year 2030 Capital Program. After an in-depth presentation and discussion, the proposed Fiscal Year 2026 Operating Expense Budget, proposed FY 2027 Conceptual Operating Expense Budget and Fiscal Year 2026– Fiscal Year 2030 Capital Program were forwarded for Board approval and adoption at the June 5, 2025, Board meeting. Per Authority Policy 4.01, the Authority's Board of Directors determined that the preparation and adoption of an annual budget will assist in (a) determining the Authority's short-term and long-term strategic and financial planning needs, and (b) effectively managing the facilities and airport under the jurisdiction of the Authority.

The proposed Fiscal Year 2026 Operating Expense Budget (Budget) of $530.4 million marks the Authority's twenty-third fiscal year operating budget. The Budget includes funds for operational expenses to manage the Airport and preserve the Authority's financial position.

The personnel budget is based on the Authority's established pay schedule and the compensation philosophy adopted under Board Resolution 2019-0075. This philosophy promotes equal pay for comparable roles that are internally equitable, externally competitive, and transparently communicated, all while supporting long-term financial sustainability. The personnel budget also reflects classifications for full-time employment and incorporates pay rates negotiated with Teamsters Local 911 for represented staff. It also includes a one percent additional contribution to the Authority's pension plan as required by Board Resolution 2010-0049 when the plan's funding level is above 90% but less than 95% (the funded ratio in the latest actuarial valuation was 94%).

The Budget also provides the necessary resources to advance the New T1 and support a feasible five-year Capital Plan. The Authority will continue to assess and refine the revenue forecast and spending plan based upon the changing economic environment.

Once approved and adopted by the Board, the Budget will serve as the Authority's official spending plan—and spending limit—for Fiscal Year 2026. Actual revenues and expenditures will be tracked throughout the year and reported to the Board at least quarterly. The Budget may be amended by the Board to reflect updated assumptions or respond to new developments, based on periodic reporting and a demonstrated need.

This Expense Budget reflects a total increase of $61.5 million, or 13.1%, over the FY 2025 Budget. The majority of the increase is attributed to $40.0 million in additional debt service costs as a result of the anticipated 2025 Bond Issuance. Other contributing factors include operational and contractual cost increases, as well as additional expenses associated with the opening of the New Terminal 1. Personnel expenses are projected to rise by $5.9 million, which includes salaries and benefits for twenty-nine (29) new positions. Contractual services are expected to increase by $6.8 million, primarily due to an increase in parking operations and shuttle services. Janitorial, waste removal, and recycling costs will grow by $2.3 million, and $0.7 million is allocated for New T1 Grand Opening events. Maintenance costs are projected to rise by $2.6 million, largely driven by the operational demands of the new terminal. Additionally, safety and security expenses are increasing by $5.9 million, reflecting increased burden and overhead rates for Harbor Police, and expanded Harbor Police and guard services coverage for the additional square footage. These increases are partially offset by a $5.0 million reduction in the Quieter Home Program, which aligns with expected grant funding levels.

The Revenue Budget of $742.9 million is an increase of $59.3 million, or 8.7%, over the FY 2025 Budget. The increase over the FY 2025 Budget reflects an increase of $35.1 million in airline revenue, $12.7 million in non-airline revenue, and $3.5 million in interest income, and an increase of $8.1 million in non-operating revenue.

Total FY 2026 airline revenue is projected to be $279.1 million as compared to $244.0 million in the FY 2025 Budget, a $35.1 million increase. The increase is attributable to increases in operating expenses and debt service as New Terminal 1 opens in FY 2026.

The increase of $12.7 million in non-airline revenue consists of increases of $7.7 million in terminal concessions, $4.9 million in ground transportation permits & citations primarily driven by an increase in trip fees for TNCs and other transportation modes (see Exhibit A), and $1.5 million in Inflight and Ground Handling Service license fees. These increases are partially offset by a decrease of $2.7 million in rental car license fees reflecting the current pricing trends in the industry.

The increase of $3.5 million in interest income is driven by higher balances in General Airport Revenue Bond funds due to anticipated debt issuance in 2025. Non-operating revenue consists of an increase of $10.6 million in capital grant contributions, $1.8 million in passenger facility charges, $1.3 million in customer facility charges, as well as a $5.6 million decrease in Quieter Home Program (QHP) reflecting expected grant funding levels.

The Capital Program is a rolling five-year program which provides for critical improvements and asset preservation for the Authority. The program includes projects that address airfield safety and capacity, environmental protection, terminal enhancements, landside infrastructure and access improvements, as well as budget for New T1 program. The FY 2026 – FY 2030 proposed Capital Program total is $4.52 billion.

Funding sources for the projects include Airport Improvement Program (AIP) grants, Passenger Facility Charges (PFC), Customer Facility Charges (CFC), airport cash, General Airport Revenue Bonds, major maintenance funds, and may include TSA grants, and short-term borrowing by utilizing a bank facility or other short-term financing vehicles.

Use of Funds (in millions):

Terminal	$ 3,304.7
Landside & Ancillary	564.6
Airside	465.8
Administrative	187.7
Total Use of Funds	$ 4,522.8

<u>Source of Funds (in millions)</u>:

Airport Revenue Bonds	$ 3,490.7
Airport Cash	557.7
Federal Grants	371.0
Major Maintenance Fund	84.8
Other	18.5
PFC Revenues	0.2
Total Use of Funds	$ 4,522.8

In summary, the Operating Budget and Capital Program as presented are consistent with Board policy and were developed under the guidance of the Authority's President/Chief Executive Officer and Chief Financial Officer. The Budget reflects the revenues available to the Authority, and how these funds will be spent, and preserves the Authority's financial position.

The Authority prepares a biennial budget, therefore, a budget for FY 2027 was developed and proposed for conceptual approval.

The proposed FY 2027 Expense Budget totals $548.8 million. This Budget reflects a total increase of $18.4 million, or 3.5%, above the proposed FY 2026 Budget. This increase is attributed to $10.6 million in debt service costs related to a full year of debt service on bonds expected to be issued in 2025, $8.0 million in non-personnel operating expenses, and $4.8 million in personnel costs. These increases are partially offset by a $3.0 million decrease in QHP expenses due to expected grant funding levels, and a $2.0 million decrease in equipment outlay.

The proposed FY 2027 Revenue Budget of $728.3 million is a decrease of $14.7 million, or 2.0%, versus the proposed FY 2026 Budget. This net decrease reflects decreases of $27.5 million in interest income due to lower bond proceeds to invest and $14.2 million in non-operating revenue driven by decreased Capital Grant contributions, partially offset by increases of $14.2 million in airline revenue and $12.8 million in non-airline revenue.

On-going economic changes and market trends will be considered next year to revise the FY 2027 conceptual budget and create the final proposed FY 2027 budget, which will be brought back to the Board for adoption.

Fiscal Impact:

If the proposed FY 2026 Budget is approved and adopted and the proposed FY 2027 Budget is conceptually approved, funding of $530.4 million will be authorized for FY 2026 and funding of $548.8 million will be established as the framework for the FY 2027 Budget, which will be brought back to the Board next year for review, revisions, and adoption in June 2026. If the Capital Program is approved, $4,522.8 million will become the authorized spending level.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☒ Community Strategy ☒ Customer Strategy ☒ Employee Strategy ☒ Financial Strategy ☒ Operations Strategy

Focus Areas

☒ Advance the New T1 ☒ Transform the Customer Journey ☒ Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Prepared by:

Scott Brickner
Vice President, Chief Financial Officer

Exhibit A:

<table>
<tr><th></th><th>FY 2025</th><th>FY 2026</th><th>FY 2027</th></tr>
<tr><td>TNC</td><td>$4.25</td><td>$4.50</td><td rowspan="2">$5.00</td></tr>
<tr><td>Charter</td><td>NA</td><td>NA</td></tr>
<tr><td>Taxi</td><td>$3.97 (Base)
$2.98 (AFV)
$7.94 (Non-AFV)</td><td rowspan="3">$4.75 (Base)
$3.56 (AFV)
$9.50 (Non-AFV)</td><td rowspan="4">$5.00 (Base)
$3.75 (AFV)
$10.00 (Non-AFV)</td></tr>
<tr><td>Vehicle For Hire</td><td>$3.16 (Base)
$2.37 (AFV)
$6.32 (Non-AFV)</td></tr>
<tr><td>Courtesy & Off-Airport Parking Shuttle</td><td>$1.94 (Base)
$1.46 (AFV)
$3.88 (Non-AFV)</td></tr>
<tr><td>Off-Airport Rental Car Shuttle</td><td>NA</td><td>NA</td></tr>
</table>

Appendix

Authority Position Salary Range

Classification Title	Minimum	Maximum
Accountant	$ 61,680	$ 98,688
Accounting Manager	$ 94,615	$ 156,114
Accounting Technician	$ 51,790	$ 82,865
Administrative Assistant I	$ 40,532	$ 64,852
Administrative Assistant II	$ 49,402	$ 79,042
Administrative Services Manager	$ 63,387	$ 101,419
Air Service Analyst	$ 80,888	$ 129,421
Air Service Program Manager	$ 75,331	$ 120,530
Aircraft Noise Specialist	$ 57,494	$ 91,990
Airport Art Program Coordinator I	$ 55,004	$ 88,006
Airport Art Program Coordinator II	$ 56,892	$ 91,026
Airport Art Program Manager	$ 83,574	$ 133,718
Airport Coordinator Center Special	$ 52,097	$ 83,354
Airport Properties Operations Coord	$ 72,605	$ 116,167
Airside & Terminal Res System Manager	$ 85,106	$ 140,424
Airside Operations Duty Manager I	$ 56,578	$ 90,526
Airside Operations Duty Manager II	$ 73,227	$ 117,243
App Development Analyst	$ 78,001	$ 124,801
Asset Manager	$ 91,685	$ 151,281
Assistant Airport Planner	$ 57,690	$ 92,303
Assistant Authority Clerk I	$ 55,185	$ 88,400
Assistant Authority Clerk II	$ 65,243	$ 104,389
Assistant Environmental Specialist	$ 56,616	$ 90,585
Assistant General Counsel	$ 186,563	$ 326,485
Associate Airport Planner	$ 71,696	$ 114,714
Associate Asset Manager	$ 72,480	$ 115,969
Associate Engineer	$ 68,587	$ 109,738
Associate Environmental Specialist	$ 69,556	$ 111,289
Associate General Counsel I	$ 77,154	$ 123,446
Associate General Counsel II	$ 116,776	$ 204,358
Associate General Counsel III	$ 141,556	$ 247,724
Auditor	$ 58,741	$ 93,985
Authority Clerk	$ 128,824	$ 225,442
Aviation System Program Specialist	$ 102,035	$ 163,257
Business Intelligence Specialist I	$ 55,860	$ 89,376
Business Intelligence Specialist II	$ 70,373	$ 112,597
Business Systems Analyst	$ 76,013	$ 121,621
Communication Specialist I	$ 52,484	$ 83,974

Appendix

Classification Title		Minimum		Maximum
Communication Specialist II	$	60,685	$	97,097
Construction Contract Manager	$	117,456	$	193,120
Construction Inspector	$	58,837	$	94,139
Construction Manager	$	105,624	$	174,279
Construction Safety Program Manager	$	87,877	$	144,997
Contract Specialist	$	74,601	$	126,823
Corporate Information Assistant	$	38,771	$	62,034
Cost Analyst	$	69,476	$	111,162
Customer Experience Specialist I	$	49,800	$	63,700
Customer Experience Specialist II	$	56,900	$	70,300
Customer Relations Manager	$	78,002	$	124,802
Cyber Security Specialist	$	91,899	$	147,039
Data Engineer	$	92,701	$	148,322
Data Quality Analyst	$	62,946	$	100,714
Data Warehouse Architect	$	88,765	$	142,025
Data Warehouse Manager	$	114,261	$	182,818
Database Administrator	$	94,005	$	150,407
Deputy Authority Clerk	$	81,554	$	130,486
Director, Capital Financial Planning & Airline Relations	$	137,951	$	241,415
Director Business Intelligence	$	133,231	$	233,153
Director, Accounting	$	134,562	$	235,484
Director, Airport Design & Construction	$	151,577	$	265,259
Director, Airport Planning & Environmental Affairs	$	132,117	$	231,205
Director, Aviation Security & Public Safety	$	121,811	$	213,169
Director, Communications	$	116,236	$	203,413
Director, Facilities Management	$	127,883	$	223,796
Director, Financial Planning & Budget	$	137,951	$	241,415
Director, Government Relations	$	132,217	$	231,381
Director, Ground Transportation	$	113,460	$	198,556
Director, Human Resources	$	136,218	$	238,382
Director, Information & Technology Services	$	142,670	$	249,672
Director, Marketing Air Service Development	$	118,547	$	207,618
Director, Procurement	$	124,967	$	218,693
Director, Revenue Management	$	121,564	$	212,738
Director, Terminal & Air Operations	$	134,049	$	234,587
Document Control Coordinator	$	56,524	$	90,439
Document Control Manager	$	102,331	$	163,730
Engineering Technician	$	56,513	$	90,420
Executive Assistant	$	62,741	$	100,385
External Relations Specialist	$	68,231	$	109,169

Appendix

Classification Title	Minimum	Maximum
Facilities Commissioning Coordinator	$ 82,748	$ 132,397
Financial Analyst I	$ 64,022	$ 102,435
Financial Analyst II	$ 77,169	$ 123,471
GIS/CAD Systems Manager	$ 95,715	$ 157,930
Ground Transportation Specialist	$ 59,219	$ 94,751
Help Desk Technician	$ 44,547	$ 71,275
HR Business Partner I	$ 63,432	$ 101,491
HR Business Partner II	$ 79,426	$ 127,082
HRIS Analyst I	$ 48,343	$ 77,348
HRIS Analyst II	$ 73,494	$ 117,590
Human Resources Analyst I	$ 57,690	$ 92,303
Human Resources Analyst II	$ 68,184	$ 109,095
Human Resources Assistant II	$ 44,824	$ 71,718
I&TS Project Coordinator	$ 85,153	$ 136,245
Inspector, Planner & Estimator	$ 104,475	$ 167,159
IT Project Manager	$ 102,075	$ 168,424
ITS Administrator	$ 68,330	$ 109,329
ITS Engineer	$ 81,463	$ 130,340
ITS Sr Engineer	$ 97,181	$ 155,489
L&D Specialist	$ 63,178	$ 101,085
Labor Compliance Supervisor	$ 78,910	$ 126,256
Labor Compliance Technician I	$ 48,915	$ 78,265
Labor Compliance Technician II	$ 60,779	$ 97,247
Maintenance Project Inspector	$ 54,664	$ 87,462
Maintenance Project Inspector II	$ 60,130	$ 96,208
Maintenance Projects Planner	$ 73,195	$ 117,111
Management Analyst	$ 63,179	$ 101,086
Manager, Air Service Development	$ 110,115	$ 181,691
Manager, Aircraft Noise	$ 86,222	$ 146,578
Manager, Airport Finance	$ 102,944	$ 175,006
Manager, Airport Planning	$ 98,521	$ 167,485
Manager, Airside Operations	$ 99,104	$ 168,476
Manager, Arts Program	$ 88,583	$ 141,733
Manager, Audit Services	$ 101,594	$ 172,710
Manager, Aviation Security & Law Enforcement	$ 93,273	$ 158,563
Manager, Business Intelligence	$ 113,063	$ 180,901
Manager, Contracts	$ 103,036	$ 170,009
Manager, Emergency Preparations & Public Safety	$ 107,501	$ 182,752
Manager, Energy & Water Management	$ 79,093	$ 134,458
Manager, Environmental Affairs	$ 101,398	$ 167,306

Appendix

Classification Title		Minimum		Maximum
Manager, Facilities and Asset Management Systems	$	97,278	$	155,645
Manager, Facilities Management	$	84,317	$	143,338
Manager, Ground Transportation	$	92,889	$	157,911
Manager, HR Operations	$	100,406	$	160,650
Manager, Infrastructure Operations	$	107,804	$	183,267
Manager, Insurance & Construction Risk	$	102,819	$	174,793
Manager, Marketing	$	103,907	$	176,643
Manager, Procurement & Contract Services	$	97,631	$	165,972
Manager, Safety & Labor Compliance	$	92,181	$	156,709
Manager, Small Business Development	$	90,959	$	154,631
Manager, Terminal Operations	$	89,194	$	151,629
Marketing Specialist I	$	51,178	$	81,884
Marketing Specialist II	$	64,385	$	103,015
Manager, Business & Systems Application	$	113,263	$	192,547
Manager, Government & Community Relations	$	104,581	$	172,558
Manager, Service Desk & IT Terminal Operations	$	98,459	$	167,379
Manager. HR Business Partnerships	$	101,001	$	171,703
Paralegal	$	66,212	$	105,940
Payroll Specialist	$	66,145	$	105,831
P-Card Program Analyst	$	47,881	$	76,610
Procurement Analyst I	$	51,545	$	82,471
Procurement Analyst II	$	59,845	$	95,752
Procurement Coordinator	$	44,922	$	71,876
Program Manager	$	103,823	$	181,689
Program Manager Concessions	$	106,378	$	186,161
Program Manager for Engineering & Construction	$	121,617	$	212,829
Project Analyst	$	67,649	$	108,238
Project Assistant	$	52,076	$	83,321
Project Manager	$	101,636	$	172,781
Quality Control Coordinator	$	64,678	$	103,485
Quieter Home Program Coordinator	$	66,131	$	105,810
Records & Info Management Specialist I	$	48,696	$	77,914
Records & Info Management Specialist II	$	56,524	$	90,439
Risk Management Analyst I	$	55,766	$	89,226
Risk Management Analyst II	$	67,658	$	108,252
Safety Analyst I	$	57,795	$	92,472
Safety Analyst II	$	64,943	$	103,908
Security & Emergency Response Coordinator	$	53,175	$	85,080
Security & Public Safety Analyst I	$	64,575	$	103,320
Security & Public Safety Analyst II	$	73,906	$	118,249

Appendix

Classification Title	Minimum	Maximum
Security Specialist I	$ 49,434	$ 79,094
Security Specialist II	$ 60,128	$ 96,204
Sr Accountant	$ 74,036	$ 118,458
Sr Airport Planner	$ 82,434	$ 131,894
Sr Auditor	$ 74,272	$ 122,549
Sr Business Intelligence Specialist	$ 86,891	$ 139,025
Sr Construction Inspector	$ 69,833	$ 111,733
Sr Cost Analyst	$ 78,085	$ 124,936
Sr Customer Experience Specialist	$ 69,000	$ 88,700
Sr Database Administrator	$ 99,342	$ 158,948
Sr Director of Operational Readiness	$ 151,231	$ 264,655
Sr Financial Analyst	$ 81,719	$ 134,837
Sr HR Business Partner	$ 102,771	$ 169,571
Sr HRIS Analyst	$ 79,749	$ 127,599
Sr Human Resources Analyst	$ 84,157	$ 134,651
Sr L&D Specialist	$ 78,970	$ 126,352
Sr Management Analyst	$ 71,282	$ 114,051
Sr Manager, IT	$ 119,198	$ 208,597
Sr Procurement Analyst	$ 78,727	$ 125,964
Sr Safety Specialist	$ 85,959	$ 141,832
Sr Security & Public Safety Analyst	$ 90,430	$ 144,689
Sr Security Specialist	$ 79,090	$ 126,543
Sr Systems Support Analyst	$ 85,686	$ 137,097
Sr Talent Acquisition Partner	$ 77,066	$ 123,306
Small Bus Dev Program Coord	$ 55,199	$ 88,318
Small Business Development Program Manager	$ 78,382	$ 125,411
Sr Aircraft Noise Specialist	$ 82,964	$ 132,742
Sr Airport Communication Center Specialist	$ 58,979	$ 94,367
Sr Airside Operations Duty Manager	$ 82,550	$ 132,080
Sr Applications Dev Analyst	$ 96,554	$ 154,487
Sr Communication Specialist	$ 75,156	$ 120,249
Sr Director, External Relation	$ 151,473	$ 265,079
Sr Engineering Tech BIM/CAD II	$ 71,169	$ 113,871
Sr Engineering Technician	$ 64,699	$ 103,519
Sr Environmental Specialist	$ 82,964	$ 132,742
Sr Maintenance Project Inspect	$ 67,839	$ 108,543
Sr Manager, Construction Services	$ 124,444	$ 217,776
Sr Marketing Specialist	$ 88,505	$ 141,608
Sr Terminal Operations Coordinator	$ 73,929	$ 118,286
Sr Risk Management Analyst	$ 81,599	$ 130,558

Appendix

Classification Title	Minimum	Maximum
Staff Assistant	$ 49,402	$ 79,042
Strategic Planning Outreach Coordinator	$ 49,402	$ 79,042
Systems Support Analyst I	$ 59,552	$ 95,282
Systems Support Analyst II	$ 71,695	$ 114,711
Talent Acquisition Partner I	$ 50,004	$ 80,007
Talent Acquisition Partner II	$ 66,317	$ 106,108
Technical Coordinator	$ 74,787	$ 119,659
Terminal Operations Coordinator	$ 64,182	$ 102,691
Vice Presidents	$ 187,546	$ 337,582

RESOLUTION NO. 2025-0042

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND ADOPTING THE AUTHORITY'S ANNUAL OPERATING BUDGET FOR FISCAL YEAR 2026, THE CAPITAL PROGRAM FOR FISCAL YEARS 2026 - 2030, AND CONCEPTUALLY APPROVING THE ANNUAL OPERATING BUDGET FOR FISCAL YEAR 2027.

WHEREAS, Authority management prepared and presented the Proposed Fiscal Year 2026 and 2027 Conceptual Operating Budgets, and the Capital Program to the Authority Board for review at a duly noticed public workshop on May 15, 2025; and

WHEREAS, the Board provided an opportunity during its meetings for members of the public to provide comments and questions concerning the Proposed Fiscal Year 2026 and 2027 Operating Budgets and Capital Program; and

WHEREAS, the Proposed Fiscal Year 2026 and 2027 Conceptual Operating Budgets present a financial operating expenditure budget of $530.4 million and $548.8 million, respectively, and a Capital Program for the next five (5) years of $4,522.8 million, thus providing adequate resources to address the operating and infrastructure requirements of San Diego International Airport and the regional responsibilities of the Authority for Fiscal Year 2026 and 2027; and

WHEREAS, the Proposed Fiscal Year 2026 and 2027 Conceptual Operating Budgets include the Authority's publicly available pay schedule, demonstrating the pensionable compensation provided to similarly situated members of the same group or class of employment for services rendered on a full-time basis, and the Authority Board hereby approves and adopts the pay schedule included in the adopted budget and attached hereto as Exhibit A and further authorizes the President/CEO to make any necessary changes thereto and notify the Board of any such changes; and

WHEREAS, the Proposed Fiscal Year 2026 Operating Budget and 2027 Conceptual Operating Budget include costs for limited duration staffing to support the New T1 Project, which staffing is outside the authorized headcount and has a duration ending at the completion of the New T1; and

WHEREAS, the Proposed Fiscal Year 2026 and 2027 Conceptual Operating Budgets present forecasted operating revenues and other funding to meet a balanced budget, and other financial requirements as outlined under the Authority's Bond Master Trust Indenture; and

WHEREAS, the Board has reviewed the Proposed Fiscal Year 2026 and 2027 Conceptual Operating Budgets and the Capital Program and believes that the approval and adoption in the forms presented to the Board at the public meetings on May 15, 2025, and June 5, 2025, are in the best interests of the Authority and the public which it serves.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and adopts the Fiscal Year 2026 Proposed Operating Budget and Capital Program and Conceptually approves the Fiscal Year 2027 Proposed Budget; and

BE IT FURTHER RESOLVED that the Authority and all its officers, employees and agents are hereby authorized, empowered and directed to do, and perform all such acts as may be necessary or appropriate to implement the Adopted Annual Operating Budget for Fiscal Year 2026 and the Capital Program; and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to modify trip fees for ground transportation service providers. Authority Code 9.12(b)(1) states that trip fees or any other fees and charges for a ground transportation service provider shall be set by Resolution of the Board attached hereto as Exhibit B; and

BE IT FURTHER RESOLVED that pursuant to California Government Code §7522.34(a), the Board approves and adopts the pay schedule included in the adopted budget and attached hereto as Exhibit A and further authorizes the President/CEO to make any necessary changes thereto and notify the Board of any such changes; and

BE IT FURTHER RESOLVED that the Board approves the additional deposit of one percent to the Authority's pension plan, which is greater than required by Board policy; and

BE IT FURTHER RESOLVED that 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

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA"), therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at its regular meeting on this 5th day of June 2025, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

____
ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

____
AMY GONZALEZ
GENERAL COUNSEL

Exhibit A: Authority Position Salary Range

JOB CODE*	JOB TITLE	MINIMUM	90 COMPA RATIO	MIDPOINT	MAXIMUM
G104	Accountant	$61,680	$72,166	$80,184	$98,688
G102	Accounting Manager	$94,615	$112,828	$125,365	$156,114
G105	Accounting Technician	$51,790	$60,595	$67,328	$82,865
F514	Administrative Assistant I	$40,532	$47,423	$52,692	$64,852
F513	Administrative Assistant II	$49,402	$57,800	$64,222	$79,042
C231	Administrative Srvcs Manager	$63,387	$74,163	$82,403	$101,419
B115	Air Service Analyst	$80,888	$94,639	$105,154	$129,421
B125	Air Service Program Manager	$75,331	$88,137	$97,930	$120,530
D204	Aircraft Noise Specialist	$57,494	$67,268	$74,742	$91,990
B1141	Airport Art Program Coord I	$55,004	$64,355	$71,505	$88,006
B114	Airport Art Program Coord II	$56,892	$66,563	$73,959	$91,026
B112	Airport Art Program Manager	$83,574	$97,781	$108,646	$133,718
D409	Airport Coordin Center Special	$52,097	$60,953	$67,726	$83,354
C109	Airport Properties Ops Coord	$72,605	$84,947	$94,386	$116,167
D126	Airside & Terminal Res Sys Mgr	$85,106	$101,489	$112,765	$140,424
D1071	Airside Operations Duty Mgr. I	$56,578	$66,197	$73,552	$90,526
D1072	Airside Ops Duty Manager II	$73,227	$85,712	$95,235	$117,243
F307	App Development Analyst	$78,001	$91,261	$101,401	$124,801
C102	Asset Manager	$91,685	$109,335	$121,483	$151,281
E1030	Assistant Airport Planner	$57,690	$67,497	$74,997	$92,303
F101	Assistant Authority Clerk I	$55,185	$64,613	$71,793	$88,400
F104	Assistant Authority Clerk II	$65,243	$76,334	$84,816	$104,389
D206	Assistant Envr Specialist	$56,616	$66,240	$73,600	$90,585
A207	Assistant General Counsel	$186,563	$230,872	$256,524	$326,485
E1031	Associate Airport Planner	$71,696	$83,885	$93,205	$114,714
C107	Associate Asset Manager	$72,480	$84,802	$94,225	$115,969
C219	Associate Engineer	$68,587	$80,246	$89,163	$109,738
D205	Associate Envr Specialist	$69,556	$81,380	$90,422	$111,289
A208	Associate General Counsel I	$77,154	$90,270	$100,300	$123,446
A202	Associate General Counsel II	$116,776	$144,510	$160,567	$204,358
A205	Associate General Counsel III	$141,556	$175,176	$194,640	$247,724
A302	Auditor	$58,741	$68,727	$76,363	$93,985
F103	Authority Clerk	$128,824	$159,420	$177,133	$225,442
C241	Aviation Syst Prgm Specialist	$102,035	$119,381	$132,646	$163,257
B1290	Business Intelligence Specialist I	$55,860	$65,356	$72,618	$89,376
B1291	Business Intelligence Specialist II	$70,373	$82,337	$91,485	$112,597
F312	Business Systems Analyst	$76,013	$88,935	$98,817	$121,621
B121	Communication Specialist I	$52,484	$61,406	$68,229	$83,974
B122	Communication Specialist II	$60,685	$71,002	$78,891	$97,097
C232	Construction Contract Manager	$117,456	$139,759	$155,288	$193,120
C211	Construction Inspector	$58,837	$68,839	$76,488	$94,139
C224	Construction Manager	$105,624	$125,956	$139,952	$174,279
C230	Construction Safety Prgm Mgr	$87,877	$104,793	$116,437	$144,997
C228	Contract Specialist	$74,601	$90,641	$100,712	$126,823
F105	Corporate Information Assist	$38,771	$45,362	$50,402	$62,034

JOB CODE*	JOB TITLE	MINIMUM	90 COMPA RATIO	MIDPOINT	MAXIMUM
C223	Cost Analyst	$69,476	$81,287	$90,319	$111,162
B1070	Customer Experience Specialist I	$49,800	$50,040	$55,600	$63,700
B1072	Customer Experience Specialist II	$56,900	$56,970	$63,300	$70,300
B106	Customer Relations Manager	$78,002	$91,262	$101,402	$124,802
F321	Cyber Security Specialist	$91,899	$107,522	$119,469	$147,039
B128	Data Engineer	$92,701	$108,460	$120,512	$148,322
B132	Data Quality Analyst	$62,946	$73,647	$81,830	$100,714
B130	Data Warehouse Architect	$88,765	$103,856	$115,395	$142,025
B133	Data Warehouse Manager	$114,261	$133,686	$148,540	$182,818
F3041	Database Administrator	$94,005	$109,985	$122,206	$150,407
F102	Deputy Authority Clerk	$81,554	$95,418	$106,020	$130,486
G2012	Dir Cap Fin Plan & Airline Rel	$137,951	$170,715	$189,683	$241,415
F329	Director Business Intelligence	$133,231	$164,873	$183,192	$233,153
G101	Director, Accounting	$134,562	$166,521	$185,023	$235,484
H101	Director, Airport Design & Con	$151,577	$187,576	$208,418	$265,259
E110	Director, Airport Planning & Environmental Affairs	$132,117	$163,495	$181,661	$231,205
D412	Director, Avtn Sec & Pub Saf	$121,811	$150,741	$167,490	$213,169
B201	Director, Communications	$116,236	$143,842	$159,825	$203,413
D301	Director, Facilities Managemnt	$127,883	$158,256	$175,840	$223,796
G201	Director, Financial Plan & Bgt	$137,951	$170,715	$189,683	$241,415
B202	Director, Government Relations	$132,217	$163,619	$181,799	$231,381
D118	Director, Ground Transportatio	$113,460	$140,407	$156,008	$198,556
F201	Director, Human Resources	$136,218	$168,570	$187,300	$238,382
F301	Director, Info & Tech Services	$142,670	$176,554	$196,171	$249,672
B124	Director, Marketing Air SvcDev	$118,547	$146,774	$163,083	$207,618
F401	Director, Procurement	$124,967	$154,647	$171,830	$218,693
C101	Director, Revenue Management	$121,564	$150,436	$167,151	$212,738
D124	Director, Terminal & Air Ops	$134,049	$165,886	$184,318	$234,587
C212	Document Control Coordinator	$56,524	$66,133	$73,482	$90,439
C238	Document Control Manager	$102,331	$119,727	$133,031	$163,730
C216	Engineering Technician	$56,513	$66,120	$73,467	$90,420
A109	Executive Assistant	$62,741	$73,407	$81,563	$100,385
B213	External Relations Specialist	$68,231	$79,830	$88,700	$109,169
D329	Facilities Commissioning Coord	$82,748	$96,815	$107,573	$132,397
G204	Financial Analyst I	$64,022	$74,906	$83,229	$102,435
G202	Financial Analyst II	$77,169	$90,288	$100,320	$123,471
C233	GIS/CAD Systems Manager	$95,715	$114,140	$126,823	$157,930
D125	Ground Transportation Specials	$59,219	$69,287	$76,985	$94,751
F311	Help Desk Technician	$44,547	$52,120	$57,911	$71,275
F2043	HR Business Partner I	$63,432	$74,216	$82,462	$101,491
F2042	HR Business Partner II	$79,426	$92,929	$103,254	$127,082
F221	HRIS Analyst I	$48,343	$56,561	$62,846	$77,348
F211	HRIS Analyst II	$73,494	$85,988	$95,542	$117,590
F216	Human Resources Analyst I	$57,690	$67,497	$74,997	$92,303
F204	Human Resources Analyst II	$68,184	$79,776	$88,640	$109,095
F208	Human Resources Assistant II	$44,824	$52,444	$58,271	$71,718

JOB CODE*	JOB TITLE	MINIMUM	90 COMPA RATIO	MIDPOINT	MAXIMUM
F324	I&TS Project Coordinator	$85,153	$99,629	$110,699	$136,245
D321	Inspector, Planner & Estimator	$104,475	$122,235	$135,817	$167,159
F325	IT PROJECT MANAGER	$102,075	$121,725	$135,250	$168,424
F326	ITS Administrator	$68,330	$79,947	$88,830	$109,329
F327	ITS Engineer	$81,463	$95,311	$105,901	$130,340
F328	ITS Senior Engineer	$97,181	$113,701	$126,335	$155,489
F212	L&D Specialist	$63,178	$73,918	$82,132	$101,085
C2274	Labor Compliance Supervisor	$78,910	$92,325	$102,583	$126,256
C2271	Labor Compliance Technician I	$48,915	$57,231	$63,590	$78,265
C2272	Labor Compliance Technician II	$60,779	$71,112	$79,013	$97,247
D3051	Maintenance Project Inspector	$54,664	$63,957	$71,063	$87,462
D3053	Maintenance Project Inspector II	$60,130	$70,352	$78,169	$96,208
D327	Maintenance Projects Planner	$73,195	$85,638	$95,153	$117,111
F510	Management Analyst	$63,179	$73,919	$82,133	$101,086
B127	Manager, Air Service Dev	$110,115	$131,313	$145,903	$181,691
D209	Manager, Aircraft Noise	$86,222	$104,760	$116,400	$146,578
G207	Manager, Airport Finance	$102,944	$125,078	$138,975	$175,006
E102	Manager, Airport Planning	$98,521	$119,703	$133,003	$167,485
D117	Manager, Airside Operations	$99,104	$120,411	$133,790	$168,476
B214	Manager, Arts Program	$88,583	$103,642	$115,158	$141,733
A304	Manager, Audit Services	$101,594	$123,437	$137,152	$172,710
D402	Manager, Avtn Sec & Law Enforc	$93,273	$113,326	$125,918	$158,563
B131	Manager, Business Intelligence	$113,063	$132,284	$146,982	$180,901
F402	Manager, Contracts	$103,036	$122,870	$136,523	$170,009
D406	Manager, Emerg Prep & Pub Sfty	$107,501	$130,614	$145,127	$182,752
D324	Manager, Energy & Water Mgt	$79,093	$96,098	$106,776	$134,458
D208	Manager, Environmental Affairs	$101,398	$120,917	$134,352	$167,306
D330	Manager, Facilities and Asset Management Systems	$97,278	$113,815	$126,462	$155,645
D302	Manager, Facilities Management	$84,317	$102,445	$113,828	$143,338
D104	Manager, Ground Transportation	$92,889	$112,860	$125,400	$157,911
F230	Manager, HR Operations	$100,406	$117,475	$130,528	$160,650
F319	Manager, Infrastructure Ops	$107,804	$130,982	$145,536	$183,267
G304	Manager, Ins & Const Risk	$102,819	$124,925	$138,806	$174,793
B119	Manager, Marketing	$103,907	$126,248	$140,275	$176,643
C226	Manager, Proc & Contract Srvcs	$97,631	$118,621	$131,802	$165,972
C239	Manager, Safety & Labor Compl	$92,181	$112,001	$124,445	$156,709
C305	Manager, Small Business Dev	$90,959	$110,516	$122,795	$154,631
D105	Manager, Terminal Operations	$89,194	$108,370	$120,412	$151,629
B1081	Marketing Specialist I	$51,178	$59,878	$66,531	$81,884
B1082	Marketing Specialist II	$64,385	$75,330	$83,700	$103,015
F317	Mgr, Bus & Systems Application	$113,263	$137,615	$152,905	$192,547
B212	Mgr, Govt & Community Rels	$104,581	$124,713	$138,570	$172,558
F323	Mgr, Service Desk & IT Term Op	$98,459	$119,627	$132,919	$167,379
F225	Mgr. HR Business Partnerships	$101,001	$122,717	$136,352	$171,703
A203	Paralegal	$66,212	$77,468	$86,076	$105,940
G106	Payroll Specialist	$66,145	$77,389	$85,988	$105,831

JOB CODE*	JOB TITLE	MINIMUM	90 COMPA RATIO	MIDPOINT	MAXIMUM
F408	P-Card Program Analyst	$47,881	$56,021	$62,246	$76,610
F404	Procurement Analyst I	$51,545	$60,307	$67,008	$82,471
F409	Procurement Analyst II	$59,845	$70,019	$77,799	$95,752
F407	Procurement Coordinator	$44,922	$52,559	$58,399	$71,876
C2251	Program Manager	$103,823	$128,480	$142,756	$181,689
C225	Program Manager Concessions	$106,378	$131,643	$146,270	$186,161
C2252	Program Manager for Engineering & Construction	$121,617	$150,501	$167,223	$212,829
C235	Project Analyst	$67,649	$79,149	$87,944	$108,238
C2141	Project Assistant	$52,076	$60,929	$67,699	$83,321
C108	Project Manager	$101,636	$123,488	$137,209	$172,781
C234	Quality Control Coordinator	$64,678	$75,673	$84,082	$103,485
C221	Quieter Home Prgrm Coordinator	$66,131	$77,374	$85,971	$105,810
F107	Records & Info Mgmt Spec. I	$48,696	$56,975	$63,305	$77,914
F108	Records & Info Mgmt Spec. II	$56,524	$66,133	$73,481	$90,439
G3021	Risk Management Analyst I	$55,766	$65,247	$72,496	$89,226
G302	Risk Management Analyst II	$67,658	$79,160	$87,955	$108,252
F2051	Safety Analyst I	$57,795	$67,620	$75,134	$92,472
F205	Safety Analyst II	$64,943	$75,983	$84,426	$103,908
D411	Sec & Emergency Response Coord	$53,175	$62,215	$69,128	$85,080
D403	Sec & Pub Safety Analyst I	$64,575	$75,553	$83,948	$103,320
D408	Security & Public Safety Analyst II	$73,906	$86,470	$96,078	$118,249
D405	Security Specialist I	$49,434	$57,838	$64,264	$79,094
D404	Security Specialist II	$60,128	$70,349	$78,166	$96,204
G103	Senior Accountant	$74,036	$86,622	$96,247	$118,458
E1032	Senior Airport Planner	$82,434	$96,447	$107,164	$131,894
A303	Senior Auditor	$74,272	$88,569	$98,411	$122,549
B1292	Senior Business Intelligence Specialist	$86,891	$101,662	$112,958	$139,025
C210	Senior Construction Inspector	$69,833	$81,705	$90,783	$111,733
C220	Senior Cost Analyst	$78,085	$91,359	$101,511	$124,936
B1071	Senior Customer Experience Specialist	$69,000	$70,740	$78,600	$88,700
F3042	Senior Database Administrator	$99,342	$116,231	$129,145	$158,948
D128	Senior Director of Operational Readiness	$151,231	$187,149	$207,943	$264,655
G205	Senior Financial Analyst	$81,719	$97,450	$108,278	$134,837
F2041	Senior HR Business Partner	$102,771	$122,554	$136,171	$169,571
F222	Senior HRIS Analyst	$79,749	$93,307	$103,674	$127,599
F217	Senior Human Resources Analyst	$84,157	$98,464	$109,404	$134,651
F2121	Senior L&D Specialist	$78,970	$92,395	$102,661	$126,352
F5101	Senior Management Analyst	$71,282	$83,400	$92,667	$114,051
F3011	Senior Manager, IT	$119,198	$147,508	$163,898	$208,597
F403	Senior Procurement Analyst	$78,727	$92,111	$102,346	$125,964
F226	Senior Safety Specialist	$85,959	$102,506	$113,896	$141,832
D413	Senior Security & Public Safety Analyst	$90,430	$105,804	$117,560	$144,689
D407	Senior Security Specialist	$79,090	$92,535	$102,816	$126,543
F3082	Senior Systems Support Analyst	$85,686	$100,252	$111,391	$137,097
F229	Senior Talent Acquisition Partner	$77,066	$90,167	$100,186	$123,306
C302	Small Bus Dev Program Coord	$55,199	$64,582	$71,758	$88,318

JOB CODE*	JOB TITLE	MINIMUM	90 COMPA RATIO	MIDPOINT	MAXIMUM
C303	Small Business Dev Program Mgr	$78,382	$91,707	$101,896	$125,411
D203	Sr Aircraft Noise Specialist	$82,964	$97,067	$107,853	$132,742
D410	Sr Airport Comm Center Special	$58,979	$69,006	$76,673	$94,367
D123	Sr Airside Ops Duty Manager	$82,550	$96,584	$107,315	$132,080
F315	Sr Applications Dev Analyst	$96,554	$112,968	$125,520	$154,487
B123	Sr Communication Specialist	$75,156	$87,932	$97,703	$120,249
B211	Sr Director, External Relation	$151,473	$187,448	$208,276	$265,079
C2151	Sr Engineering Tech BIM/CAD II	$71,169	$83,268	$92,520	$113,871
C215	Sr Engineering Technician	$64,699	$75,698	$84,109	$103,519
D202	Sr Environmental Specialist	$82,964	$97,067	$107,853	$132,742
D3052	Sr Maintenance Project Inspect	$67,839	$79,372	$88,191	$108,543
C237	Sr Manager, Construction Srvcs	$124,444	$153,999	$171,110	$217,776
B108	Sr Marketing Specialist	$88,505	$103,551	$115,057	$141,608
D1061	Sr Terminal Operations Coord	$73,929	$86,497	$96,108	$118,286
G3022	Sr. Risk Management Analyst	$81,599	$95,471	$106,079	$130,558
F511	Staff Assistant	$49,402	$57,800	$64,222	$79,042
E109	Strategic Plnng Outreach Coord	$49,402	$57,800	$64,222	$79,042
F3081	Systems Support Analyst I	$59,552	$69,675	$77,417	$95,282
F308	Systems Support Analyst II	$71,695	$83,883	$93,203	$114,711
F228	Talent Acquisition Partner I	$50,004	$58,505	$65,006	$80,007
F227	Talent Acquisition Partner II	$66,317	$77,591	$86,213	$106,108
C242	Technical Coordinator	$74,787	$87,501	$97,223	$119,659
D106	Terminal Operations Coord	$64,182	$75,093	$83,437	$102,691
1111	Vice Presidents	$187,546	$236,307	$262,564	$337,582

Exhibit B:

<table>
<tr><th></th><th>FY 2025</th><th>FY 2026</th><th>FY 2027</th></tr>
<tr><td>TNC</td><td>$4.25</td><td>$4.50</td><td rowspan="2">$5.00</td></tr>
<tr><td>Charter</td><td>NA</td><td>NA</td></tr>
<tr><td>Taxi</td><td>$3.97 (Base)
$2.98 (AFV)
$7.94 (Non-AFV)</td><td rowspan="3">$4.75 (Base)
$3.56 (AFV)
$9.50 (Non-AFV)</td><td rowspan="4">$5.00 (Base)
$3.75 (AFV)
$10.00 (Non-AFV)</td></tr>
<tr><td>Vehicle For Hire</td><td>$3.16 (Base)
$2.37 (AFV)
$6.32 (Non-AFV)</td></tr>
<tr><td>Courtesy & Off-Airport Parking Shuttle</td><td>$1.94 (Base)
$1.46 (AFV)
$3.88 (Non-AFV)</td></tr>
<tr><td>Off-Airport Rental Car Shuttle</td><td>NA</td><td>NA</td></tr>
</table>

Item 22

San Diego County Regional Airport Authority
FY 2026 Proposed Budget &
FY 2027 Proposed Conceptual Budget

June 5, 2025

Presented by:

Scott Brickner

Vice President & Chief Financial Officer

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

Agenda

1. Budget Overview
   - Revenue
   - Expenses
2. Budget Summary
3. Capital Program Budget
4. Plan of Finance FY 2025-2030
5. Conclusion

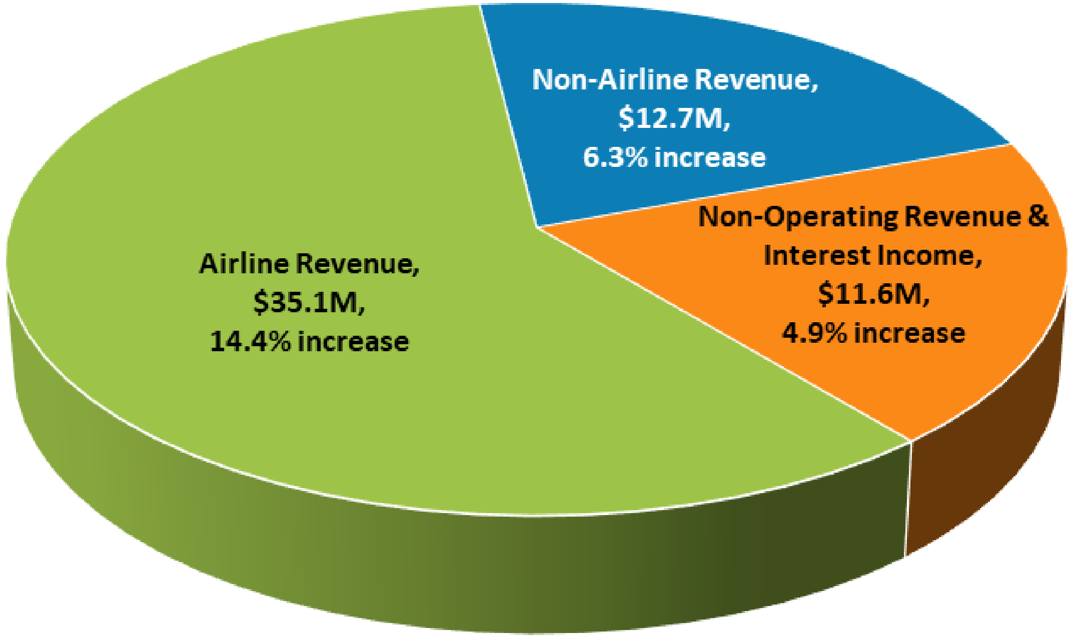
SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

Budget Overview

Revenue Budget Overview

FY 2026 Budget Revenue Increase vs FY 2025 Budget

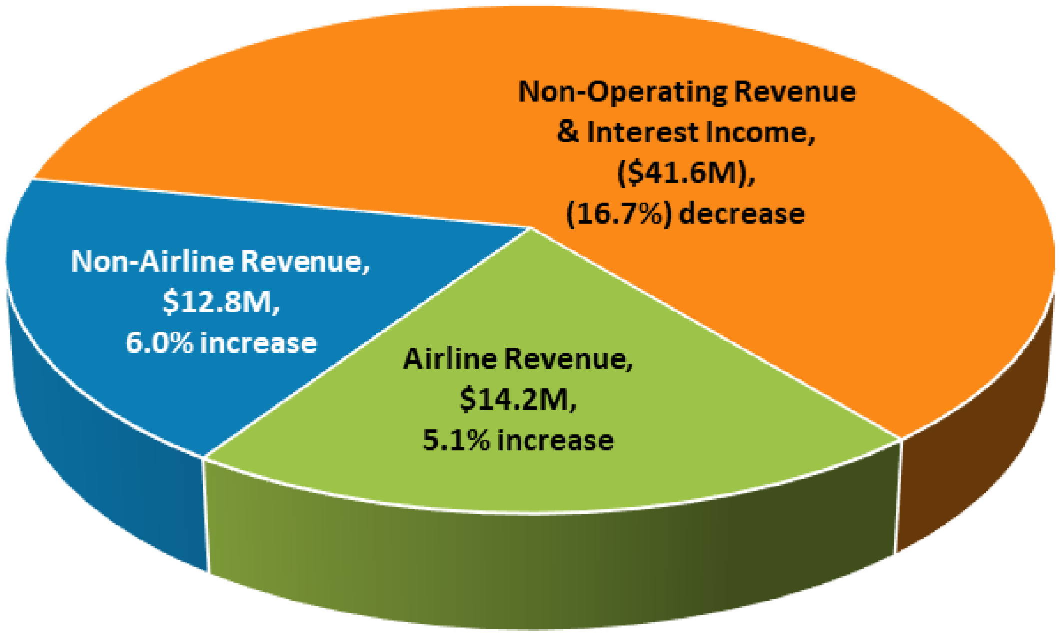
$59.3M; 8.7%



SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

Total FY 2026 Budget is $742.9M

FY 2027 Budget Revenue Decrease vs. FY 2026 Budget
($14.7M); (2.0%)



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Total FY 2027 Budget is $728.3M

FY 2026 - FY 2027 Proposed Revenue Budget Summary

(in thousands)	FY2026 Proposed Budget	FY2027 Conceptual Budget
Operating Revenue		
Airline Revenue		
Landing Fees	$ 59,429	$ 61,219
Aircraft Parking Fees	14,857	15,305
Building Rentals	190,137	200,036
Common Use Fees	16,920	18,968
Other Aviation Revenue	(2,248)	(2,269)
Total Airline Revenue	**279,095**	**293,257**
Non-Airline Revenue		
Terminal Rent Non-Airline	3,031	3,128
Terminal Concessions	40,977	42,976
Rental Car License Fees	41,352	42,363
License Fees - Other	10,853	11,078
Parking Revenue	62,658	68,606
Ground Transportation Permits and Citations	25,549	28,706
Ground Rentals	27,686	27,987
Grant Reimbursements	-	-
Other Operating Revenue	2,179	2,265
Total Non-Airline Revenue	**214,284**	**227,108**
Total Operating Revenue	**493,379**	**520,366**
Interest Income	**92,749**	**65,287**
Non-Operating Revenue		
Passenger Facility Charges	50,959	51,978
Customer Facility Charges	36,693	37,426
Quieter Home Program	14,400	11,491
Capital Grant Contributions	54,756	41,731
Other Non Operating Revenue	-	-
Total Non-Operating Revenue	**156,808**	**142,627**
Total Revenue	**$ 742,936**	**$ 728,280**

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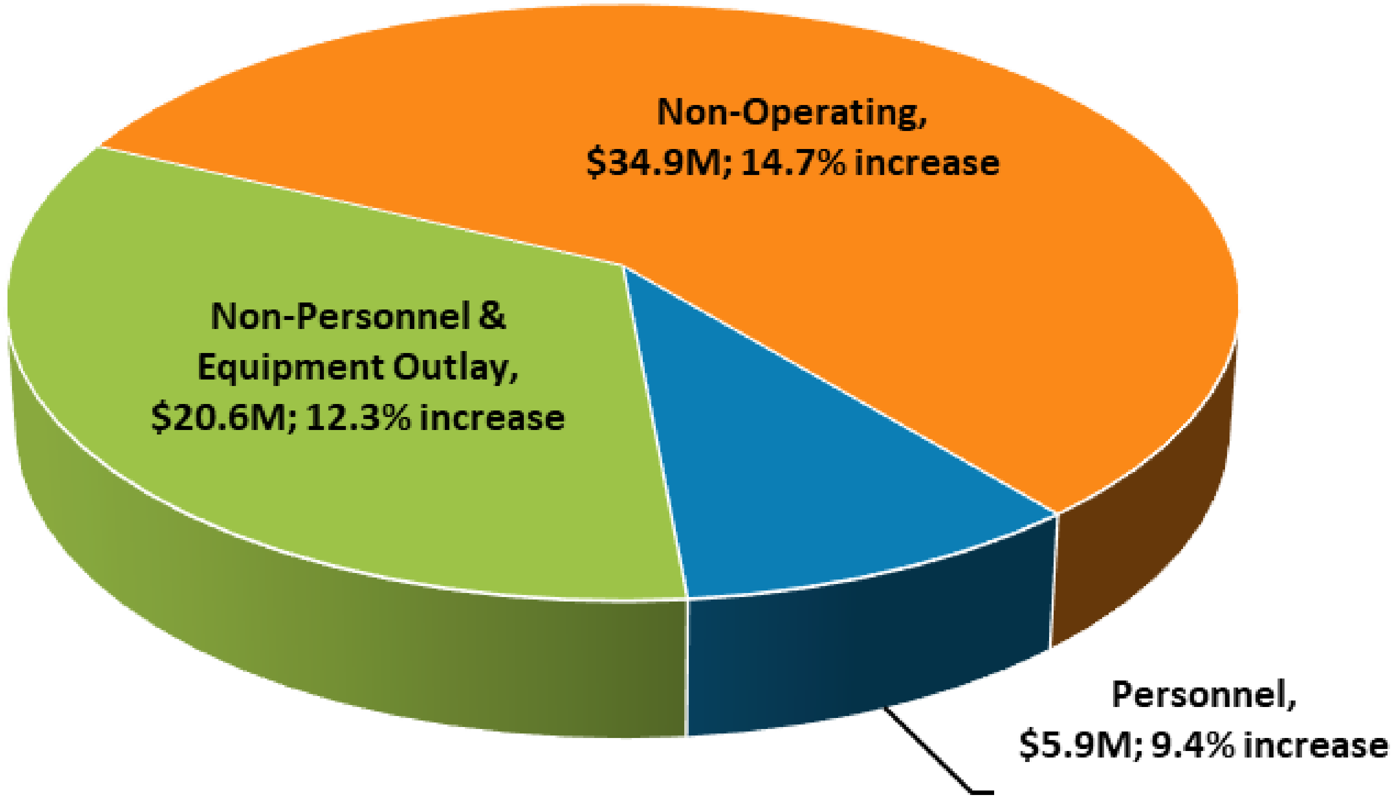
Expense Budget Overview

FY 2026 Budget Expense Increase vs. FY 2025 Budget

$61.5M; 13.1%



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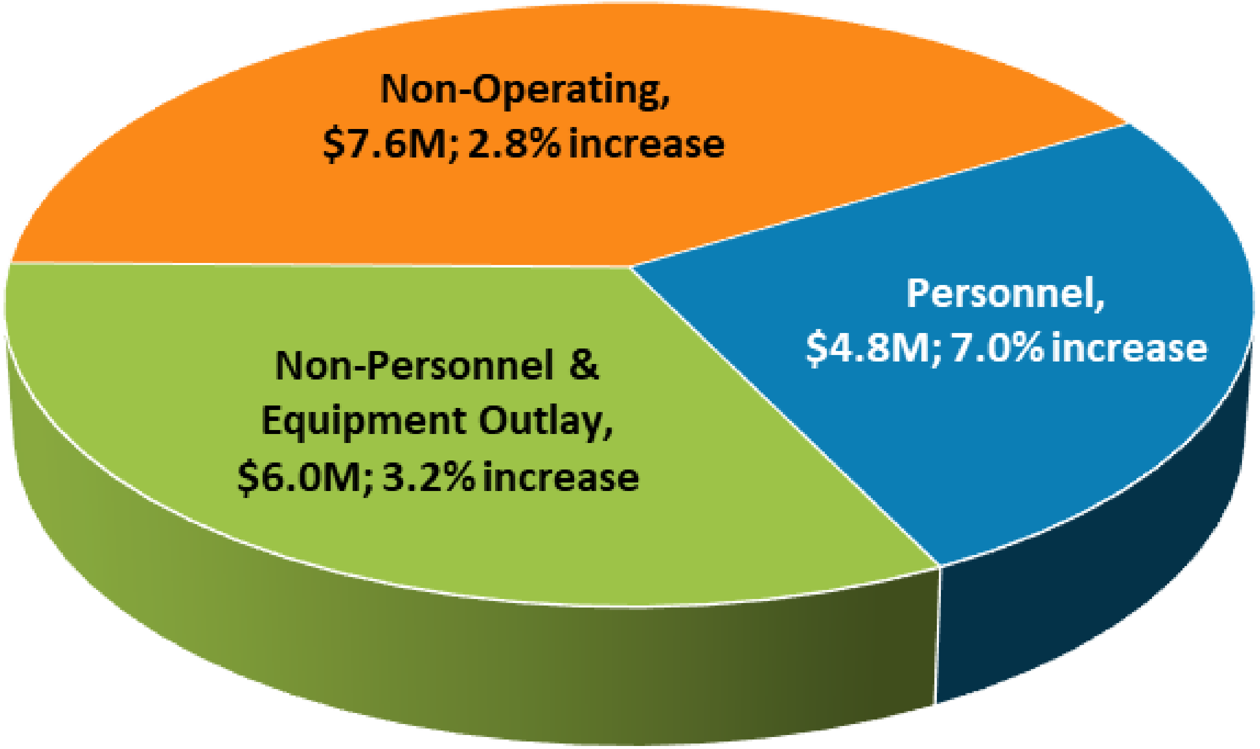
Total FY 2026 Budget is $530.4M

FY 2027 Budget Expense Increase vs. FY 2026 Budget
$18.4M; 3.5%



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Total FY 2027 Budget is $548.8M

FY 2026 - FY 2027 Proposed Expense Budget Summary

(In Thousands)	FY2026 Proposed Budget	FY2027 Conceptual Budget
Operating Expenses		
Salaries	52,167	55,337
Benefits	24,591	26,743
Subtotal	**76,759**	**82,080**
Less: Capitalized Labor Recharge	(7,234)	(7,703)
Less: QHP Labor Recharge	(530)	(557)
Total	**68,995**	**73,820**
Contractual Services	66,694	68,468
Safety and Security	45,761	47,975
Space Rental	11,073	11,082
Utilities	24,536	27,180
Maintenance	18,805	19,845
Operating Equipment & Systems	1,023	736
Operating Supplies	1,200	1,146
Insurance	3,183	3,311
Employee Development	1,199	1,107
Business Development	5,214	5,719
Equipment Rentals and Repairs	5,975	6,082
Tenant Improvements	1,186	1,233
Total Non-Personnel Costs	**185,850**	**193,886**
Total Operating Expenses	**254,845**	**267,706**
Joint Studies / Sound Attenuation	18,000	15,000
Debt Service	254,578	265,141
Legal Settlement Expense	250	250
Other Non-Operating Expenses	-	-
Total Non-Operating Expenses	**272,828**	**280,391**
Total Expenses	**527,673**	**548,097**
Equipment Outlay Expenditures	2,775	727
Total Authority Expenses Incl Equip Outlay	**$ 530,448**	**$ 548,823**

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Capital Program Budget Fiscal Years 2026-2030

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Proposed FY 2026 - 2030 Capital Program
Budget Summary

(in thousands)

	New T1	CIP	Total
FY 2025 - 2029 Capital Program Budget	**$ 3,834,300**	**$ 430,039**	**$ 4,264,339**
Closeouts and Adjustments	-	15,965	15,965
New Projects	-	242,544	242,544
FY 2026 - 2030 Capital Program Budget	**$ 3,834,300**	**$ 688,547**	**$ 4,522,847**

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Plan of Finance
Fiscal Years 2026 - 2030

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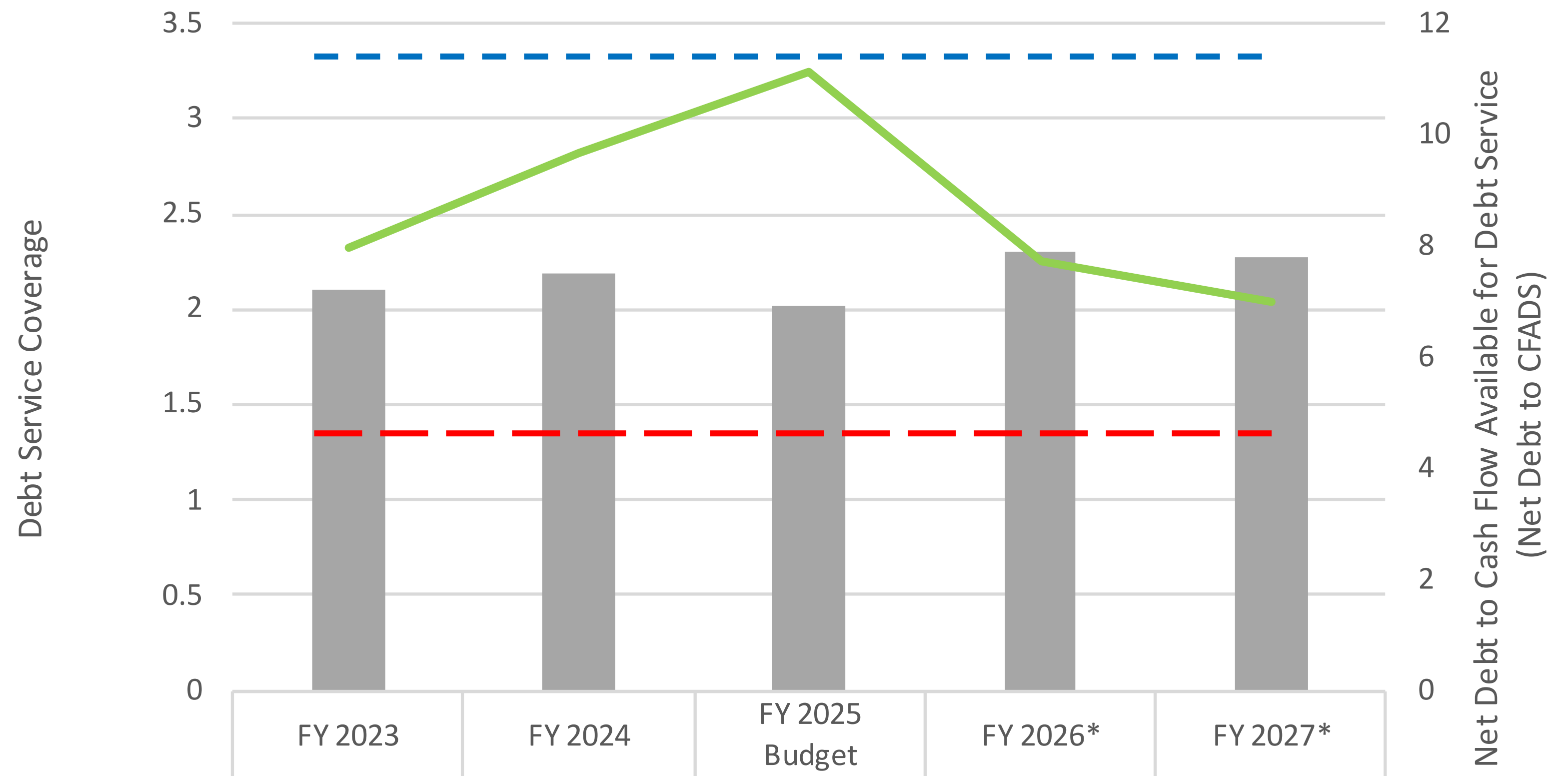
Plan of Finance Metrics



	FY 2023	FY 2024	FY 2025 Budget	FY 2026*	FY 2027*
Net Debt/CFADS	7.2	7.5	6.9	7.9	7.8
Debt Service Coverage	2.33	2.82	3.25	2.25	2.04

Debt Policy target ratio: 8-11x (line represents upper range)

Debt Policy target ratio: 1.4x coverage

*Projected FY 2025 – FY 2027

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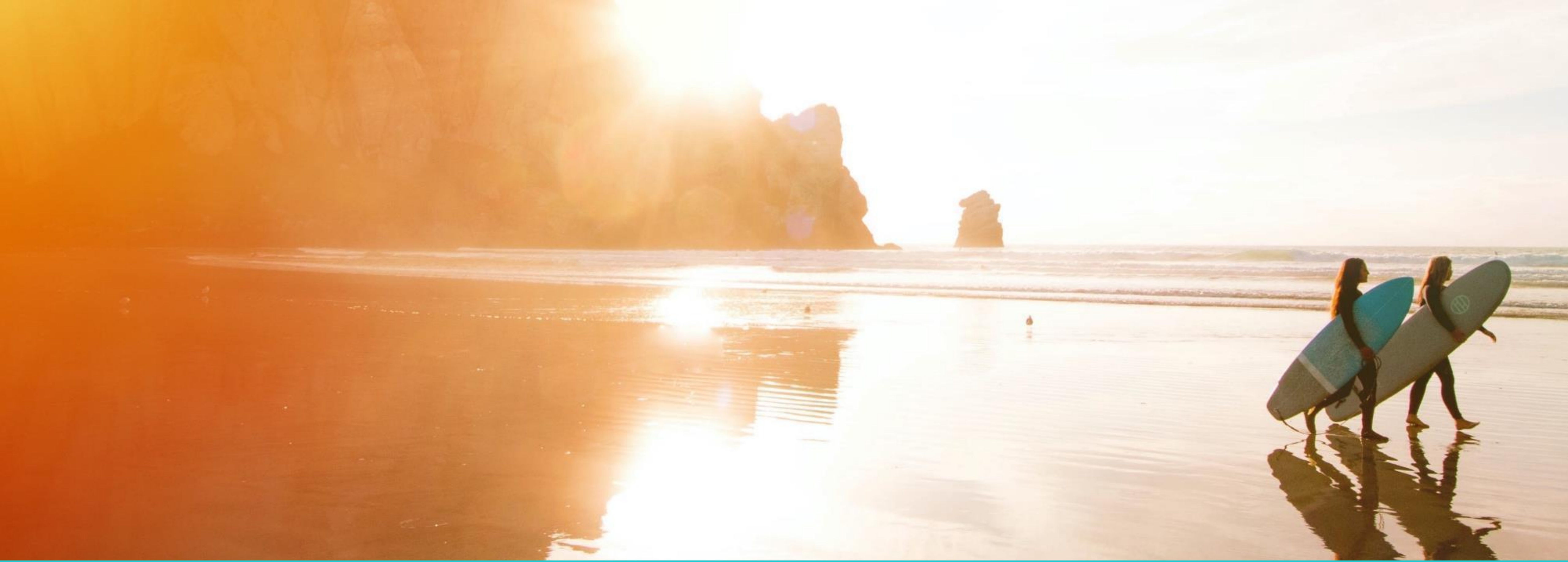

Conclusion

Conclusion

- Provides resources for:
  - The activation of the New T1
  - The construction of the New T1 Phase 1B
- Follows the Authority's legislative and regulatory mandates
- Reflects collaboration with business and community stakeholders
- Demonstrates the discipline necessary to remain a sustainable enterprise
- Advances the five-year Capital Plan
- Allocates funding to execute technology initiatives
- Continues cultivating our culture
- Invests in revenue and customer experience initiatives

Questions?

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Thank You!

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 23

Staff Report

Meeting Date: June 5, 2025

Subject:

Authorizing The Issuance and Sale of not to exceed $1.0 Billion in Aggregate Principal Amount of one or more Series of San Diego County Regional Airport Authority Senior Airport Revenue Bonds; Approving the Forms of a Sixth Supplemental Trust Indenture, Preliminary and Final Official Statements, a Purchase Contract, a Continuing Disclosure Certificate, and Certain Related Matters

Recommendation:

Adopt Resolution No. 2025-0043, authorizing the issuance and sale of not to exceed $1.0 billion in aggregate principal amount of one or more series of San Diego County Regional Airport Authority Senior Airport Revenue Bonds; and approving related documents and matters.

Background/Justification:

Pursuant to §170070 of the California Public Utilities Code (the "Act"), the Authority has 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.

Senior Bonds

The Authority previously entered into a senior Master Trust Indenture, dated as of November 1, 2005, as amended (the "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. (the "Senior Trustee"). This Master Senior Indenture is the financing document that sets forth the general terms of the Authority's pledge of Net Revenues (which include certain revenues received by the Authority from the operation of the Airport less operation and maintenance expenses) to secure senior lien airport revenue bonds and provides for the terms and conditions upon which senior lien airport revenue bonds may be issued by the Authority.

Senior Series 2025 Bonds

The Authority Board is being requested to approve the FY 2026 - FY 2030 Capital Program budget at this same June 2025 Board meeting. The Capital Program budget includes: 1) The New T1 (NT1) Program; and 2) The Capital Improvement Program (CIP). The NT1 budget of $3.834 Billion was previously adopted and remains unchanged. General Airport Revenue Bonds are the primary source of funding for NT1. Funding sources for both NT1 and CIP are as follows:

(in millions)

New T1 Program	**TOTAL**
Airport Revenue Bonds	$ 3,198
Airport Cash	312
Federal Grants	310
Other	13
New T1 Program Total	**$ 3,834**
Capital Improvement Program (CIP)	
Airport Revenue Bonds	$ 292
Airport Cash	246
Major Maintenance Funds	85
Federal Grants	61
Other	5
CIP Total	**$ 689**
Total Capital Program [1]	**$ 4,523**

.

Sources and Uses of funds for NT1 are depicted in the following table:

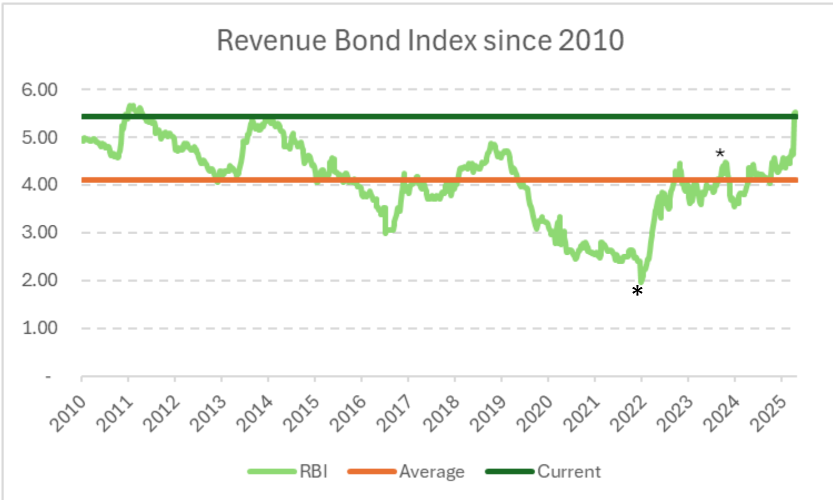
	Prior Bonds	Proposed 2025 Bonds[1]	Total
Debt issuance	$ 3,024	$ 867	$ 3,891
Interest earnings [2]	$ 68	81	148
Total Sources	**$ 3,092**	**$ 947**	**$ 4,039**
			-
Project Funds NT1	2,479	$ 720	3,198
Project Funds Other/refunding	103	-	103
Capitalized Interest Fund Deposit	336	$ 163	499
Reserve Fund Deposit	165	$ 60	225
Costs of Issuance	9	$ 4	13
Total Uses	**$ 3,092**	**$ 947**	**$ 4,039**

[1]Pending Board approval June 5 2025

[2]Interest earned on series 21, 23 and estimated interest on series 25 bonds project funds

Previously, the Authority issued Senior Series 2023 Bonds and Subordinate Series 2021 Bonds to fund portions the New T1. The New T1 Plan of Finance includes an estimated $3.9 Billion of debt, which funds $3.2 Billion of Project costs plus capitalized interest, reserve deposits and cost of issuance.

Sufficient Subordinate Series 2023 Bond funds remain to fund project costs through the first half of 2026, however, the Authority is seeking to mitigate future market risks by issuing in the summer of 2025. The municipal market has experienced recent volatility due to risks and uncertainties over tariff policies, and interest rates have been higher since the 2023 bond issue, but remain below interest rates assumed when the NT1 Plan of Finance was developed.



*=timing of 2021 and 2023 bond issues

Uncertainty also remains about potential changes to the tax-exempt status of municipal bonds in general or targeted toward private activity (AMT) bonds. While there is currently no specific legislation proposing an end to the exemption, it has been a topic of conversation with the current administration, and the possibility of changes remains. The loss of tax exemption would likely result in the Authority issuing debt that is more expensive than currently anticipated in the Plan of Finance.

Authority staff has therefore determined that it is necessary and advisable to issue Senior Airport Revenue Bonds ("Senior Series 2025 Bonds") to provide an estimated $719 million of proceeds to complete the Debt funding of the New T1 Program.

The Authority plans to price the Senior Series 2025 Bonds in mid-to-late June or early July and closing in July. The Senior Series 2025 Bonds are expected to be the final issuance of the New T1. In addition to raising project funds, the issuance will fund a portion of the interest accruing on the Senior Series 2025 Bonds, Senior Series 2023 Bonds and Subordinate Series 2021 Bonds, fund a reserve fund for the Senior Series 2025 Bonds, and pay the costs of issuance of the Senior Series 2025 Bonds.

<u>Authority's Existing Revenue Bond Debt Profile (CFC special facility bonds not listed)</u>

Outstanding Debt	Lien	Par ($Millions)	Term	Tax Status	True interest cost
2017A	Subordinate	$ 128.1	2017-2047	Non-AMT	3.74%
2017B	Subordinate	127.0	2017-2047	AMT	3.74%
2019A	Subordinate	325.2	2031-2040	Non-AMT	3.35%

2019B	Subordinate	116.9	2020-2049	AMT	3.35%
2020A/B	Subordinate	160.9	2021-2040	Non-AMT	2.85%
2020C	Subordinate	20.3	2021-2040	AMT	2.85%
2021A	Subordinate	495.3	2026-2056	Non-AMT	3.34%
2021B	Subordinate	1,089.3	2026-2056	AMT	3.34%
2021C	Subordinate	278.3	2022-2043	Taxable	3.01%
2023A	Senior	72.4	2024-2058	Non-AMT	4.73%
2023B	Senior	987.3	2028-2058	AMT	5.20%
Total		**$3801.0**			

After issuing 2025 Bonds the Authority will have approximately $4.7 billion outstanding revenue bonds.

Documents Requiring Board Authorization:

Upon adoption of the attached Resolution No. 2025-0043, the Board will be approving the following:

1) The issuance of the Senior Series 2025 Bonds in an aggregate principal amount not-to-exceed $1.0 billion in order to complete Debt funding of the New T1 Program, fund a portion of the interest accruing on the Senior Series 2025 Bonds and Senior Series 2023 and Subordinate Series 2021 bonds, fund a reserve fund for the Senior Series 2025 Bonds, and pay the costs of issuance of the Senior Series 2025 Bonds.

2) Sixth Supplemental Trust Indenture (Schedule A)

The Sixth Supplemental Trust Indenture will set forth the terms of the Senior Series 2025 Bonds, including, among other things, the interest rates, maturity dates and redemption provisions of the Senior Series 2025 Bonds, the establishment of certain funds and accounts to be created in connection with the issuance of the Senior Series 2025 Bonds and the form of the Senior Series 2025 Bonds. The Senior Series 2025 Bonds will bear interest at fixed rates of interest that will be determined by the underwriters in accordance with the Purchase Contract.

3) Bond Purchase Contract (Schedule B)

This document will be entered into with B of A Securities, Inc. as representative of the underwriters of the Senior Series 2025 Bonds, which will include B of A Securities, Inc., Samuel A. Ramirez & Company Inc., Academy Securities, Inc., Jefferies LLC ("Jefferies"), Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Siebert Williams Shank & Co., LLC and Stern Brothers & Co. The Purchase Contract sets forth the agreement between the underwriters and the Authority, pursuant to which the Authority will agree to sell the Senior Series 2025 Bonds to the underwriters, and the underwriters will agree to purchase the Senior Series 2025 Bonds. The Purchase Contract will require the underwriters to purchase the Senior Series 2025 Bonds, provided certain terms and conditions set forth in the Purchase Contract are met by the Authority and other parties. Pursuant to the terms of the Purchase Contract, the underwriters will collect an underwriting discount not exceeding 0.4% of the final par amount of the Senior Series 2025 Bonds sold by the underwriters.

4) Preliminary Official Statement (POS) (Schedule C and Schedule D)

The Preliminary Official Statement (Schedule C) is the disclosure document provided by the Authority to prospective purchasers of the Senior Series 2025 Bonds. The Preliminary Official Statement describes, among other things, the security for the Senior Series 2025 Bonds, how the proceeds of the Senior Series 2025 Bonds will be used, financial and operating information of the Authority and the Airport, certain information regarding the airline industry, risk factors and pending litigation against the Authority. Additionally, Appendix A to the Preliminary Official Statement will contain the Financial Feasibility Report of Unison Consulting Inc. (Schedule D). The Financial Feasibility Report contains, among other things, projections of future enplanements at the Airport and future revenues and expenses and debt service coverage levels. The Authority is required to provide full and complete disclosure of all material information to the prospective purchasers of the Senior Series 2025 Bonds and must certify that the Preliminary Official Statement contains the same. Upon pricing of the Senior Series 2025 Bonds, the Authority will be required to complete a final Official Statement, which will be an updated version of the Preliminary Official Statement in substantially the same form but will include the results of the pricing of the Senior Series 2025 Bonds. The Authority is required to provide full and complete disclosure of all material information to the prospective purchasers of the Senior Series 2025 Bonds and must certify that the final Official Statement contains the same.

5) Continuing Disclosure Certificate (Schedule E)

The Authority will enter into a Continuing Disclosure Certificate for the Senior Series 2025 Bonds. The Continuing Disclosure Certificate sets out the Authority's obligation under Rule 15c2-12 of the Securities Exchange Act of 1934, as amended, to provide updated financial and operating information about the Authority and the Airport to the Municipal Securities Rulemaking Board ("MSRB") on an annual basis, and to provide notices of certain enumerated events to the MSRB.

Fiscal Impact:

Debt Service and Cost of Issuance related to the Senior Series 2025 Bonds are included in the proposed FY 2026 Budget and FY 2027 Conceptual Budget being presented at this same June 2025 Board meeting, in non-operating costs under the interest expense line item. They will also be included in future budget requests. The Financial Feasibility Report (Schedule D) includes an enplanement forecast (base and low), estimated net revenues and related metrics for the period FY25-F31. In the base forecast, estimates of debt service coverage remain above 1.4 times and Cost Per Enplanement remains below $30 through the forecast period.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☐ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☐ Operations Strategy

Focus Areas

☒ Advance the New T1 ☐ Transform the Customer Journey ☐ Optimize Ongoing Business

Environmental Review:

A. CEQA: This Board action is for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020;

B. California Coastal Act Review: This Board action is for a project that was issued Coastal Development Permits (CDP 6-20-0154, CDP 6-20-0447, and CDP 6-20-0611) on September 30, 2021.

C. NEPA: This Board action is for a project that that involves additional approvals or actions by the Federal Aviation Administration ("FAA") under the National Environmental Policy Act ("NEPA") and received approval and was issued a Finding of No Significant Impact (FONSI) and Record of Decision (ROD) by the Federal Aviation Administration (FAA) on October 22, 2021.

Prepared by:

Scott Brickner
Vice President, Chief Financial Officer

SIXTH 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

$[PARA] San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025A (Governmental/Non-AMT)	$[PARB] San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025B (Private Activity/AMT)

Dated as of [•] 1, 2025

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SIXTH SUPPLEMENTAL TRUST INDENTURE

THIS SIXTH SUPPLEMENTAL TRUST INDENTURE (this "***Sixth Supplemental Indenture***"), dated as of [•] 1, 2025, 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.** (formerly known as The Bank of New York 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 the Master Trust Indenture, dated as of November 1, 2005, as amended (the "***Master Indenture***"), by and between the Authority and the Trustee.

WHEREAS, the Master Indenture provides, in Section 2.09 thereof, for the issuance of Bonds and, in Section 10.02 thereof, for the execution and delivery of Supplemental Indentures setting forth the terms of such Bonds; and

WHEREAS, the Authority now, for the purpose of providing money to finance and refinance certain capital improvements to the Airport System, by execution and delivery of this Sixth Supplemental Indenture and in compliance with the provisions of the Master Indenture (a) sets forth the terms of its (i) $[PARA] San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the "***Series 2025A Bonds***"), and (ii) $[PARB] San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the "***Series 2025B*** Bonds," and together with the Series 2025A Bonds, the "***Series 2025 Bonds***"), (b) provides for the deposit and use of the proceeds of the Series 2025 Bonds, and (c) makes other provisions relating to the Series 2025 Bonds; and

WHEREAS, the Series 2025 Bonds are being issued as Bond as provided for in Section 2.09 of the Master Indenture.

GRANTING CLAUSE

In order to secure the payment of the Series 2025 Bonds, the Authority hereby pledges, assigns and grants to the Trustee with respect to the Series 2025 Bonds all of the liens, rights, interests and privileges set forth in the Granting Clause of, and elsewhere in, the Master Indenture. To secure further the payment of the Series 2025 Bonds, the Authority in furtherance of the Master Indenture hereby pledges and grants to the Trustee a lien on and security interest in and assigns to the Trustee all right, title and interest of the Authority, except as otherwise provided herein, in and to the Reserve Fund (as hereinafter defined) and all moneys and securities held from time to time therein and, with respect to any Reserve Fund Insurance Policy (as hereinafter defined) provided at any time in satisfaction of all or a portion of the Reserve Fund Requirement (as hereinafter defined), all rights, title and interest in such instruments and the proceeds thereof.

ARTICLE I

DEFINITIONS; INTERPRETATIONS

Section 1.01. Definitions. The following definitions shall apply to terms used in this Sixth Supplemental Indenture unless the context clearly requires otherwise. Capitalized terms not otherwise defined in this Section 1.01 or elsewhere in this Sixth Supplemental Indenture shall have the same meanings as set forth in the Master Indenture.

"*Authorized Denominations*" means $5,000 principal amount and integral multiples thereof.

"*Beneficial Owner*" means, whenever used with respect to a Series 2025 Bond, the person in whose name such Series 2025 Bond is recorded as the beneficial owner of such Series 2025 Bond by a Participant on the records of such Participant or such person's subrogee.

"*Bondholder*" shall mean the person in whose name any Series 2025 Bond or Series 2025 Bonds are registered on the books maintained by the Registrar, including DTC or its nominees, as the sole registered owner of Book-Entry Bonds.

"*Book-Entry Bonds*" means the Series 2025 Bonds held by DTC (or its nominee) as the Bondholder thereof pursuant to the terms and provisions of Section 2.05 hereof.

"*Cede & Co.*" means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2025 Bonds.

"*Continuing Disclosure Certificate*" means the certificate of the Authority, dated the date of issuance of the Series 2025 Bonds, pursuant to which the Authority shall agree to undertake for the benefit of the Bondholders and the Beneficial Owners of the Series 2025 Bonds certain ongoing disclosure requirements.

"*Costs of Issuance*" means all costs and expenses incurred by the Authority in connection with the issuance of the Series 2025 Bonds, including, but not limited to, costs and expenses of printing and copying documents, the preliminary and final official statements and the Series 2025 Bonds, underwriters' compensation, and the fees, costs and expenses of rating agencies, the Trustee, counsel, accountants, financial advisors, feasibility consultants and other consultants.

"*DTC*" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"*Interest Payment Date*" means each January 1 and July 1, commencing January 1, 2026, the dates upon which interest on the Series 2025 Bonds becomes due and payable.

"*Master Indenture*" means the Master Trust Indenture, dated as of November 1, 2005, as amended from time to time, between the Authority and the Trustee under which the Series 2025 Bonds are authorized and secured.

"*Participants*" means the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

"*Paying Agent*," for purposes of this Sixth Supplemental Indenture, means the Trustee, or any other institution appointed by the Authority.

"*Record Date*" means for a January 1 Interest Payment Date the preceding December 15 and for a July 1 Interest Payment Date the preceding June 15.

"*Registrar*" for purposes of this Sixth Supplemental Indenture, means the Trustee.

"*Representation Letter*" means the Blanket Issuer Letter of Representations dated October 20, 2005 from the Authority to DTC.

"*Reserve Fund*" means the Debt Service Reserve Fund of such designation established pursuant to the Master Indenture and Section 4.01 hereof.

"*Reserve Fund Insurance Policy*" means an insurance policy, a letter of credit, surety bond or other financial instrument deposited in the Reserve Fund in lieu of or in partial substitution for cash or securities which is provided by an institution rated, at the time of issuance of such policy, letter of credit, surety bond or other financial instrument, in one of the two highest long term Rating Categories by one or more of the Rating Agencies.

"*Reserve Requirement*" means an amount equal to the lesser of (a) Maximum Aggregate Annual Debt Service for all Series of Bonds participating in the Reserve Fund, (b) 10% of the principal amount of all Series of Bonds participating in the Reserve Fund, less for any Series of Bonds the amount of original issue discount with respect to such Series of Bonds if such original issue discount exceeded 2% on such Series of Bonds at the time of their original sale, and (c) 125% of the average Aggregate Annual Debt Service for all Series of Bonds participating in the Reserve Fund. When calculating the Reserve Requirement, all references to Fiscal Year shall mean a 12-month period beginning on July 2 of each given year and ending on July 1 of the immediate subsequent year. At the time of issuance of the Series 2025 Bonds, the Reserve Requirement shall be equal to $[•].

"*Series 2025 Bonds*" means, collectively, the Series 2025A Bonds and the Series 2025B Bonds.

"*Series 2025 Costs of Issuance Fund*" means the Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of Issuance of the Series 2025 Bonds.

"*Series 2025 Rebate Fund*" means the Fund of such designation established pursuant to Section 4.01 hereof.

"*Series 2025 Reserve Account*" means the Account of such designation established in the Reserve Fund pursuant to Section 4.01 hereof.

"*Series 2025 Term Bonds*" means, collectively, the Series 2025A Term Bonds and the Series 2025B Term Bonds.

"*Series 2025A Bonds*" means $[PARA] aggregate principal amount of Bonds issued under the Master Indenture and this Sixth Supplemental Indenture and designated as "San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT)."

"*Series 2025A Construction Fund*" means the Construction Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of the Series 2025A Projects.

"*Series 2025A Costs of Issuance Account*" means the Account of such designation established in the Series 2025 Costs of Issuance Fund pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of Issuance of the Series 2025A Bonds.

"*Series 2025A Debt Service Fund*" means the Debt Service Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay debt service on the Series 2025A Bonds.

"*Series 2025A Projects*" means, collectively, any or all of those capital expenditures listed in Exhibit C-1 attached hereto which are to be financed from amounts deposited into the Series 2025A Construction Fund.

"*Series 2025A Term Bonds*" means, collectively, the Series 2025A Bonds maturing on July 1, 20[•] and July 1, 20[•].

"*Series 2025B Bonds*" means $[PARB] aggregate principal amount of Bonds issued under the Master Indenture and this Sixth Supplemental Indenture and designated as "San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT)."

"*Series 2025B Construction Fund*" means the Construction Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of the Series 2025B Projects.

"*Series 2025B Costs of Issuance Account*" means the Account of such designation established in the Series 2025 Costs of Issuance Fund pursuant to Section 4.01 hereof and into which money is to be deposited to pay Costs of Issuance of the Series 2025B Bonds.

"*Series 2025B Debt Service Fund*" means the Debt Service Fund of such designation established pursuant to Section 4.01 hereof and into which money is to be deposited to pay debt service on the Series 2025B Bonds.

"*Series 2025B Projects*" means, collectively, any or all of those capital expenditures listed in Exhibit C-2 attached hereto which are to be financed from amounts deposited into the Series 2025B Construction Fund.

"*Series 2025B Term Bonds*" means, collectively, the Series 2025B Bonds maturing on July 1, 20[•] and July 1, 20[•].

"*Sixth Supplemental Indenture*" means this Sixth Supplemental Trust Indenture, dated as of [•] 1, 2025, by and between the Authority and the Trustee and which, among other things, sets forth the terms of the Series 2025 Bonds.

"*Tax Certificate*" means the Tax Compliance Certificate, dated the date of issuance of the Series 2025 Bonds, as amended from time to time, entered into by the Authority and executed with respect to the Series 2025 Bonds.

Section 1.02. Article and Section References. Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Sixth Supplemental Indenture.

ARTICLE II

THE SERIES 2025 BONDS

Section 2.01. Designation of the Series 2025 Bonds; Principal Amount. The Bonds authorized to be issued under the Master Indenture and this Sixth Supplemental Indenture shall be designated as (a) "San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT)", which shall be issued in the original principal amount of $[PARA], and (b) "San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT)," which shall be issued in the original principal amount of $[PARB].

Section 2.02. Series 2025 Bonds Issued Under the Master Indenture; Security; Parity. The Series 2025 Bonds are issued as Bonds under and subject to the terms of the Master Indenture and are secured by and payable from the Net Revenues and other security provided in the Granting Clauses of the Master Indenture and this Sixth Supplemental Indenture and in accordance with the terms of the Master Indenture and this Sixth Supplemental Indenture.

To further secure the payment of the Series 2025 Bonds, the Authority in furtherance of the Master Indenture hereby pledges and grants to the Trustee a lien on and security interest in and assigns to the Trustee all right, title and interest of the Authority, except as otherwise provided herein, in and to the Reserve Fund and all moneys and securities held from time to time therein and, with respect to any Reserve Fund Insurance Policy provided at any time in satisfaction of all or a portion of the Reserve Fund Requirement, all rights, title and interest in such instruments and the proceeds thereof.

Section 2.03. General Terms of the Series 2025 Bonds. The Series 2025 Bonds shall, upon initial issuance, be dated [•], 2025. Each Series 2025 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Series 2025 Bond shall bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Series 2025 Bond shall bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before December 15, 2025 in which, event such Series 2025 Bond shall bear interest from [•], 2025. If interest on the Series 2025 Bonds shall be in default, Series 2025 Bonds issued in exchange for Series 2025 Bonds surrendered for transfer or exchange shall bear interest from the Interest Payment Date to which interest has been paid in full on the Series 2025 Bonds surrendered. The Series 2025 Bonds shall be issued in denominations of $5,000 original principal amount or integral multiples thereof.

Interest on the Series 2025 Bonds shall be paid on January 1, 2026 and semiannually thereafter on January 1 and July 1.

Interest on the Series 2025 Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months.

The Series 2025A Bonds shall be issued in the original principal amount of $[PARA] and shall mature on the dates and in the principal amounts and bear interest at the interest rates as set forth in the following schedule:

Maturity Date (July 1)	**Principal Amount**	**Interest Rate**
	$	%

The Series 2025B Bonds shall be issued in the original principal amount of $[PARB] and shall mature on the dates and in the principal amounts and bear interest at the interest rates as set forth in the following schedule:

Maturity Date (July 1)	**Principal Amount**	**Interest Rate**
	$	%

Payment of the principal of the Series 2025 Bonds shall be made upon surrender of the Series 2025 Bonds to the Trustee or its agent; provided that with respect to the Series 2025 Bonds which are Book-Entry Bonds, the payment of the principal shall be made as provided in Section 2.05 hereof and the Representation Letter. Payment of interest on Series 2025 Bonds which are not Book-Entry Bonds shall be paid by check or draft of the Trustee mailed on the applicable Interest Payment Date by first-class mail to the person who is the Bondholder thereof on the Record Date, and such payment shall be mailed to such Bondholder at his address as it appears on the registration books of the Registrar. The payment of interest on Book-Entry Bonds shall be made as provided in Section 2.05 hereof and the Representation Letter. With respect to all Series 2025 Bonds, interest due and payable on any Interest Payment Date shall be paid to the person who is the Bondholder as of the Record Date. The Series 2025 Bonds shall be substantially in the form of Exhibit A attached hereto.

If the principal of a Series 2025 Bond becomes due and payable, but shall not have been paid as a result of a default hereunder, and no provision is made for its payment, then such Series 2025 Bond shall bear interest at the same rate after such default as on the day before the default occurred.

Principal and interest will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfer payable in such money.

Section 2.04. Exchange of Series 2025 Bonds. Series 2025 Bonds which are delivered to the Registrar for exchange may be exchanged for an equal total principal amount of Series 2025 Bonds of the same Series, maturity date and interest rate. The cost of printing Series 2025 Bonds and any services rendered or expenses incurred by the Trustee or the Registrar in connection with any transfer or exchange shall be paid by the Authority. The Trustee or the Registrar may require the payment by the Bondholders requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer.

The Registrar will not, however, be required to transfer or exchange any such Series 2025 Bond during the period established by the Registrar for selection of Series 2025 Bonds for redemption or any Series 2025 Bond which has been selected for redemption.

Section 2.05. Book-Entry Bonds.

(a) Except as provided in subparagraph (c) of this Section, the Bondholder of all of the Series 2025 Bonds shall be DTC and the Series 2025 Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal and redemption price of and interest on any Series 2025 Bond registered in the name of Cede & Co. shall be made by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. at the address indicated on the Record Date or special record date for Cede & Co. in the registration books of the Registrar.

(b) The Series 2025 Bonds shall be initially issued in the form of separate single authenticated fully registered bonds for each separate stated maturity for each Series of the Series 2025 Bonds. Upon initial issuance, the ownership of such Series 2025 Bonds shall be registered in the registration books of the Registrar in the name of Cede & Co., as nominee of DTC. The Trustee, the Registrar and the Authority may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2025 Bonds registered in its name for the purposes of paying the principal and redemption price of and interest on the Series 2025 Bonds, selecting the Series 2025 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Master Indenture or this Sixth Supplemental Indenture, registering the transfer of Series 2025 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and neither the Trustee, the Registrar nor the Authority shall be affected by any notice to the contrary. Neither the Trustee, the Registrar nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a Beneficial Ownership interest in the Series 2025 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal and redemption price of or interest on the Series 2025 Bonds; any notice which is permitted or required to be given to Bondholders under the Master Indenture and this Sixth Supplemental Indenture; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2025 Bonds; any consent given or other action taken by DTC as Bondholder; or any other purpose. The Trustee shall pay all principal and redemption price of and interest on the Series 2025 Bonds only to or "upon the order of" DTC (as that term is used in the Uniform Commercial Code as adopted in the State of California), and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal and redemption price of and interest on the Series 2025 Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2025 Bond evidencing the obligation of the Authority to make payments of principal, redemption price and interest pursuant to the Master Indenture and this Sixth Supplemental Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Sixth Supplemental Indenture shall refer to such new nominee of DTC.

(c) In the event the Authority determines that it is in the best interest of the Beneficial Owners that they be able to obtain Series 2025 Bond certificates, and notifies DTC, the Trustee and the Registrar of such determination, then DTC will notify the Participants of the availability through DTC of Series 2025 Bond certificates. In such event, the Trustee shall authenticate and the Registrar shall transfer and exchange Series 2025 Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2025 Bonds at any time by giving notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Authority and the Trustee shall be obligated to deliver Series 2025 Bond certificates as described in this Sixth Supplemental Indenture. In the event Series 2025 Bond certificates are issued, the provisions of the Master Indenture and this Sixth Supplemental Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal and redemption price of and interest on such certificates. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2025 Bonds to any Participant having Series 2025 Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2025 Bonds.

(d) Notwithstanding any other provision of the Master Indenture and this Sixth Supplemental Indenture to the contrary, so long as any Series 2025 Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and redemption price of and interest on such Series 2025 Bond and all notices with respect to such Series 2025 Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Master Indenture and this Sixth Supplemental Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by

Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO: THE PAYMENT BY DTC TO ANY PARTICIPANT OF THE PRINCIPAL AND REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2025 BONDS; THE PROVIDING OF NOTICE TO PARTICIPANTS OR BENEFICIAL OWNERS; THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, OR ANY PARTICIPANT; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER OF THE SERIES 2025 BONDS.

ARTICLE III

REDEMPTION OF SERIES 2025 BONDS

Section 3.01. Notices to Bondholders. If the Authority wishes that any Series 2025 Bonds be redeemed pursuant to Section 3.03 hereof, the Authority will notify the Trustee of the redemption date, the applicable Series, the maturity date, the interest rate, the CUSIP number and the principal amount of the Series 2025 Bonds to be redeemed and other necessary particulars. The Authority will give notice to the Trustee at least thirty-five (35) days before the redemption date, provided that the Trustee may, at its option, waive such notice or accept notice at a later date. The Trustee shall give notice of redemption, in the name of the Authority, to Bondholders affected by redemption at least thirty (30) days but not more than sixty (60) days before each redemption date, send such notice of redemption by first class mail (or with respect to Series 2025 Bonds held by DTC by an express delivery service for delivery on the next following Business Day or otherwise as permitted or required by DTC's procedures) to each Bondholder of a Series 2025 Bond to be redeemed. Each such notice shall be sent to the Bondholder's registered address.

Each notice of redemption shall specify the Series, the issue date, the maturity date, the interest rate and the CUSIP number of each Series 2025 Bond to be redeemed, if less than all Series 2025 Bonds of a Series, maturity date and interest rate are called for redemption the numbers assigned to the Series 2025 Bonds to be redeemed, the principal amount to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, the Trustee's name, that payment will be made upon presentation and surrender of the Series 2025 Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

The Authority may provide that, if at the time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2025 Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than the opening of business one (1) Business Day prior to the scheduled redemption date, and such notice shall be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption shall be canceled and on such cancellation date notice shall be mailed to the Bondholders of such Series 2025 Bonds to be redeemed in the manner provided in this Section.

Failure to give any required notice of redemption as to any particular Series 2025 Bond will not affect the validity of the call for redemption of any Series 2025 Bonds in respect of which no failure occurs. Any notice sent as provided herein will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Series 2025 Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. Provided funds are deposited with the Trustee sufficient for redemption, interest on the Series 2025 Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

If any Series 2025 Bonds, at the time of redemption, are Book-Entry Bonds, then, at the time of the mailing required by the first paragraph of this Section, such redemption notice shall be given by (i) registered or certified mail, postage prepaid; (ii) telephonically confirmed facsimile transmission; or (iii) overnight delivery service, to:

The Depository Trust Company
140 58th Street
Brooklyn, NY 11220-2521
Attention: Call Notification
Facsimile: (212) 855-7232

Failure to give the notice described in the immediately preceding paragraph or any defect therein shall not in any manner affect the redemption of any Series 2025 Bond.

Section 3.02. Redemption Dates. The date fixed for redemption of Series 2025 Bonds to be redeemed pursuant to any optional redemption provision as set forth in Sections 3.03 hereof shall be a date permitted by the Authority in the notice delivered pursuant to Section 3.01 hereof. The dates fixed for mandatory sinking fund redemption of the Series 2025 Term Bonds will be as set forth in Sections 3.04 hereof.

Section 3.03. Optional Redemption of the Series 2025 Bonds.

(a) The Series 2025A Bonds maturing on or before July 1, 20[•] are not subject to optional redemption prior to maturity. The Series 2025A Bonds maturing on or after July 1, 20[•] are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after July 1, 20[•] at a redemption price equal to 100% of the principal amount of the Series 2025A Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

(b) The Series 2025B Bonds maturing on or before July 1, 20[•] are not subject to optional redemption prior to maturity. The Series 2025B Bonds maturing on or after July 1, 20[•] are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after July 1, 20[•] at a redemption price equal to 100% of the principal amount of the

Series 2025B Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

Section 3.04. Mandatory Sinking Fund Redemption of the Series 2025 Term Bonds.

(a) The Series 2025A Bonds maturing on July 1, 20[•] are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	**Principal Amount**
*	

*Final Maturity Date

(b) The Series 2025A Bonds maturing on July 1, 20[•] are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	**Principal Amount**
*	

*Final Maturity Date

(c) The Series 2025B Bonds maturing on July 1, 20[•] are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	**Principal Amount**
*	

*Final Maturity Date

(d) The Series 2025B Bonds maturing on July 1, 20[•] are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	**Principal Amount**
*	

*Final Maturity Date

(e) Except as otherwise provided in Section 2.05 hereof, on or before the forty-fifth (45th) day prior to any mandatory sinking fund redemption date, the Trustee shall proceed to select for redemption (by lot in such manner as the Trustee may determine), from the applicable Series 2025 Term Bonds an aggregate principal amount of the applicable Series 2025 Term Bonds equal to the amount for such year as set forth in the applicable table above and shall call the applicable Series 2025 Term Bonds or portions thereof (in Authorized Denominations) for redemption and give notice of such call.

(f) At the option of the Authority, to be exercised by delivery of a written certificate to the Trustee on or before the sixtieth (60th) day next preceding any mandatory sinking fund redemption date for the Series 2025 Term Bonds, as applicable, it may (i) deliver to the Trustee for cancellation Series 2025 Term Bonds, as applicable, or portions thereof (in Authorized Denominations) purchased in the open market or otherwise acquired by the Authority or (ii) specify a principal amount of such Series 2025 Term Bonds, as applicable, or portions thereof (in Authorized Denominations) which prior to said date have been optionally redeemed and previously cancelled by the Trustee at the request of the Authority and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Series 2025 Term Bonds, as applicable, or portion thereof so purchased, acquired or optionally redeemed and delivered to the

Trustee for cancellation shall be credited by the Trustee at 100% of the principal amount thereof against the obligation of the Authority to pay the principal of such applicable Series 2025 Term Bond on such mandatory sinking fund redemption date. In the event the Authority redeems any of the Series 2025 Term Bonds, as applicable, pursuant to Section 3.03 hereof, the Authority will provide the Trustee revised mandatory sinking fund schedules, if applicable.

Section 3.05. Selection of Series 2025 Bonds for Redemption; Series 2025 Bonds Redeemed in Part. The Series 2025 Bonds are subject to redemption in such order of maturity date [and interest rate] within each Series (except mandatory sinking fund payments on the Series 2025 Term Bonds) as the Authority may direct and by lot, selected in such manner as the Trustee (or DTC, as long as DTC is the securities depository for the Series 2025 Bonds, as applicable) shall deem appropriate, within a Series and maturity date.

Upon surrender of a Series 2025 Bond to be redeemed, in part only, the Trustee will authenticate for the holder a new Series 2025 Bond of the same Series, maturity date and interest rate equal in principal amount to the unredeemed portion of the Series 2025 Bonds surrendered.

Section 3.06. Payment of Series 2025 Bonds Called for Redemption. Upon surrender to the Trustee or the Trustee's agent, Series 2025 Bonds called for redemption shall be paid at the redemption price stated in the notice, plus, when applicable, interest accrued to the date fixed for redemption.

Section 3.07. Effect of Redemption Call. On the date so designated for redemption, notice having been given in the manner and under the conditions provided herein and sufficient moneys for payment of the redemption price being held in trust to pay the redemption price, the Series 2025 Bonds so called for redemption shall become and be due and payable on the redemption date, interest on such Series 2025 Bonds shall cease to accrue from and after such redemption date, such Series 2025 Bonds shall cease to be entitled to any lien, benefit or security under the Master Trust Indenture and this Sixth Supplemental Indenture and the Bondholders of such Series 2025 Bonds shall have no rights in respect thereof except to receive payment of the redemption price.

Series 2025 Bonds which have been duly called for redemption under the provisions of this Article III and for the payment of the redemption price of which moneys shall be held in trust for the Bondholders of the Series 2025 Bonds to be redeemed, all as provided in this Sixth Supplemental Indenture, shall not be deemed to be Outstanding under the provisions of the Master Trust Indenture and this Sixth Supplemental Indenture.

ARTICLE IV

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts. The following funds and accounts are hereby established:

(a) San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025A Debt Service Fund (the "***Series 2025A Debt Service Fund***") and therein an Interest Account, a Capitalized Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee;

(b) San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025A Construction Fund (the "***Series 2025A Construction Fund***"), to be held by the Trustee;

(c) San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025B Debt Service Fund (the "***Series 2025B Debt Service Fund***") and therein an Interest Account, a Capitalized Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee;

(d) San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025B Construction Fund (the "***Series 2025B Construction Fund***"), to be held by the Trustee;

(e) San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025 Costs of Issuance Fund (the "***Series 2025 Costs of Issuance Fund***") and therein (i) the San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025A Costs of Issuance Account (the "***Series 2025A Costs of Issuance Account***"), and (ii) the San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025B Costs of Issuance Account (the "***Series 2025B Costs of Issuance Account***"), to be held by the Trustee;

(f) San Diego County Regional Airport Authority Senior Airport Revenue Bonds Reserve Fund (the "***Reserve Fund***"), and therein, the San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025 Reserve Account (the "***Series 2025 Reserve Account***") to be held by the Trustee; and

(g) San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025 Rebate Fund (the "***Series 2025 Rebate Fund***"), to be held by the Trustee.

Section 4.02. Application of Series 2025A Bond Proceeds. The proceeds of the sale of the Series 2025A Bonds, being the amount of $[•] (which sum represents the par amount of the Series 2025A Bonds of $[PARA].00, [plus]/[less] an original issue [premium]/[discount] in the amount of $[•], and less an underwriters' discount in the amount of $[•]) received by the Trustee shall be deposited or paid by the Trustee as follows:

(a) $[•], representing Capitalized Interest, shall be deposited in the Capitalized Interest Account of the Series 2025A Debt Service Fund to be used to pay interest due and payable on the Series 2025A Bonds on the dates and in the amounts set forth in <u>Section 4.05(b)</u> hereof;

(b) $[•] shall be deposited into the Series 2025 Reserve Account of the Reserve Fund;

(c) $[•] shall be deposited into the Series 2025A Costs of Issuance Account of the Series 2025 Costs of Issuance Fund; and

(d) $[•] shall be deposited into the Series 2025A Construction Fund to be used to pay a portion of the Costs of the Series 2025A Projects.

The Trustee may establish and use temporary funds and accounts in its records to facilitate and record such deposits and transfers provided for in this Section.

Section 4.03. Application of Series 2025B Bond Proceeds. The proceeds of the sale of the Series 2025B Bonds, being the amount of $[•] (which sum represents the par amount of the Series 2025B Bonds of $[PARB].00, [plus]/[less] an original issue [premium]/[discount] of $[•], and less an underwriters' discount in the amount of $[•]) received by the Trustee shall be deposited or paid by the Trustee as follows:

(a) $[•], representing Capitalized Interest, shall be deposited in the Capitalized Interest Account of the Series 2025B Debt Service Fund to be used to pay interest due and payable on the Series 2025B Bonds on the dates and in the amounts set forth in Section 4.07(b) hereof;

(b) $[•] shall be deposited into the Series 2025 Reserve Account of the Reserve Fund;

(c) $[•] shall be deposited into the Series 2025B Costs of Issuance Account of the Series 2025 Costs of Issuance Fund; and

(d) $[•] shall be deposited into the Series 2025B Construction Fund to be used to pay a portion of the Costs of the Series 2025B Projects.

The Trustee may establish and use temporary funds and accounts in its records to facilitate and record such deposits and transfers provided for in this Section.

Section 4.04. Series 2025A Construction Fund.

(a) There shall be deposited into the Series 2025A Construction Fund the amounts as provided in Section 4.02(d) hereof and any amounts transferred from the Capitalized Interest Account of the Series 2025A Debt Service Fund representing Capitalized Interest and earnings thereon as described in Section 4.05(b) hereof.

(b) The Trustee shall make payments or disbursements from the Series 2025A Construction Fund upon receipt from the Authority of a written requisition, in substantially the form attached as Exhibit D-1 hereto, executed by an Authorized Authority Representative, which requisition shall state, with respect to each amount requested thereby, (i) that such amount is to be paid from the Series 2025A Construction Fund and is not to be used to pay Costs of Issuance, (ii) the number of the requisition, (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, (iv) that the amount to be paid represents a Cost of the

Series 2025A Projects as described in Exhibit C-1 hereto, and (v) 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 Series 2025A Construction Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments. Earnings on the Series 2025A Construction Fund shall be retained in the Series 2025A Construction Fund.

(d) The completion of the Series 2025A Projects 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 Series 2025A Projects 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 the Series 2025A Projects or (ii) that all amounts in the Series 2025A Construction Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the Series 2025A Construction Fund following the delivery of such certificate, or upon the determination of the Authority not to proceed with the Series 2025A Projects, 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. As a condition to the disbursement of funds for a purpose other than the financing of the Series 2025A Projects, 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 and that such use shall not result in the inclusion of interest on any Series 2025A Bonds in gross income of the recipient thereof for federal income tax purposes.

Section 4.05. Series 2025A Debt Service Fund. The Trustee shall make deposits into the Series 2025A Debt Service Fund and use such deposits as follows:

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account (i) the amounts as provided in Section 4.05(b) hereof, and (ii) the amounts received from the Authority, as provided in the Master Indenture, to be used to pay interest on the Series 2025A Bonds. The Trustee also shall deposit into the Interest Account any other amounts deposited with the Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2025A Bonds in accordance with their terms at any time in proportion to the amounts due or accrued with respect to each of them.

Earnings on amounts in the Interest Account 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, in which event the earnings shall be retained in such account

(b) ***Capitalized Interest Account***. The Trustee shall deposit into the Capitalized Interest Account the amount as provided in Section 4.02(a) hereof. The Trustee shall transfer the following amounts from the Capitalized Interest Account to the Interest Account for payment of interest on the Series 2025A Bonds on the following applicable Interest Payment Dates:

Interest Payment Date	**Amount to be Transferred to Interest Account**
	All remaining amounts on deposit in Capitalized Interest Account

Until the Series 2025A Projects are completed, earnings on amounts on deposit in the Capitalized Interest Account shall be retained in the Capitalized Interest Account and transferred to the Interest Account to pay interest on the Series 2025A Bonds as provided in the table above. On the completion date of the Series 2025A Projects, any amounts remaining on deposit in the Capitalized Interest Account shall be transferred to the Series 2025A Construction Fund.

All amounts held at any time in the Capitalized Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2025A Bonds in accordance with their terms.

(c) ***Principal Account.*** The Trustee shall deposit into the Principal Account amounts received from the Authority as provided in the Master Indenture. The Trustee shall also deposit into the Principal Account any other amounts deposited with the Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Principal Account shall be used by the Trustee to pay the principal of the Series 2025A Bonds whether at maturity or by mandatory sinking fund redemption as provided in Section 3.04 hereof on the applicable Payment Dates. On or about July 15 of each Fiscal Year, earnings on the Principal Account shall be withdrawn by the Trustee and paid to the Authority for deposit into the Revenue Account unless an Event of Default exists under the Master Indenture, in which event the earnings shall be retained in the Principal Account.

(d) ***Redemption Account***. The Trustee shall deposit into the Redemption Account amounts received from the Authority as provided in the Master Indenture to be used to pay the redemption price of Series 2025A Bonds being redeemed as provided in Section 3.03(a) hereof. The Trustee shall also deposit into the Redemption Account any other amounts deposited with the Trustee for deposit into the Redemption Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Redemption Account shall be used by the Trustee to pay the redemption price of the Series 2025A Bonds being redeemed as provided in Section 3.03(a) hereof. Earnings on amounts in the Redemption Account shall be retained in such account or 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 Series 2025A Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

Section 4.06. Series 2025B Construction Fund.

(a) There shall be deposited into the Series 2025B Construction Fund the amounts as provided in Section 4.03(d) hereof and any amounts transferred from the Capitalized Interest Account of the Series 2025B Debt Service Fund representing Capitalized Interest and earnings thereon as described in Section 4.07(b) hereof.

(b) The Trustee shall make payments or disbursements from the Series 2025B Construction Fund upon receipt from the Authority of a written requisition, in substantially the form attached as Exhibit D-2 hereto, executed by an Authorized Authority Representative, which requisition shall state, with respect to each amount requested thereby, (i) that such amount is to be paid from the Series 2025B Construction Fund and is not to be used to pay Costs of Issuance, (ii) the number of the requisition, (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, (iv) that the amount to be paid represents a Cost of the Series 2025B Projects as described in Exhibit C-2 hereto, and (v) 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 Series 2025B Construction Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments. Earnings on the Series 2025B Construction Fund shall be retained in the Series 2025B Construction Fund.

(d) The completion of the Series 2025B Projects 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 Series 2025B Projects 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 the Series 2025B Projects or (ii) that all amounts in the Series 2025B Construction Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the Series 2025B Construction Fund following the delivery of such certificate, or upon the determination of the Authority not to proceed with the Series 2025B Projects, 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. As a condition to the disbursement of funds for a purpose other than the financing of the Series 2025B Projects, 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 and that such use shall not result in the inclusion of interest on any Series 2025B Bonds in gross income of the recipient thereof for federal income tax purposes.

Section 4.07. Series 2025B Debt Service Fund. The Trustee shall make deposits into the Series 2025B Debt Service Fund and use such deposits as follows:

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account (i) the amounts as provided in Section 4.07(b) hereof, and (ii) the amounts received from the Authority, as provided in the Master Indenture, to be used to pay interest on the Series 2025B Bonds. The Trustee also shall deposit into the Interest Account any other amounts deposited with the Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2025B Bonds in accordance with their terms at any time in proportion to the amounts due or accrued with respect to each of them.

Earnings on amounts in the Interest Account 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, in which event the earnings shall be retained in such account.

(b) ***Capitalized Interest Account***. The Trustee shall deposit into the Capitalized Interest Account the amount as provided in Section 4.03(a) hereof. The Trustee shall transfer the following amounts from the Capitalized Interest Account to the Interest Account for payment of interest on the Series 2025B Bonds on the following applicable Interest Payment Dates:

Interest Payment Date	**Amount to be Transferred to Interest Account**
	$
	All remaining amounts on deposit in Capitalized Interest Account

Until the Series 2025B Projects are completed, earnings on amounts on deposit in the Capitalized Interest Account shall be retained in the Capitalized Interest Account and transferred to the Interest Account to pay interest on the Series 2025B Bonds as provided in the table above. On the completion date of the Series 2025B Projects, any amounts remaining on deposit in the Capitalized Interest Account shall be transferred to the Series 2025B Construction Fund.

All amounts held at any time in the Capitalized Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Series 2025B Bonds in accordance with their terms.

(c) ***Principal Account***. The Trustee shall deposit into the Principal Account amounts received from the Authority as provided in the Master Indenture. The Trustee shall also deposit into the Principal Account any other amounts deposited with the Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Principal Account shall be used by the Trustee to pay the principal of the Series 2025B Bonds whether at maturity or by mandatory sinking fund redemption as provided in Section 3.04 hereof on the applicable Payment Dates. On or about July 15 of each Fiscal Year, earnings on the Principal Account shall be withdrawn by the Trustee and paid to the Authority for deposit into the Revenue Account unless an Event of Default exists under the Master Indenture, in which event the earnings shall be retained in the Principal Account.

(d) ***Redemption Account***. The Trustee shall deposit into the Redemption Account amounts received from the Authority as provided in the Master Indenture to be used to pay the redemption price of Series 2025B Bonds being redeemed as provided in Section 3.03(b) hereof. The Trustee shall also deposit into the Redemption Account any other amounts deposited with the Trustee for deposit into the Redemption Account or transferred from other funds and accounts for deposit therein. All amounts deposited to the Redemption Account shall be used by the Trustee to pay the redemption price of the Series 2025B Bonds being redeemed as provided in Section 3.03(b) hereof. Earnings on amounts in the Redemption Account shall be retained in such account or 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 Series 2025B Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

Section 4.08. Series 2025 Costs of Issuance Fund.

(a) There shall, be deposited into the Series 2025 Costs of Issuance Fund the amounts as provided in Sections 4.02(c) and 4.03(c) hereof.

(b) The Trustee shall make payments or disbursements from the Series 2025 Costs of Issuance Fund upon receipt from the Authority of a written requisition in substantially the form attached hereto as Exhibit D-3, executed by an Authorized Authority Representative, which requisition shall state, with respect to each amount requested thereby, (i) the Account within the Series 2025 Costs of Issuance Fund from which such amount is to be paid, (ii) that such amount is to be paid from such Account of the Series 2025 Costs of Issuance Fund, (iii) the number of the requisition, (iv) 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 and (v) describe the Costs of Issuance represented by such payment. 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 Series 2025 Costs of Issuance Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

(d) Earnings on the Series 2025A Costs of Issuance Account of the Series 2025 Costs of Issuance Fund shall be deposited into the Series 2025A Construction Fund. Any amounts remaining in the Series 2025A Costs of Issuance Account of the Series 2025 Costs of Issuance Fund on [•] 1, 202[5/6] shall be transferred to the Series 2025A Construction Fund and the Series 2025A Costs of Issuance Account of the Series 2025 Costs of Issuance Fund shall be closed.

(e) Earnings on the Series 2025B Costs of Issuance Account of the Series 2025 Costs of Issuance Fund shall be deposited into the Series 2025B Construction Fund. Any amounts remaining in the Series 2025B Costs of Issuance Account of the Series 2025 Costs of Issuance Fund on [•] 1, 202[5/6] shall be transferred to the Series 2025B Construction Fund and the Series 2025B Costs of Issuance Account of the Series 2025 Costs of Issuance Fund shall be closed.

Section 4.09. Reserve Fund and Series 2025 Reserve Account.

(a) ***Reserve Fund***. Amounts on deposit in the Reserve Fund shall be used by the Trustee to pay the principal of and interest on each Series of Bonds participating in the Reserve Fund if, on any principal or interest payment date for any Series of Bonds participating in the Reserve Fund, the amounts in the respective Debt Service Fund for such Series of Bonds participating in the Reserve Fund, and available therefor, are insufficient to pay in full the principal of and/or interest due on such Series of Bonds on such principal and/or interest payment date.

The Authority reserves the right to elect to have any Series of Bonds participate in the Reserve Fund on a parity basis with all other Series of Bonds participating in the Reserve Fund; provided that at the time of issuance of such Bonds elected to participate in the Reserve Fund the Authority deposits or causes to be deposited to the Reserve Fund additional moneys or a Reserve Fund Insurance Policy so that the amounts (including any Reserve Fund Insurance Policies) on deposit in the Reserve Fund after the issuance of the Bonds elected to participate in the Reserve Fund shall equal the Reserve Requirement. Notwithstanding the previous sentence, such required deposit of moneys or Reserve Fund Insurance Policy into the Reserve Fund can be made at the time of issuance of the Bonds elected to participate in the Reserve Fund or within 12 months of the date of issuance of such Bonds elected to participate in the Reserve Fund. In the event the required deposit of moneys or Reserve Fund Insurance Policy into the Reserve Fund is not made at the time of issuance of the Bonds elected to participate in the Reserve Fund, the Authority shall make deposits to the Reserve Fund in twelve (12) substantially equal monthly installments (each installment equal to 1/12 of the required deposit to the Reserve Fund) each due on the first Business Day of the month commencing with the first month after the issuance of such Bonds participating in the Reserve Fund.

The Trustee shall annually, on or about July 2 of each year, commencing on July 2, 2026, and at such other times as the Authority shall deem appropriate (but not more often than once per quarter during each year), value the Reserve Fund on the basis of the lower of cost or market value thereof. For purposes of determining the amount on deposit in the Reserve Fund, any Reserve Fund Insurance Policy held by, or the benefit of which is available to, the Trustee as security for the Bonds participating in the Reserve Fund shall be deemed to be a deposit in the face amount or stated amount of the Reserve Fund Insurance Policy, except that if the amount available under a Reserve Fund Insurance Policy has been reduced as a result of a payment having been made thereunder or as a result of the termination, cancellation or failure of such Reserve Fund Insurance Policy and has not been reinstated or another Reserve Fund Insurance Policy provided, then, in valuing the Reserve Fund, the value of such Reserve Fund Insurance Policy shall be reduced accordingly. Upon each such valuation, the Trustee shall prepare a written certificate setting forth the Reserve Requirement as of such valuation date and the value of the Reserve Fund and deliver a copy thereof to the Chief Financial Officer. If, upon any valuation, the value of the Reserve Fund exceeds the Reserve Requirement, the excess amount, including investment earnings, shall be withdrawn and deposited by the Trustee into the respective Debt Service Funds for each Series of Bonds participating in the Reserve Fund, pro rata based on outstanding par amounts for each Series of Bonds participating in the Reserve Fund, unless otherwise directed by the Authority. If, upon any valuation, the value of the Reserve Fund is less than the Reserve Requirement, the Authority shall replenish such amounts within twelve (12) months of the date of valuation.

Provided the Reserve Fund has been satisfied by both cash or securities and a Reserve Fund Insurance Policy, any payment of principal and/or interest on the Series of Bonds participating in the Reserve Fund from the Reserve Fund shall first be made from any cash or securities then deposited in the Reserve Fund and only in the event no cash or securities remain in the Reserve Fund shall the Trustee be allowed to make a draw under the Reserve Fund Insurance Policy. Additionally, in the event that two or more Reserve Fund Insurance Policies have been entered into, any payment of principal and/or interest to be made pursuant to any of the Reserve Fund Insurance Policies shall be made on a pro rata basis.

At such time as amounts in the respective Debt Service Funds for each Series of Bonds participating in the Reserve Fund are equal to all debt service payments remaining due on the Series of Bonds participating in the Reserve Fund, the amount in the Reserve Fund may be used to pay the final installments of principal and interest on the Series of Bonds participating in the Reserve Fund and otherwise may be withdrawn and transferred to the Authority to be deposited in the Revenue Account to be used for any lawful purpose, provided that, if such amounts are used for a purpose other than payment of the Series of Bonds participating in the Reserve Fund, there shall be delivered to the Trustee with the request for such funds 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 and that such use shall not result in the inclusion of interest on any Series of Bonds participating in the Reserve Fund in gross income of the recipient thereof for federal income tax purposes, if applicable.

A Reserve Fund Insurance Policy shall be acceptable in lieu of an initial deposit of cash or securities or in substitution of cash or securities on deposit in the Reserve Fund only if at the time of such deposit (a) such Reserve Fund Insurance Policy extends to the final maturity of the Series of Bonds for which such Reserve Fund Insurance Policy was issued or (b) the Authority has agreed, by Supplemental Indenture, that the Authority will replace such Reserve Fund Insurance Policy prior to its expiration with another Reserve Fund Insurance Policy or with cash.

If moneys have been withdrawn from the Reserve Fund or a payment has been made under a Reserve Fund Insurance Policy, and deposited into the respective Debt Service Funds for the Series of Bonds participating in the Reserve Fund to prevent a default on the Series of Bonds participating in the Reserve Fund, then the Authority will pay or cause to be paid to the Trustee, from Net Revenues, but only as provided in the Master Indenture, the full amount so withdrawn, together with interest, if any, required under the terms of the Reserve Fund Insurance Policy, or so much as shall be required to restore the Reserve Fund to the Reserve Requirement and to pay such interest, if any. Such repayment shall be made in twelve (12) substantially equal monthly installments each due on the first Business Day of the month commencing with the first month after such withdrawal occurs. If such repayment is with respect to a draw under a Reserve Fund Insurance Policy, the Trustee shall pay to the provider of such Reserve Fund Insurance Policy the amount received by the Trustee from the Authority which is designated to be used to reimburse the provider of such Reserve Fund Insurance Policy. The Trustee shall immediately notify the provider of such Reserve Fund Insurance Policy of such reimbursement, and the amount available to be drawn under the Reserve Fund Insurance Policy shall increase by the amount of such reimbursement. Repayments owed to the provider of a Reserve Fund Insurance Policy shall be paid prior to funding the unfunded cash portion of the Reserve Requirement; provided, however, that the Authority's obligation to fund the Reserve Fund shall be on the same priority as the Authority's obligation to fund Debt Service Reserve Funds for its other Bonds. Amounts provided by the Authority to the Trustee to fund the Authority's reserve fund obligations for its Bonds must be distributed between all of the Bonds on a pro rata basis without regard to the existence of a cash funded Debt Service Reserve Fund or a reserve fund insurance policy.

Moneys in the Reserve Fund shall be invested and reinvested by the Trustee at the direction of an Authorized Authority Representative in Permitted Investments.

(b) ***Series 2025 Reserve Account***. In accordance with Section 4.09(a) hereof, the Authority hereby elects to have the Series 2025A Bonds and the Series 2025B Bonds participate in the Reserve Fund. As provided in Sections 4.02(b) and 4.03(b) hereof, at the time of the issuance of the Series 2025 Bonds, a portion of the proceeds of the Series 2025A Bonds and a portion of the proceeds of the Series 2025B Bonds shall be deposited into the Series 2025 Reserve Account. The Series 2025 Reserve Account shall be established for purposes of calculating and accounting for the amount of earnings upon the portion of the Reserve Fund allocable to the Series 2025A Bonds and the Series 2025B Bonds for rebate purposes as set forth in the Tax Certificate, but for all other purposes shall be held, invested and used as an integral part of the Reserve Fund as provided in Section 4.09(a) hereof and shall be available to make payments on all of the Series of Bonds participating in the

Reserve Fund as if no separate account had been created. In the event a Reserve Fund Insurance Policy is ever issued with respect to the Reserve Fund, the Trustee is hereby directed to credit the Series 2025 Reserve Account with the portion of any Reserve Fund Insurance Policy allocable thereto. In the event amounts in the Reserve Fund exceed the Reserve Requirement, such excess allocable to the Series 2025A Bonds shall be transferred to the Interest Account in the Series 2025A Debt Service Fund and such excess allocable to the Series 2025B Bonds shall be transferred to the Interest Account in the Series 2025B Debt Service Fund.

Section 4.10. Sources of Payment of the Series 2025 Bonds. The Series 2025 Bonds shall be secured by and payable from the Net Revenues as provided in the Master Indenture and moneys and other investments held by the Trustee in the Reserve Fund. The Authority may, but is not obligated to, provide for the payment of the principal of and interest on the Series 2025 Bonds from any other source or from any other funds of the Authority.

ARTICLE V

TAX COVENANTS

Section 5.01. Series 2025 Rebate Fund. The Authority hereby agrees that it will execute the Tax Certificate and will, pursuant to this Sixth Supplemental Indenture, cause the Series 2025 Rebate Fund to be established, which fund will be funded if so required pursuant to the provisions of the Tax Certificate and amounts in such Series 2025 Rebate Fund shall be held and disbursed in accordance with the Tax Certificate.

Section 5.02. Preservation of Tax Exemption on Series 2025 Bonds.

(a) The Authority shall comply with the covenants and agreements set forth in the Tax Certificate.

(b) The Authority shall not use or permit the use of any proceeds of the Series 2025 Bonds or any other funds of the Authority held by the Trustee under the Master Indenture and this Sixth Supplemental Indenture allocable to the Series 2025 Bonds, 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 Series 2025 Bonds in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Series 2025 Bond 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 the Authority is of the opinion 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 Series 2025 Bonds being considered "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the Series 2025 Bonds 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.

(c) The Authority shall at all times do and perform all acts and things permitted by law and this Sixth Supplemental Indenture which are necessary or desirable in order to assure that interest paid on the Series 2025 Bonds will not be included in gross income for federal income tax purposes (other than interest paid to holders of the Series 2025B Bonds that are a "substantial user" of the facilities financed or refinanced with the Series 2025B Bonds or a "related person" within the meaning of Section 147(a) of the Code) and shall take no action that would result in such interest being included in gross income for federal income tax purposes (other than interest paid to holders of the Series 2025B Bonds that are a "substantial user" of the facilities financed or refinanced with the Series 2025B Bonds or a "related person" within the meaning of Section 147(a) of the Code).

ARTICLE VI

MISCELLANEOUS

Section 6.01. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Sixth Supplemental Indenture or the Series 2025 Bonds must be in writing except as expressly provided otherwise in this Sixth Supplemental Indenture or the Series 2025 Bonds.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when mailed by first-class mail, postage prepaid, addressed to the Authority or the Trustee at the addresses provided in the Master Indenture or when delivered by hand and received by the Authority or the Trustee at the addresses provided in the Master Indenture. Any addressee may designate additional or different addresses for purposes of this Section. In addition to the address set forth in the Master Indenture, all notices and communications to be sent to the Trustee shall also be sent to The Bank of New York Mellon Trust Company, N.A., 333 South Hope Street, Suite 2525, Los Angeles, California 90071, Attention: Corporate Trust Department.

Section 6.02. Modification of Master Indenture and this Sixth Supplemental Indenture. The Authority may, from time to time and at any time execute and deliver Supplemental Indentures supplementing and/or amending the Master Indenture and this Sixth Supplemental Indenture in the manner set forth in Article X of the Master Indenture.

Section 6.03. Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Master Indenture and this Sixth Supplemental Indenture, failure of the Authority to comply with its obligations set forth in the Continuing Disclosure Certificate shall not constitute an Event of Default (as specified in Article VIII of the Master Indenture); provided, however, that any participating underwriter for the Series 2025

Bonds or any Bondholder or Beneficial Owner of the Series 2025 Bonds may take such actions as may be necessary and appropriate to compel performance by the Authority of its obligations under this Section, including seeking mandate or specific performance by court order.

Section 6.04. Parties Interested Herein. Nothing in this Sixth Supplemental Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee and the Bondholders of the Series 2025 Bonds, any right, remedy or claim under or by reason of this Sixth Supplemental Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Sixth Supplemental Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the Bondholders of the Series 2025 Bonds.

Section 6.05. Severability. If any provision of this Sixth Supplemental Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Sixth Supplemental Indenture.

Section 6.06. 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 6.07. Governing Law. This Sixth Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of California.

Section 6.08. Captions. The captions in this Sixth Supplemental Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Sixth Supplemental Indenture.

Section 6.09. Counterparts. This Sixth 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 Sixth Supplemental Trust Indenture to be duly executed, all as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By ______________________________________

Kimberly J. Becker
President and CEO

Attest:

By ________________________________

Annette Ortiz
Authority Clerk,
Office of the Authority Clerk

Approved as to form:

By ________________________________

Amy Gonzalez
General Counsel

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By ______________________________________

Authorized Representative

[Signature page to Sixth Supplemental Trust Indenture]

EXHIBIT A

FORM OF SERIES 2025 BOND

San Diego County Regional Airport Authority
Senior Airport Revenue Bond
Series 2025[A/B]
[(Governmental/Non-AMT)][(Private Activity/AMT)]

No. R-[___] Principal Amount: $_______________

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AS DEFINED IN THE HEREINAFTER DEFINED SIXTH SUPPLEMENTAL INDENTURE) TO THE TRUSTEE (AS HEREINAFTER DEFINED) FOR REGISTRATION OF, TRANSFER, EXCHANGE, OR PAYMENT, AND ANY SERIES 2025[A/B] BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Interest Rate	Maturity Date	Original Dated Date	CUSIP
%	July 1, 20__	[•], 2025	79739G[___]

THIS BOND IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF 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 BOND, 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 BOND.

The San Diego County Regional Airport Authority (the "Authority"), acting pursuant to Section 170000 *et seq*. of the California Public Utilities Code (the "Act") and with exclusive management and control of the Airport System, promises to pay, from the Net Revenues, to ___________, or registered assigns, the principal sum of _________________ Dollars on the Maturity Date set forth above and to pay interest as provided in this Bond.

Additional provisions of this Bond are set forth on the following pages of this Bond.

All acts, conditions and other matters required to exist, to happen and to be performed, precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law and the Act.

SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY
By ______________________________
Name ____________________________
Title ____________________________

Attest:

By: ______________________________
Authority Clerk
Office of the Authority Clerk

CERTIFICATE OF AUTHENTICATION

The Bank of New York Mellon Trust Company, N.A., as Trustee, hereby certifies that this is one of the Bonds referred to in the Master Indenture and the Sixth Supplemental Indenture.

Date of Authentication: ____________, 20___

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By ______________________________
Name ____________________________
Title ____________________________

1. **Master Indenture; Sixth Supplemental Indenture**. The Authority has entered into a Master Trust Indenture, dated as of November 1, 2005, as amended (the "Master Indenture"), with The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as trustee (the "Trustee"). Such Master Indenture provides that the Authority may issue bonds and incur other indebtedness under the terms and conditions set forth in the Master Indenture and Supplemental Indentures. All bonds and other indebtedness issued thereunder and secured thereby are collectively referred to herein as "Bonds." All capitalized terms not defined herein shall have the meanings set forth in the Master Indenture and the hereinafter defined Sixth Supplemental Indenture.

This Bond is part of a series of Bonds of the Authority issued under the Master Indenture and the Sixth Supplemental Trust Indenture, dated as of [•] 1, 2025 (the "Sixth Supplemental

Indenture"), by and between the Authority and the Trustee and authorized by Resolution No. 2025-[•] adopted by the board of directors of the Authority on [•], 2025. The series of Bonds of which this Bond is a part is being issued in the original principal amount of [$[PARA]/$[PARB]] and designated as San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025[A/B] [(Governmental/Non-AMT)][(Private Activity/AMT)] (the "Series 2025[A/B] Bonds"). Simultaneously with the issuance of the Series 2025[A/B] Bonds, the Authority is issuing its [$[PARA]/$[PARB]] San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025[A/B] [(Governmental/Non-AMT)][(Private Activity/AMT)] (the "Series 2025[A/B] Bonds").

The Series 2025[A/B] Bonds are being issued with a pledge of and lien on Net Revenues on a parity with the Series 2025[A/B] Bonds, and any additional Bonds issued on a parity with the Series 2025[A/B] Bonds under the terms and provisions of the Master Indenture.

The terms of the Series 2025[A/B] Bonds include the terms set forth in the Master Indenture and the Sixth Supplemental Indenture. Bondholders are referred to the Master Indenture, as amended and supplemented from time to time, and the Sixth Supplemental Indenture, as amended and supplemented from time to time, for a statement of those terms and for the meanings of any defined terms not defined herein.

2. **Source of Payments**. The Series 2025[A/B] Bonds are, as provided in the Master Indenture and the Sixth Supplemental Indenture, together with all other Bonds, secured by and payable from, the Net Revenues, as described below and as defined in the Master Indenture. The Master Indenture pledges the Net Revenues to secure payment of all Bonds issued under the Master Indenture.

All defined terms used in such description shall have the meaning assigned to them in the Master Indenture. The Authority is not required to provide for the payment of the Bonds from any other source other than from certain funds and accounts under the Master Indenture and the Supplemental Indentures in accordance with their terms.

3. **Interest Rate**. This Bond shall bear interest until the Maturity Date at the rate shown on the first page of this Bond. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the rate on this Bond on the day before the default occurred.

Interest on this Bond shall be calculated on the basis of a year of 360 days and twelve 30-day months.

4. **Interest Payment and Record Dates**. Interest hereon will be due and payable on January 1, 2026 and each January 1 and July 1 thereafter and will be paid to the party who is the owner hereof on the Record Date for such payment. The Record Date for a January 1 payment is the preceding December 15, and the Record Date for a July 1 payment is the preceding June 15. If this Bond is not a Book-Entry Bond, as defined in the Sixth Supplemental Indenture, interest hereon will be paid by check mailed to the Bondholder's registered address, and, if this Bond is a Book-Entry Bond, as defined in the Sixth Supplemental Indenture, interest will be paid as provided in the Sixth Supplemental Indenture. Interest will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or

wire transfer payable in such money. If any payment of interest on this Bond is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

5. **Payment of Principal**. Payment of principal of this Bond will be paid at maturity upon surrender of this Bond to the Trustee or its agent except that if this Bond is a Book-Entry Bond, the Trustee may make other arrangements for payment of principal. Principal will be paid in lawful money of the United States that at the time of payment is legal tender for payment of public and private debts or by checks or wire transfer payable in such money. If any payment of principal of this Bond is due on a non-Business Day, it will be made on the next Business Day, and no interest will accrue as a result.

6. **Redemption**. All redemptions will be made at a redemption price of 100% of the principal amount of the Series 2025[A/B] Bonds being redeemed, plus interest accrued since the most recent interest payment date.

(a) ***Optional Redemption***. The Series 2025[A/B] Bonds maturing on or before July 1, 20[•] are not subject to optional redemption prior to maturity. The Series 2025[A/B] Bonds maturing on or after July 1, 20[•] are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after July 1, 20[•] at a redemption price equal to 100% of the principal amount of the Series 2025[A/B] Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

(b) ***Mandatory Sinking Fund Redemption***. The Series 2025[A/B] Bonds with a stated Maturity Date of July 1, 20[•] will be subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon, on July 1, 20[•] and each July 1 thereafter, to and including July 1, 20[•] in accordance with the terms of a mandatory sinking fund redemption schedule set forth in the Sixth Supplemental Indenture.

The Series 2025[A/B] Bonds with a stated Maturity Date of July 1, 20[•] will be subject to mandatory sinking fund redemption in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon, on July 1, 20[•] and each July 1 thereafter, to and including July 1, 20[•] in accordance with the terms of a mandatory sinking fund redemption schedule set forth in the Sixth Supplemental Indenture.

(c) ***Notice of Redemption***. At least thirty (30) days but not more than sixty (60) days before each redemption, the Trustee will give notice sent as provided in the Sixth Supplemental Indenture to each owner of a Series 2025[A/B] Bond to be redeemed. Failure to give any required notice of redemption will not affect the validity of the call for redemption of any Series 2025[A/B] Bond in respect of which no failure occurs. Any notice sent as provided in the Sixth Supplemental Indenture will be conclusively presumed to have been given whether or not actually received by the addressee.

(d) ***Effect of Redemption***. When notice of redemption is given, and funds are deposited with the Trustee or an agent of the Trustee sufficient for redemption, interest on the Series 2025[A/B] Bonds to be redeemed ceases to accrue as of the redemption date.

7. **Denominations; Transfer; Exchange**. The Series 2025[A/B] Bonds are available in denominations of $5,000 and integral multiples thereof. A Bondholder may transfer or exchange Series 2025[A/B] Bonds in accordance with the Master Indenture and the Sixth Supplemental Indenture. The Trustee may require a Bondholder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Master Indenture. The Trustee need not transfer or exchange any Series 2025[A/B] Bond during the period established by the Registrar for selection of Series 2025[A/B] Bonds for redemption of any Series 2025[A/B] Bond which has been selected for redemption.

8. **Persons Deemed Owners**. The registered owner of this Bond shall be treated as the owner of it for all purposes.

9. **Unclaimed Money**. If money for the payment of principal or interest remains unclaimed for one year (or such longer period as shall be required by state law), the Trustee will pay the money to or for the account of the Authority. After that, Bondholders entitled to the money must look only to the Authority and not to the Trustee for payment.

10. **Discharge Before Maturity**. If the Authority at any time deposits with the Trustee money, Government Obligations or obligations described in item (b) of the definition of Permitted Investments as described in the Master Indenture sufficient to pay at maturity principal of and interest on the outstanding Series 2025[A/B] Bonds, and if the Authority also pays all other sums then payable by the Authority under the Master Indenture, the Master Indenture will be discharged. After discharge, Bondholders must look only to the deposited money and securities for payment. If the Authority at any time deposits with the Trustee money, Government Obligations or obligations described in item (b) of the definition of Permitted Investments as described in the Master Indenture sufficient to pay at maturity, principal of and interest on all or any portion of the outstanding Series 2025[A/B] Bonds, such Series 2025[A/B] Bonds, with respect to which the deposit was made, shall no longer be deemed to be outstanding and shall no longer be secured by the Master Indenture except to the extent of the funds set aside therefor.

11. **Amendment, Supplement, Waiver**. The Master Indenture, the Sixth Supplemental Indenture and the Series 2025[A/B] Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, as provided in the Master Indenture. Any consent given by the owner of this Bond shall bind any subsequent owner of this Bond or any Bond delivered in substitution for this Bond.

12. **Defaults and Remedies**. The Master Indenture provides that the occurrences of certain events constitute Events of Default. If an Event of Default occurs and is continuing, the Trustee may exercise the remedies set forth in the Master Indenture. Under no circumstances does an Event of Default grant any right to accelerate payment of this Bond. An Event of Default and its consequences may be waived as provided in the Master Indenture and the Sixth Supplemental Indenture. Bondholders may not enforce the Master Indenture or this Bond except as provided in the Master Indenture and the Sixth Supplemental Indenture. The Trustee may refuse to enforce the Master Indenture or this Bond unless it receives indemnity satisfactory to it. Subject to certain limitations, Bondholders of a majority of the principal amount of the Series 2025[A/B] Bonds (determined in accordance with the terms of the Master Indenture and the Sixth Supplemental Indenture) may direct the Trustee in its exercise of any trust or power.

13. **No Recourse Against Others**. No member, director, officer or employee of the Authority shall have any personal liability for any obligations of the Authority under this Bond, the Master Indenture or the Sixth Supplemental Indenture or for any claim based on such obligations or their creation or be subject to any personal liability or accountability by reason of the issuance thereof. Each Bondholder, by accepting this Bond, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Bond.

14. **Authentication**. This Bond shall not be valid until the Trustee or an authenticating agent signs the Certificate of Authentication of this Bond.

15. **Abbreviations**. Customary abbreviations may be used in the name of a Bondholder or an assignee, such as TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), U/G/M/A (= Uniform Gifts to Minors Act) and U/T/M/A (= Uniform Transfers to Minors Act).

[FORM OF ASSIGNMENT]

I or we assign and transfer to

Insert social security or other
identifying number of assignee

[   ]

[   ]
____

____

____

(Print or type name, address and zip code of assignee) this Bond and irrevocably appoint
____

_______________________ agent to transfer this Bond on the books of the Authority. The agent may substitute another to act for him.

Dated: _________________________________

Signed ____
(Sign exactly as name appears on the face of this Bond)

Signature guaranteed: ____

(NOTE: Signature(s) guarantee should be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or such other guarantee program acceptable to the Trustee.)

EXHIBIT B

DEBT SERVICE SCHEDULES

San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2025A
(Governmental/Non-AMT)

Date	Principal	Interest	Total

Date	Principal	Interest	Total

San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2025B
(Private Activity/AMT)

Date	Principal	Interest	Total

Date	Principal	Interest	Total

EXHIBIT C-1

SERIES 2025A PROJECTS

-
-
-

EXHIBIT C-2

SERIES 2025B PROJECTS

-
-
-
-
-

EXHIBIT D-1

FORM OF SERIES 2025A CONSTRUCTION FUND REQUISITION

Requisition No. __________

To: The Bank of New York Mellon Trust Company, N.A.
333 South Hope Street, Suite 2525
Los Angeles, CA 90071
Attention: Corporate Trust Department

Re: Requisition of Funds from San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025A Construction Fund

The amount requisitioned: $ ______________________________

Payment to be made to: ___________________________________

Manner in which payment is to be made: ____________________

Description of Costs of Series 2025A Project: _________________

The undersigned, an Authorized Authority Representative within the meaning of the Master Trust Indenture, dated as of November 1, 2005, as amended (the "Master Indenture"), by and between the San Diego County Regional Airport Authority (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 (the "Trustee"), as supplemented by the Sixth Supplemental Trust Indenture, dated as of [•] 1, 2025 (the "Sixth Supplemental 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 Senior Airport Revenue Bonds Series 2025A Construction Fund held under the Sixth Supplemental Indenture and directs that payment be made in the manner described above.

The amount to be paid represents Costs of the Series 2025A Project (as defined in the Master Indenture and the Sixth Supplemental Indenture) and does not represent Costs of Issuance associated with the issuance of the Series 2025A Bonds (as defined in the Sixth Supplemental Indenture) and the amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate, dated [•], 2025 and relating to the Series 2025A Bonds (as defined in the Sixth Supplemental Indenture).

Dated: __________________.

By ____________________________________
Authorized Authority Representative

EXHIBIT D-2

FORM OF SERIES 2025B CONSTRUCTION FUND REQUISITION

Requisition No. __________

To: The Bank of New York Mellon Trust Company, N.A.
333 South Hope Street, Suite 2525
Los Angeles, CA 90071
Attention: Corporate Trust Department

Re: Requisition of Funds from San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025B Construction Fund

The amount requisitioned: $ ______________________________

Payment to be made to: ___________________________________

Manner in which payment is to be made: _____________________

Description of Costs of Series 2025B Project: _________________

The undersigned, an Authorized Authority Representative within the meaning of the Master Trust Indenture, dated as of November 1, 2005, as amended (the “Master Indenture”), by and between the San Diego County Regional Airport Authority (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 (the “Trustee”), as supplemented by the Sixth Supplemental Trust Indenture, dated as of [•] 1, 2025 (the “Sixth Supplemental 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 Senior Airport Revenue Bonds Series 2025B Construction Fund held under the Sixth Supplemental Indenture and directs that payment be made in the manner described above.

The amount to be paid represents Costs of the Series 2025B Project (as defined in the Master Indenture and the Sixth Supplemental Indenture) and does not represent Costs of Issuance associated with the issuance of the Series 2025B Bonds (as defined in the Sixth Supplemental Indenture) and the amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate, dated [•], 2025 and relating to the Series 2025B Bonds (as defined in the Sixth Supplemental Indenture).

Dated: __________________.

By ____________________________________
Authorized Authority Representative

EXHIBIT D-3

FORM OF SERIES 2025 COSTS OF ISSUANCE FUND REQUISITION

Requisition No. ___

To: The Bank of New York Mellon Trust Company, N.A.
333 South Hope Street, Suite 2525
Los Angeles, CA 90071
Attention: Corporate Trust Department

Re: Requisition of Funds from San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2025 Costs of Issuance Fund

The amount requisitioned: $________________

Payment to be made to: ____________________

Manner in which payment is to be made: __________________

Description of Costs of Issuance: __________________

The undersigned, an Authorized Authority Representative within the meaning of the Master Trust Indenture, dated as of November 1, 2005, as amended (the "Master Indenture") by and between the San Diego County Regional Airport Authority (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 (the "Trustee"), as supplemented by the Sixth Supplemental Trust Indenture, dated as of ______ 1, 2025 (the "Sixth Supplemental 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 **[check one]**

[_____] San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025A Costs of Issuance Account

[_____] San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025B Costs of Issuance Account

of the San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025 Costs of Issuance Fund held under the Sixth Supplemental Indenture and directs that payment be made in the manner described above.

The amount to be paid represents a Cost of Issuance of the Series 2025 Bonds and the amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the Tax Compliance Certificate dated [•], 2025 and relating to the Series 2025 Bonds. Capitalized terms not otherwise defined herein shall have the applicable meanings in the Master Indenture and the Sixth Supplemental Indenture.

Dated: ____________________.

By ____
Authorized Authority Representative

DRAFT

PURCHASE CONTRACT

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

$[Series A par amount] Senior Airport Revenue Bonds Series 2025A (Governmental/Non-AMT)	**$[Series B par amount] Senior Airport Revenue Bonds Series 2025B (Private Activity/AMT)**

[pricing date]

San Diego County Regional Airport Authority
2417 McCain Road
San Diego, California 92101

Ladies and Gentlemen:

The undersigned, BofA Securities, Inc. (the "**Representative**"), on behalf of itself and as representative of the other underwriters listed on the signature page hereof (with the Representative, the "**Underwriters**") hereby offers to enter into this Purchase Contract (this "**Purchase Contract**") with the San Diego County Regional Airport Authority (the "**Authority**"). The offer made hereby is subject to acceptance by the Authority by execution and delivery of this Purchase Contract to the Underwriters at or prior to 11:59 p.m., California time, on the date first above written, and if not so accepted will be subject to withdrawal by the Underwriters upon notice delivered to the Authority at any time prior to the acceptance hereof by the Authority. Upon acceptance of this offer by the Authority in accordance with the terms hereof, this Purchase Contract will be binding upon the Authority and upon the Underwriters. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Preliminary Official Statement and the Indenture, each as hereinafter defined.

1. **Purchase and Sale**.

(a) Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements hereinafter set forth, the Underwriters, acting as principals and independent contractors and not as agents or fiduciaries, hereby, jointly and severally, agree to purchase from the Authority, and the Authority hereby agrees to sell to the Underwriters, all (but not less than all) of the Authority's $[Series A par amount] aggregate principal amount of Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the "**Series 2025A Bonds**") and $[Series B par amount] aggregate principal amount of Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the "**Series 2025B Bonds**," and together with the Series 2025A Bonds, the "**Series 2025 Bonds**"). The Series 2025 Bonds shall be dated the date of issuance, shall bear interest payable on January 1, 2026, and thereafter semiannually each January 1 and July 1 at the rates, shall mature on July 1 in each year in the amounts, shall be purchased at the prices, and shall be subject to redemption, all as set forth in the attached **Schedule I**. The purchase price for the Series 2025A Bonds shall be $[__________] (consisting of the aggregate principal amount of the Series 2025A Bonds, plus [net] original issue [premium/discount] of

$[__________], less an underwriters' discount of $[__________]) (the "**Series 2025A Purchase Price**"). The purchase price for the Series 2025B Bonds shall be $[__________] (consisting of the aggregate principal amount of the Series 2025B Bonds, less a [net] original issue [premium/discount] of $[__________], less an underwriters' discount of $[__________]) (the "**Series 2025B Purchase Price**" and collectively with the Series 2025A Purchase Price, the "**Purchase Price**").

(b) In order to assist the Underwriters in complying with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"), the Authority will undertake, pursuant to a Continuing Disclosure Certificate, dated as of [closing date] (the "**Continuing Disclosure Certificate**"), to provide certain annual financial and operating information and notices of the occurrence of certain enumerated events. A description of this undertaking is set forth in, and a form of the Continuing Disclosure Certificate is attached as Appendix F to, the Preliminary Official Statement and the Official Statement (as hereinafter defined).

(c) The Authority acknowledges and agrees that: (i) the Underwriters are not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended, (ii) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the Authority and the Underwriters and the Underwriters have financial and other interests that differ from those of the Authority; (iii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the Authority and have not assumed any advisory or fiduciary responsibility to the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Authority on other matters); (iv) the only obligations the Underwriters have to the Authority with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; and (v) the Authority has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate. Nothing in the foregoing paragraph is intended to limit the Underwriters' obligations of fair dealing under the Municipal Securities Rulemaking Board's Rule G-17.

2. **The Series 2025 Bonds**. The Series 2025 Bonds will be issued pursuant to Section 170000 et seq. of the California Public Utilities Code (the "**Act**"); the Revenue Bond Law of 1941 Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the California Government Code, excluding Article 3 (commencing with Section 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 Section 54402(b), which do not apply to the issuance and sale of bonds pursuant to the Act; and the Master Trust Indenture, dated as of November 1, 2005, as amended (the "**Master Indenture**"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**"), and the Sixth Supplemental Trust Indenture, to be dated as of July 1, 2025 (the "**Sixth Supplemental Indenture**," and collectively with the Master Indenture and all supplements thereto, the "**Indenture**"), by and between the Authority and the Trustee. Additionally, the board of directors of the Authority (the "**Board**") authorized the issuance of the Series 2025 Bonds pursuant to a resolution adopted by the Board on

[June 5, 2025] (the "**Bond Resolution**"). The Series 2025 Bonds shall be payable from Net Revenues, and from certain additional limited funds held by the Trustee under the Indenture.

The proceeds of the Series 2025 Bonds will be used to (a) pay and/or reimburse the Authority for certain capital improvements at San Diego International Airport associated with the New T1 program, (b) fund a portion of the interest accruing on the Series 2025 Bonds [and the [___] Bonds], (c) make a deposit to the Senior Reserve Fund (as defined in the Indenture), and (d) pay the costs of issuance of the Series 2025 Bonds. The Series 2025 Bonds are being issued for such purposes and shall otherwise be as described in the Indenture and the Official Statement.

3. **Use and Preparation of Official Statement**.

(a) The Authority hereby ratifies, approves and confirms the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement of the Authority with respect to the Series 2025 Bonds, dated [June __, 2025] (including the Appendices thereto, any documents incorporated therein by reference, and any supplements or amendments thereto, the "**Preliminary Official Statement**"), in connection with the offering and sale of the Series 2025 Bonds. It is acknowledged by the Authority that the Underwriters may deliver the Preliminary Official Statement and the final Official Statement (defined below) electronically over the internet and in printed paper form. The Authority deems the Preliminary Official Statement final as of its date and as of the date hereof for purposes of Rule 15c2-12, except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12.

(b) The Authority hereby agrees to deliver or cause to be delivered to the Underwriters, in sufficient time to accompany any confirmation that requests payment from any customer (but in no event later than the earlier of seven business days after the date hereof or two business days prior to the Closing Date (as hereinafter defined)), copies of the final Official Statement, dated the date hereof (including all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements to such Official Statement as have been approved by the Authority and the Representative) (the "**Official Statement**") in sufficient quantity (which may be in electronic form) and in a form (including a word-searchable pdf format including any amendments thereto) to enable the Underwriters to comply with the rules of the Securities and Exchange Commission (the "**SEC**") and the Municipal Securities Rulemaking Board (the "**MSRB**"). The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the Authority shall only make such other additions, deletions and revisions in the Official Statement that are agreed to by the Authority and by the Representative. The Authority hereby approves of the use and distribution by the Underwriters of the Official Statement in connection with the offer and sale of the Series 2025 Bonds. At the time of or prior to the date of Closing (as hereinafter defined), the Underwriters shall file a copy of the Official Statement with the MSRB on its Electronic Municipal Markets Access ("**EMMA**") system.

4. **Representations, Warranties, Covenants and Agreements of the Authority**. The Authority represents and warrants to and covenants and agrees with the Underwriters that as of the date hereof:

(a) The Authority is a local governmental entity of regional government with jurisdiction extending throughout the County of San Diego, organized and existing pursuant to the provisions of the Act and the Constitution of the State of California (the "**State**").

(b) The Authority has full legal right, power and authority to enter into this Purchase Contract, the Continuing Disclosure Certificate, and the Indenture, to execute this Purchase Contract, the Sixth Supplemental Indenture and the Continuing Disclosure Certificate, to adopt the Bond Resolution and to observe, perform and consummate the covenants, agreements and transactions required or contemplated by this Purchase Contract, the Indenture, the Continuing Disclosure Certificate and the Official Statement and to issue, sell and deliver the Series 2025 Bonds to the Underwriters as provided herein; and by all necessary official action of the Authority prior to or concurrently with the acceptance hereof, the Board has duly adopted the Bond Resolution and approved the Preliminary Official Statement and the Official Statement; the Bond Resolution is in full force and effect and has not been amended, modified or rescinded; the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority of its obligations contained in, as applicable, the Series 2025 Bonds, the Indenture, the Official Statement, the Continuing Disclosure Certificate and this Purchase Contract, and the consummation by it of all other transactions contemplated by this Purchase Contract to have been performed or consummated at or prior to the Closing Date; and the Authority is in compliance in all respects with the terms of the Act and with the obligations in connection with the issuance of the Series 2025 Bonds on its part contained in the Bond Resolution, the Indenture, the Series 2025 Bonds and this Purchase Contract.

(c) As of the date thereof and the date hereof, the Preliminary Official Statement (except for the information relating to DTC and DTC's book-entry system (the "**Book-Entry System**"), the forecasts included in the Financial Feasibility Report set forth in Appendix A of the Preliminary Official Statement and in Table 24 in the forepart of the Preliminary Official Statement, the information under the captions "UNDERWRITING" and "RELATED PARTIES," Appendix G of the Preliminary Official Statement and information permitted to be excluded pursuant to Rule 15c2-12 as to which no representation is made (except as provided in subsection (o) below)) did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, except as otherwise provided in this Purchase Contract, the Authority makes no representations as to employment and economic data (including projections) obtained from third parties contained in the Financial Feasibility Report and the Preliminary Official Statement.

As of the date hereof and the Closing Date, the Official Statement (except for the information relating to DTC, the Book-Entry System, the forecasts included in the Financial Feasibility Report set forth in Appendix A of the Official Statement and in Table 24 in the forepart of the Official Statement, the information under the captions "UNDERWRITING" and "RELATED PARTIES" and Appendix G of the Official Statement as to which no representation is made (except as provided in subsection (o) below)) does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, except as otherwise provided in this Purchase Contract, the Authority makes no representations as to employment and economic data (including projections) obtained from third parties contained in the Financial Feasibility Report and the Official Statement.

(d) If between the date hereof and 25 days after the End of the Underwriting Period (as hereinafter defined) (i) any event shall occur or any fact or condition shall become known to the Authority which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall notify the Underwriters thereof, and (ii) in the reasonable opinion of the Authority or the Representative, following consultation with the other party hereto, such event, fact or condition requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will at its expense supplement or amend the Official Statement.

As used herein, and for the purposes of the foregoing, the term **"End of the Underwriting Period"** shall mean the later of (i) the Closing Date or (ii) the date on which the End of the Underwriting Period for the Series 2025 Bonds has occurred under Rule 15c2-12; provided, however, that the Authority may assume that, unless notified otherwise in writing by the Representative on or before the Closing Date, the End of the Underwriting Period for the Series 2025 Bonds will occur on the Closing Date.

For the purposes of this subsection (d), between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 2025 Bonds, the Authority will furnish such information with respect to itself and the Airport as the Underwriters may from time to time reasonably request.

(e) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) Between the date hereof and the Closing Date, except as contemplated by the Official Statement, the Authority will not without the prior written consent of the Representative offer or issue any bonds, notes or other obligations for borrowed money, or, except for its Subordinate Revolving Obligations or in the ordinary course of business incur any other material liabilities, direct or contingent, in each case payable from Net Revenues.

(g) The Authority is not in violation of, or in material breach of or in material default under, any applicable constitutional provision, law or administrative regulation or order of the State of California or the United States of America or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, or other agreement or instrument to which the Authority is a party or to which the Authority or any of its properties is otherwise bound, and no event has occurred to the knowledge of the Authority and is continuing which, with the passage of time or the giving of notice, or both, would constitute a material default or event of default under any such instrument, in any such event which violation or breach would have a material adverse effect on the ability of the Authority to repay the Series 2025 Bonds or on the security therefor; and the execution and delivery of this Purchase Contract, the Sixth Supplemental Indenture, the Continuing Disclosure Certificate and the Series 2025 Bonds, the adoption of the Bond Resolution, and compliance with the provisions of this Purchase Contract, the Indenture, the Continuing Disclosure Certificate, the Bond Resolution and the Series 2025 Bonds do not conflict with or constitute a material breach of or material default under any California constitutional provision, law, administrative regulation, order, judgment, court decree, loan agreement, indenture, bond, note, resolution, agreement, or other instrument to which the Authority is a party, or by which it or any of its properties are bound, nor does any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its properties or under the terms of any such law, regulation or instrument, except as provided by the Series 2025 Bonds or except to the extent that such breach, or the creation or imposition of such lien or charge, would not have a material adverse effect on the security for the Series 2025 Bonds.

(h) Except as expressly set forth in the Official Statement, there is no action, suit, proceeding, hearing, inquiry or investigation, at law or in equity, before or by any California or Federal court, government agency, public board or body, pending or, to the best of the Authority's knowledge, threatened against the Authority (i) in any way questioning the existence of the Authority or the titles of the officers of the Authority to their respective offices in which an adverse decision would affect the Board's adoption of the Bond Resolution or its approval of this Purchase Contract, the Sixth Supplemental Indenture, the Continuing Disclosure Certificate, the Preliminary Official Statement, the Official Statement or the Series 2025 Bonds; (ii) in any way contesting, affecting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Series 2025 Bonds, or the collection of revenues pledged to pay the principal of and interest on the Series 2025 Bonds, or the pledge of such revenues, or the application of the proceeds of the Series 2025 Bonds; (iii) affecting or seeking to prohibit, restrain or enjoin the imposition, collection or use of the PFCs for the payment of debt service as described in the Preliminary Official Statement and in the Official Statement; (iv) in any way contesting or affecting the validity or enforceability of the Series 2025 Bonds, the Indenture, the Continuing Disclosure Certificate or this Purchase Contract, or contesting the powers of the Authority or any authority for the issuance of the Series 2025 Bonds, the adoption of the Bond Resolution, or the execution and delivery by the Authority of, the Sixth Supplemental Indenture, this Purchase Contract or the Continuing Disclosure Certificate; (v) which may result in any material adverse change relating to the business, operations or financial condition of the Authority or the ability of the Authority to pay the Series 2025 Bonds; or (vi) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Authority shall advise the Representative promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Series 2025 Bonds.

(i) The Authority will furnish such information, execute such instruments and take such other action not inconsistent with law or established policy of the Authority in cooperation with the Underwriters as may be reasonably requested (i) to qualify the Series 2025 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Underwriters; and (ii) to determine the eligibility of the Series 2025 Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Series 2025 Bonds; provided, however, that the Authority shall not be required to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(j) The Series 2025 Bonds, when issued and delivered in accordance with the Bond Resolution and the Indenture and sold to the Underwriters as provided herein, will be the legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles whether or not sought, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against local government entities in the State of California, and (subject to the immediately preceding limitations) the owners of the Series 2025 Bonds will be entitled to the benefits of the Indenture; upon such issuance and delivery the Indenture will provide, for the benefit of the owners from time-to-time of the Series 2025 Bonds, a legally valid and binding pledge of and lien on the Net Revenues and the funds and accounts pledged to such Series 2025 Bonds under the Indenture. The Series 2025 Bonds and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement.

(k) When executed, this Purchase Contract, the Indenture and the Continuing Disclosure Certificate (assuming due authorization, execution and delivery by the other parties thereto, if applicable) will constitute the valid and legally binding obligations of the Authority, enforceable in accordance with their terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles whether or not sought, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against local government entities in the State of California.

(l) All authorizations, approvals, licenses, permits, consents and orders of any federal or California governmental authority, legislative body, board, court, agency or commission having jurisdiction of the matter, or of any airline or tenant of the Authority, which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Authority of, its respective obligations under this Purchase Contract, the Continuing Disclosure Certificate, the Indenture and the Series 2025 Bonds, have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of the Series 2025 Bonds.

(m) The Authority's Financial Statements set forth as Appendix B to the Preliminary Official Statement and the Official Statement and the financial information regarding the Authority included in Table 16 of the Preliminary Official Statement and the Official Statement fairly present the financial position of the Authority as of the dates indicated and the results of its operations, the sources and uses of its cash and the changes in its fund balances for the periods therein specified to the extent included therein, and are in conformity with generally accepted accounting principles applied on a consistent basis, and there has been no material adverse change in the financial condition or results of operations of the Authority since the date thereof.

(n) The Authority has the right, power and authority to conduct its business and operations with respect to the Airport as described in the Preliminary Official Statement and the Official Statement.

(o) The forecasts included in the Financial Feasibility Report set forth in Appendix A of the Preliminary Official Statement and the Official Statement and in Table 24 in the forepart of the Preliminary Official Statement and the Official Statement are based on information and assumptions that were provided by and/or reviewed with and agreed to by Authority management. The forecasts reflect Authority management's expected course of action during the forecast period, and in Authority management's judgment, present fairly the expected financial results of the Authority.

(p) The Authority is in compliance with all conditions, and has obtained all approvals and consents, necessary for the imposition and use of PFCs, as set forth in the Preliminary Official Statement and the Official Statement, including paying a portion of the debt service on the PFC Eligible Bonds.

(q) Any certificate signed by any authorized official of the Authority and delivered to the Underwriters shall be deemed to be a representation and warranty by the Authority to the Underwriters as to the statements made therein.

(r) The Authority will undertake, pursuant to the Continuing Disclosure Certificate, to provide certain annual financial and operating information and notices of the occurrence of certain enumerated events pursuant to Section (b)(5) of Rule 15c2-12. Except as otherwise described under the caption "CONTINUING DISCLOSURE" in the Preliminary Official Statement and the Official Statement, for the last five years, the Authority has been, and is now, in compliance with all of its continuing disclosure obligations under Rule 15c2-12.

(s) Between the date hereof and the Closing Date, the Authority will not supplement or amend the Bond Resolution or the Indenture (except as provided in the Sixth Supplemental Indenture), without the prior written consent of the Representative.

(t) The Authority, to the best of its knowledge, has never been and is not in default in the payment of principal of, premium, if any, or interest on, or otherwise is not nor has it been in default with respect to, any bonds, notes, or other obligations payable from Net Revenues or Subordinate Net Revenues which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

5. **Public Offering**.

(a) It shall be a condition to the Authority's obligations to sell and to deliver the Series 2025 Bonds to the Underwriters and to the Underwriters' obligations to purchase and to accept delivery of the Series 2025 Bonds that the entire $[_________] principal amount of the Series 2025 Bonds shall be issued, sold and delivered by the Authority and purchased, accepted and paid for by the Underwriters on the Closing Date.

(b) The Underwriters intend to make an initial bona fide public offering of all of the Series 2025 Bonds at prices not in excess of the initial public offering prices or at yields not lower than the yields described in Schedule I hereto; provided, however, the Underwriters reserve the right to change such initial public offering prices as the Underwriters deem necessary or desirable, in their sole discretion, in connection with the marketing of the Series 2025 Bonds (but, with respect to the Series 2025 Bonds, in all cases subject to the requirements of Section 6 hereof), and may offer and sell the Series 2025 Bonds to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by one or more of the Underwriters at prices lower than the public offering prices or yields greater than the yields set forth in Schedule I hereto (but, with respect to the Series 2025 Bonds, in all cases subject to the requirements of Section 6 hereof).

(c) The Representative is authorized to enter into this Purchase Contract on behalf of the Underwriters and this Purchase Contract is enforceable against the Underwriters in accordance with its terms. The Representative is authorized to take any action under this Purchase Contract required to be taken by the Underwriters. The signatory of this Purchase Contract on behalf of the Representative has been duly authorized to execute this Purchase Contract.

6. **Establishment of Issue Price**.

(a) The Representative, on behalf of the Underwriters, agrees to assist the Authority in establishing the issue price of the Series 2025 Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit D, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the Authority and Bond Counsel (as defined below), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2025 Bonds.

(b) [Except for the Hold-the-Price Maturities described in subsection (c) below and <u>Schedule I</u> attached hereto] the Authority will treat the first price at which 10% of each maturity of the Series 2025 Bonds (the "**10% test**") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

[(c) With respect to the maturities of the Series 2025 Bonds that are not 10% Test Maturities, as described in <u>Schedule I</u> attached hereto (the "***Hold-the-Price Maturities***"), the Representative confirms that the Underwriters have offered such maturities of the Series 2025 Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the "***initial offering price***"), or at the corresponding yield or yields, set forth in <u>Schedule I</u> attached hereto. The Authority and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply to the Hold-the-Price Maturities, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "***hold-the-offering-price rule***"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Hold-the-Price Maturities, the Underwriters will neither offer nor sell such maturity of the Hold-the-Price Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5^{th}) business day after the sale date; or

(ii) the date on which the Underwriters have sold at least 10% of that maturity of the Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.

The Representative shall advise the Authority promptly after the close of the fifth (5^{th}) business day after the sale date whether it has sold 10% of that maturity of the Hold-the-Price Maturities to the public at a price that is no higher than the initial offering price to the public.]

(d) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Series 2025 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Series 2025 Bonds of each maturity allocated to it until either all Series 2025 Bonds of that maturity allocated to it have been sold or it is notified by the Representative that the 10% test has been satisfied as to the Series 2025 Bonds of that maturity and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative and as set forth in the related pricing wires,

(B) to promptly notify the Representative of any sales of Series 2025 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2025 Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Series 2025 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2025 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to: (A) report the prices at which it sells to the public the unsold Series 2025 Bonds of each maturity allocated to it until either all Series 2025 Bonds of that maturity allocated to it have been sold or it is notified by the Representative or such underwriter or dealer that the 10% test has been satisfied as to the Series 2025 Bonds of that maturity and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Representative or the underwriter or the dealer and as set forth in the related pricing wires.

(e) The Authority acknowledges that, in making the representations set forth in this subsection, the Representative will rely on: (i) the agreement of each underwriter to comply with the requirements for establishing the issue price of the Series 2025 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025 Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2025 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2025 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025 Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Series 2025 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Series 2025 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025 Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Authority further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement to adhere to the requirements for establishing issue price of the Series 2025 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025 Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Series 2025 Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2025 Bonds.

The Underwriters acknowledge that sales of any Series 2025 Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2025 Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "*public*" means any person other than an underwriter or a related party,

(ii) "*underwriter*" means: (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2025 Bonds to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2025 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2025 Bonds to the public),

(iii) a purchaser of any of the Series 2025 Bonds is a "*related party*" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "*sale date*" means the date of execution of this Purchase Contract by all parties.

7. **Closing.** At 8:00 a.m., California time, on [[closing date]] or at such other time as shall have been mutually agreed upon by the Authority and the Representative (the **"Closing Date"),** the Authority will deliver or cause to be delivered to the Representative, under the Fast Automated Securities Transfer System of The Depository Trust Company **("DTC"),** the Series 2025 Bonds, in the form of a separate single fully registered bond for each Series, maturity date and interest rate of the Series 2025 Bonds duly executed by the Authority and authenticated by the Trustee, together with the other documents hereinafter mentioned. The Representative will accept such delivery and pay the Purchase Price of the Series 2025 Bonds as set forth in Section I hereof by wire transfer in immediately available funds on the Closing Date. The Series 2025 Bonds shall be made available to the Trustee and the Representative not later than one business day before the Closing Date. Upon initial issuance, the ownership of such Series 2025 Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of DTC.

Payment for the Series 2025 Bonds, together with delivery of the documents hereinafter mentioned shall be coordinated at the offices of the Authority in San Diego, California, or at such other place as shall have been mutually agreed upon by the Authority and the Representative. Such payment and delivery are herein called the "**Closing**." The Representative shall order CUSIP identification numbers and the Authority shall cause such CUSIP identification numbers to be printed on the Series 2025 Bonds, but neither the failure to print such number on any bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Representative to accept delivery of and pay for the Series 2025 Bonds on the Closing Date in accordance with the terms of this Purchase Contract.

8. **Closing Conditions**. The obligations of the Underwriters hereunder shall be subject to the performance by the Authority of its obligations hereunder at or prior to the Closing and are also subject to the following conditions:

(a) The representations and warranties of the Authority contained herein shall be true, complete and correct in all material respects on the date hereof and on the Closing Date as if made on the Closing Date.

(b) At the time of the Closing (i) this Purchase Contract, the Bond Resolution, the Indenture, the Continuing Disclosure Certificate shall be in full force and effect as valid and binding agreements, as applicable, between the parties thereto and the Official Statement shall have been duly authorized, executed and delivered, in substantially the form heretofore submitted to the Underwriters, and the Indenture, the Continuing Disclosure Certificate, the Bond Resolution and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative (subject to the provisions of this Purchase Contract), and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel shall be necessary in connection with the transactions contemplated hereby; (ii) the Authority shall perform or have performed its obligations required under or specified in this Purchase Contract, the Bond Resolution, the Continuing Disclosure Certificate and the Indenture to be performed at or prior to the Closing; and (iii) there shall have been no material adverse change in the financial or physical condition of the Authority or its properties.

(c) At or prior to the Closing, the Underwriters shall receive the following documents, in each case reasonably satisfactory in form and substance to the Representative and to its counsel, Squire Patton Boggs (US) LLP ("**Underwriters' Counsel**"):

(i) the unqualified approving opinion of Kutak Rock LLP ("**Bond Counsel**"), dated the Closing Date, addressed to the Authority, substantially in the form set forth as Appendix E to the Official Statement, together with a letter to the Underwriters stating that the Underwriters may rely on the same;

(ii) a supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that: (A) this Purchase Contract and the Continuing Disclosure Certificate have been duly executed and delivered by the Authority and, assuming the due authorization, execution and delivery by the other party thereto, as applicable, constitute the binding and enforceable agreements of the Authority; (B) the Series 2025 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "**Securities Act**"), and the Indenture is exempt from qualification under to the Trust Indenture Act of 1939, as amended (the "**Trust Indenture Act**"); and (C) the statements contained in the Official Statement under the captions "DESCRIPTION OF THE SENIOR SERIES 2025 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS," "TAX MATTERS," "APPENDIX C-1—CERTAIN DEFINITIONS," "APPENDIX C-2—SUMMARY OF THE MASTER SENIOR INDENTURE," "APPENDIX C-3—SUMMARY OF THE SIXTH SUPPLEMENTAL SENIOR INDENTURE," and "APPENDIX C-4—SUMMARY OF THE MASTER SUBORDINATE INDENTURE," excluding any materials that may be treated as included under such captions by cross reference, insofar as such statements expressly summarize certain provisions of the Indenture, the Series 2025 Bonds and Bond Counsel's opinion concerning federal tax matters relating to the Series 2025 Bonds, are accurate in all material respects;

(iii) a letter from Kutak Rock LLP, Disclosure Counsel to the Authority ("**Disclosure Counsel**"), dated the Closing Date and addressed to the Authority and the Underwriters, substantially in the form attached as Exhibit A to this Purchase Contract;

(iv) an opinion, dated the Closing Date and addressed to the Underwriters, of the General Counsel to the Authority, substantially in the form attached as Exhibit B to this Purchase Contract;

(v) an opinion of Underwriters' Counsel, dated the Closing Date and addressed to the Underwriters, acceptable in form to the Representative;

(vi) an opinion of counsel to the Trustee, dated the date of Closing, addressed to the Authority and the Underwriters, to the effect that:

(A) the Trustee is a national banking association organized and existing under the laws of the United States of America, having full power and being qualified to enter, accept and administer the trust created under the Indenture and to authenticate and deliver the Series 2025 Bonds;

(B) the Series 2025 Bonds have been duly authenticated by the Trustee in accordance with the Indenture, and the Sixth Supplemental Indenture has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery thereof by the Authority, the Indenture constitutes a legal, valid and binding obligation of the Trustee enforceable in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(C) the execution, delivery and performance of the Indenture will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;

(D) no authorization, approval, consent or order of any governmental agency or any other person is required for the valid authorization, execution and delivery of the Indenture or the authentication of the Series 2025 Bonds by the Trustee; and

(E) no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Series 2025 Bonds or the application of proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the Series 2025 Bonds or the Indenture.

(vii) a certificate, dated the Closing Date, of the Authority executed by the President and CEO and one other Designated Officer (as defined in the Bond Resolution), to the effect that (A) the representations and warranties of the Authority in this Purchase Contract are true and correct as of the Closing Date, as if made on the Closing Date; (B) the representations and warranties of the Authority contained in the Indenture were true as of the date originally made and are true and correct as of the Closing Date, as if made on the Closing Date; (C) the Authority has complied with all agreements and covenants and satisfied all conditions contemplated by this Purchase Contract, the Bond Resolution and the Indenture on its part to be performed or satisfied at or prior to the Closing Date; (D) the Official Statement (except for the information relating to DTC, the Book-Entry System, the forecasts included in the Financial Feasibility Report set forth in Appendix A of the Official Statement and in Table 24 in the forepart of the Official Statement, the information under the captions "UNDERWRITING" and "RELATED PARTIES" and Appendix G as to which no view need be expressed (except as provided in (E) below)) as of its date and as of the Closing Date did not and does not contain any untrue statement of a material fact or omit any statement or information which is required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, provided that, except as otherwise provided in this Purchase Contract, the Authority makes no representations as to employment and economic data (including projections) obtained from third parties contained in the Financial Feasibility Report and the Official Statement; and (E) the forecasts included in the Financial Feasibility Report set forth in Appendix A of the Official Statement and in Table 24 in the forepart of the Official Statement (1) are based on information and assumptions that were provided by and/or reviewed with and agreed to by Authority management, and (2) reflect Authority management's expected course of action during the forecast period, and in Authority management's judgment, present fairly the expected financial results of the Authority;

(viii) a certificate of the Trustee, dated the Closing Date, to the effect that:

(A) the Trustee is duly organized and existing as a national banking association organized and existing under the laws of the United States of America, having the full power and authority to enter into, accept the trusts created under and perform its duties under the Indenture and to authenticate the Series 2025 Bonds;

(B) the Trustee was and is duly authorized to enter into the Indenture and to authenticate and deliver the Series 2025 Bonds to the Underwriters pursuant to the terms of the Indenture;

(C) The Series 2025 Bonds have been duly authenticated by the Trustee;

(D) the execution and delivery by the Trustee of the Sixth Supplemental Indenture and compliance with the terms of the Indenture will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which the Trustee is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Trustee with respect to any federal or state securities or blue sky laws or regulations), nor will any such execution, delivery or compliance result in the creation or imposition of a lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture;

(E) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best of the knowledge of the Trustee, threatened against or affecting the existence of the Trustee, or the titles of its officers to their respective offices, or in any way contesting or affecting the validity or enforceability of the Series 2025 Bonds, the Indenture or contesting the powers of the Trustee or its authority to enter into and perform its obligations under any of the foregoing, or wherein an unfavorable decision, ruling or finding would adversely affect the Trustee or the transactions contemplated in connection with the issuance and sale of the Series 2025 Bonds, or which, in any way, would adversely affect the validity of the Series 2025 Bonds, the Indenture or any agreement or instrument to which the Trustee is a party and which is used or contemplated for use in the Indenture or the consummation of the transactions contemplated in connection with the issuance and sale of the Series 2025 Bonds; and

(F) subject to the provisions of the Sixth Supplemental Indenture, the Trustee will apply the proceeds from the Series 2025 Bonds to the purposes specified in the Sixth Supplemental Indenture;

(ix) a certified copy of the Bond Resolution;

(x) a certified copy of the Master Indenture, as heretofore amended;

(xi) an executed copy of the Sixth Supplemental Indenture;

(xii) an executed copy of the Continuing Disclosure Certificate;

(xiii) a duly executed tax certificate of the Authority with respect to the Series 2025 Bonds in form satisfactory to Bond Counsel;

(xiv) a copy of the Official Statement, signed by the President and CEO/Executive Director of the Authority;

(xv) an executed copy of the Financial Feasibility Report, together with the consent and certificate of Unison Consulting, Inc. (the "**Feasibility Consultant**") substantially in the form of Exhibit C attached hereto;

(xvi) a DTC Letter of Representation, executed by the Authority and accepted by DTC;

(xvii) evidence satisfactory to the Representative that Fitch Ratings **("Fitch")**, and Moody's Investors Service, Inc **("Moody's")** have assigned ratings of "AA-" and "Aa3," respectively, to the Series 2025 Bonds;

(xviii) a copy of the Report of Proposed Debt Issuance required to be delivered to the California Debt and Investment Advisory Commission;

(xix) evidence that a Form 8038-G and Form 8038 relating to the Series 2025 Bonds have been executed by the Authority and will be filed with the Internal Revenue Service within the applicable time limit; and

(xx) such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing of the representations and warranties of the Authority contained in this Purchase Contract and the due performance or satisfaction by the Authority at or prior to such time of all covenants and agreements then to be performed and all conditions then to be satisfied by the Authority pursuant to this Purchase Contract.

(d) If on the Closing Date the Authority fails to deliver any of the certificates, documents or opinions listed in Section 8(c) hereof or is otherwise unable to satisfy the conditions to the obligations of the Underwriters hereunder, this Purchase Contract shall terminate at the option of the Representative and neither party shall have any further obligations hereunder.

9. **Termination.**

The Representative, on behalf of the Underwriters, may terminate this Purchase Contract, without liability therefor (evidenced by a written notice to the Authority terminating the obligation of the Underwriters to accept delivery of and make any payment for the Series 2025 Bonds and stating the reasons therefor), if at any time subsequent to the date of this Purchase Contract and prior to the Closing:

(a) There shall occur any of the following which in such case, in the reasonable opinion of the Representative will materially adversely affect (1) the marketability or the market price of the Series 2025 Bonds at the initial offering prices set forth in the Official Statement or (2) the ability of the Underwriters to enforce contracts for the sale of the Series 2025 Bonds:

(i) there shall occur any change, or any development involving a prospective change, in or affecting the business, properties or financial condition of the Authority or the enforceability of the Bond Resolution or the Indenture;

(ii) An amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been enacted by the Congress of the United States or the legislature of the State, or introduced by amendment or otherwise in or passed by either House of the Congress or the legislature of the State, or recommended or endorsed to the Congress or to the State for passage by the President of the United States, or favorably reported for passage to either House of the Congress of the United States by any committee of such House or the legislature of the State to which such legislation has been referred for consideration, or recommended or endorsed for passage or presented for consideration by any member of any such committee or by the Treasury Department of the United States, the Internal Revenue Service, or the staff of the Joint Committee on Taxation of the Congress, or a decision shall have been rendered by a court of the United States or of the State, or the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement shall have been made by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, with respect to federal taxation of interest received on the Series 2025 Bonds or securities of the general character of the Series 2025 Bonds or which would have the effect of changing, directly or indirectly, the federal or State tax consequences of receipt of interest on the Series 2025 Bonds or securities of the general character of the Series 2025 Bonds in the hands of the owners thereof;

(iii) there shall have occurred a declaration of war by the United States, any new outbreak of hostilities, or any escalation of existing hostilities, or any other national or international calamity, crisis, pandemic or event;

(iv) any underlying rating (without taking into account any credit support provided by a third party) of the Series 2025 Bonds, or any other bonds, notes or other obligations of the Authority shall have been downgraded, suspended or withdrawn, or the possibility of such a downgrading, suspension or withdrawal shall have been publicly announced, by Fitch or Moody's; or

(v) any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, board, department or agency of the State or the United States, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered, affecting the Authority or the Series 2025 Bonds.

(b) There shall have occurred the declaration of a general banking moratorium by any authority of the United States or the State of New York or the State or a major financial crisis (including a material disruption or deterioration in the fixed income or municipal securities market) or a material disruption in commercial banking or securities settlement, payment or clearance services materially affecting the Series 2025 Bonds.

(c) There shall be in force a general suspension of trading on the New York Stock Exchange or other national securities exchange, or the New York Stock Exchange, other national securities exchange or any governmental authority shall impose, as to the Series 2025 Bonds or obligations of the general character of the Series 2025 Bonds, any material restrictions not in force or not being enforced, or a material increase of those now in force, including, without limitation, with respect to the extension of credit by, or the charges to the net capital requirements of, the Underwriters as of the date hereof, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of any governmental authority having jurisdiction.

(d) An event occurs, or information becomes known, which, in the reasonable judgment of the Representative makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and, in any such event, (i) the Authority refuses to permit the Official Statement to be supplemented to correct or supply such statement or information, or (ii) the effect of the Official Statement as so supplemented is, in the reasonable judgment of the Representative, to materially adversely affect the marketability or market price of the Series 2025 Bonds or the ability of the Underwriters to enforce contracts for the sale of the Series 2025 Bonds to customers.

(e) Legislation shall be enacted or a decision of a court of the United States shall be rendered or any action, including a stop-order, shall be taken by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction in the subject matter or any other event occurs which, in the opinion of counsel to the Underwriters and Bond Counsel, has the effect of requiring the contemplated distribution of the Series 2025 Bonds to be registered under the Securities Act or the Securities Exchange Act of 1934, as amended, or the Indenture to be qualified under the Trust Indenture Act, or that would make illegal the reoffering, issuance or sale of the Series 2025 Bonds or beneficial interests therein.

(f) Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Series 2025 Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Bond Resolution, this Purchase Contract, the Sixth Supplemental Indenture or the Continuing Disclosure

Certificate or the existence or powers of the Authority with respect to its obligations under such agreements.

10. **Expenses**.

(a) The Underwriters shall be under no obligation to pay and the Authority shall pay or cause to be paid the expenses incident to the performance of its obligations hereunder including but not limited to (i) the cost of the preparation, printing, or other reproduction (for distribution on or prior to the date hereof), and delivery of the Indenture; (ii) the fees and disbursements of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Feasibility Consultant, the independent auditors, the Trustee, and any other experts or consultants retained by the Authority; (iii) the cost of preparation and printing and signing of the Series 2025 Bonds and the registration of the Series 2025 Bonds; (iv) the cost of preparation, printing and delivery of the Preliminary Official Statement and the Official Statement and any supplements or amendments thereto; (v) charges of rating agencies for the ratings of the Series 2025 Bonds; (vi) the out-of-pocket expenses (which may be included as an expense component of the Underwriters' discount) of travel and meals for Authority representatives and its advisors to attend pricing meetings, and transaction tokens, relating to the issuance of the Series 2025 Bonds, and (vii) all other costs connected to issuance of the Series 2025 Bonds, except costs specifically described in Section 10(b) below. To the extent such amounts are paid by any Underwriter and not otherwise reimbursed in-full by the Authority pursuant to this paragraph, the Authority acknowledges that a portion of the Underwriters' discount is intended to reimburse the Underwriters for the expenses listed above as well as incidental expenses (including, but not limited to, transportation, lodging and meals of Authority and Underwriter personnel) incurred by the Underwriters (on their own behalf and/or on behalf of Underwriter personnel and Authority personnel and advisors, as applicable) in connection with the consummation of the transaction contemplated by this Purchase Contract.

(b) The Underwriters shall pay (from the expense component of the Underwriters' discount) (i) the cost of preparation and printing of the Blue Sky memorandum to be used by them and the cost, if any, of printing of this Purchase Contract; (ii) all advertising expenses incurred by them in connection with the public offering of the Series 2025 Bonds; (iii) the fees and disbursements of Underwriters' Counsel; and (iv) all other expenses incurred by them in connection with their public offering and distribution of the Series 2025 Bonds. The Underwriters are required to pay fees to the California Debt and Investment Advisory Commission in connection with the offering of the Series 2025 Bonds. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the Authority agrees to reimburse the Underwriters for such fees.

11. **Notices**. Any notice or other communication to be given to the Authority under this Purchase Contract (other than the acceptance hereof as specified in Section 1 hereof) may be given by delivering the same in writing to the San Diego County Regional Airport Authority, 2417 McCain Road, San Diego, California, 92101, Attention: Vice President, Chief Financial Officer; any notice or other communication to be given to the Underwriters under this Purchase Contract

may be given by delivering the same in writing to BofA Securities, Inc., One Bryant Park, 12th Floor, New York, NY 10036 Attention: Cory R. Czyzewski.

12. **Governing Law**. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of California.

13. **Parties in Interest**. This Purchase Contract when accepted by the Authority in writing as heretofore specified shall constitute the entire agreement between the Authority and the Underwriters and is made solely for the benefit of the Authority and the Underwriters. No other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the Authority in this Purchase Contract shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Underwriters, (b) delivery of and payment for the Series 2025 Bonds hereunder, and (c) any termination of this Purchase Contract.

14. **Use of Documents.** The Authority hereby authorizes the Underwriters to use, in connection with the public offering and sale of the Series 2025 Bonds, this Purchase Contract, the Preliminary Official Statement, the Official Statement, the Indenture and the Continuing Disclosure Agreement, and the information contained herein and therein.

15. **Headings**. The headings of the Sections of this Purchase Contract are inserted for convenience only and shall not be deemed to be a part hereof.

16. **Effectiveness and Electronic Signatures**.

(a) This Purchase Contract shall become effective upon the execution of the acceptance hereof by the Authority and shall be valid and enforceable at the time of such acceptance.

(b) This Purchase Contract may be executed manually or in the form of an electronic record or electronic signature. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Purchase Contract and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of this Purchase Contract had been delivered that had been signed using a handwritten signature. All parties to this Purchase Contract (i) agree that an electronic signature, whether digital or encrypted, of a party to this Purchase Contract is intended to authenticate such writing and to have the same force and effect as a manual signature; (ii) intended to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or other electronic means; (iii) are aware that the other party(ies) will rely on such signatures; and, (iv) hereby waive any defenses to the enforcement of the terms of this Purchase Contract based on the foregoing forms of signature. If this Purchase Contract has been executed by electronic signature, all parties executing this Purchase Contract are expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 (“E-SIGN”) and the California Uniform Electronic Transactions Act (“UETA”) (California

Civil Code §1633.1 et seq.), that a signature by fax, e-mail, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

17. **Counterparts.** This Purchase Contract may be executed in several counterparts, which together shall constitute one and the same instrument.

THE UNDERWRITERS:

BOFA SECURITIES, INC.
SAMUEL A. RAMIREZ & CO. INC.
ACADEMY SECURITIES, INC.
JEFFERIES LLC
MORGAN STANLEY & CO. LLC
RBC CAPITAL MARKETS, LLC
SIEBERT WILLIAMS SHANK & CO.LLC
STERN BROTHERS & CO.

By: BOFA SECURITIES, INC., as Representative of the Underwriters

By______________________________
Cory R. Czyzewski
Managing Director

The foregoing is hereby agreed to and accepted as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By ______________________________
Vice President, Chief Financial Officer

APPROVED AS TO FORM:

By ______________________________
General Counsel
San Diego County Regional Airport Authority

[Signature page to Purchase Contract]

SCHEDULE I

$[Series A par amount]
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2025A
(Governmental/Non-AMT)
Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price
20__	$	%	%	

C Priced to par call on July 1, 20__.
* Term Bonds, subject to mandatory sinking fund redemption.
** 10% Test Maturities
*** Hold-the-Price Maturities

$[Series B par amount]
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2025B
(Private Activity/AMT)
Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price
20__	$	%	%	

C Priced to par call on July 1, 20__.
* Term Bonds, subject to mandatory sinking fund redemption.
** 10% Test Maturities
*** Hold-the-Price Maturities

REDEMPTION PROVISIONS

Optional Redemption.

The Series 2025 Bonds maturing on or before July 1, 20__ are not subject to optional redemption prior to maturity. The Series 2025 Bonds maturing on and after July 1, 20__ are subject to redemption prior to maturity, at the option of the Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after July 1, 20__, at a redemption price equal to 100% of the principal amount of the Series 2025 Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption.

Series 2025A Bonds

The Series 2025A Bonds maturing on July 1, 20__ are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

† Final Maturity.

Series 2025B Bonds

The Series 2025B Bonds maturing on July 1, 20__ are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

† Final Maturity.

EXHIBIT A

FORM OF DISCLOSURE COUNSEL'S NEGATIVE ASSURANCE LETTER

San Diego County Regional Airport Authority
San Diego, California

BofA Securities, Inc.
New York, New York

Samuel A. Ramirez & Co., Inc.
Los Angeles, California

Academy Securities, Inc.
New York, New York

Jefferies LLC
New York, New York

Morgan Stanley & Co. LLC
Chicago, Illinois

RBC Capital Markets, LLC
San Francisco, California

Siebert Williams Shank & Co., LLC
New York, New York

Stern Brothers & Co.
Sacramento, California

Re: San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT)

San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT)

Ladies and Gentlemen:

We have acted as Disclosure Counsel to the San Diego County Regional Airport Authority (the "Authority") in connection with the issuance and sale by the Authority of (a) $[Series A par amount] aggregate principal amount of its San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the "Senior Series 2025A Bonds"), and (b) $[Series B par amount] aggregate principal amount of its San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the "Senior Series 2025B Bonds," and together with the Senior Series 2025A Bonds, the "Senior Series 2025 Bonds"). The Senior Series 2025 Bonds are being issued pursuant to Section 170000 et seq. of the California Public Utilities Code (the "Act"); the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the California Government Code), excluding Article 3 (commencing with Section 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the California Government Code and the limitations set forth in subdivision (b) of Section 54402 of the California Government Code, which will not apply to the issuance and sale of bonds pursuant to the Act (collectively, the "Revenue Bond Law"); the Master Trust Indenture, dated as of November 1, 2005, as amended (the "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 (the "Senior Trustee"); and the Sixth Supplemental Trust Indenture, dated as of [__] 1, 2025 (the "Sixth Supplemental Senior Indenture," and together with the Master Senior Indenture, the "Senior Indenture"), by and between the Authority and the Senior Trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Senior Indenture and the hereinafter defined Preliminary Official Statement and Official Statement.

In our capacity as Disclosure Counsel, we participated with you and other parties in the preparation of (a) the Preliminary Official Statement dated [__], 2025 relating to the Senior Series 2025 Bonds (the "Preliminary Official Statement"), and (b) the Official Statement dated [___], 2025 relating to the Senior Series 2025 Bonds (the "Official Statement"). In the course of such participation, we generally reviewed information furnished to us by, and participated in conferences with representatives of the Authority; the General Counsel of the Authority; Frasca & Associates, LLC, municipal advisor to the Authority; Unison Consulting, Inc., the feasibility consultant; BofA Securities, Inc., Samuel A. Ramirez & Co., Inc., Academy Securities, Inc., Jefferies LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Siebert Williams Shank & Co., LLC, and Stern Brothers & Co., the underwriters of the Senior Series 2025 Bonds (the "Underwriters); and Squire Patton Boggs (US) LLP, as counsel to the Underwriters of the Senior Series 2025 Bonds. We also have reviewed the documents, certificates and opinions delivered this date related to the issuance of the Senior Series 2025 Bonds, other documents and records relating to the authorization, issuance, delivery and sale of the Senior Series 2025 Bonds and certain other files, records and documents of the Authority. In addition, we have relied upon, and assumed the correctness of, the certificates of the officials of the Authority and upon certain documents, opinions and letters. We are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements.

Based solely on the foregoing, we advise you that although we have made no independent investigation or verification of the accuracy, correctness, fairness or completeness of, and do not pass upon or assume any responsibility for, the statements included in the Preliminary Official Statement or the Official Statement, during the course of the activities described in the preceding paragraph, nothing has come to the attention of the attorneys in our firm rendering legal services to the Authority in connection with the preparation of the Preliminary Official Statement and the Official Statement which leads us to believe that the Preliminary Official Statement, as of its date and as [__], 2025, or the Official Statement, as of its date and as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. We express no belief or opinion as to Appendices A, B or G to the Preliminary Official Statement or the Official Statement or as to any CUSIP numbers, financial, technical, statistical, economic, engineering, demographic or tabular data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion included in the Preliminary Official Statement and the Official Statement, any information in the Preliminary Official Statement and the Official Statement under the captions "FINANCIAL FEASIBILITY REPORT" and "UNDERWRITING," any information in the Preliminary Official Statement or the Official Statement about the book-entry system, Cede & Co. or DTC, or, with respect to the Preliminary Official Statement, any permitted omissions in accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

The scope of our engagement has not and does not extend beyond the examinations and the rendering of the conclusions expressed herein. Our engagement with respect to the transaction referred to herein terminates upon the date of this letter. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in current laws, by legislative or regulatory action, by judicial decision or for any other reason. The conclusions set forth in this letter are based solely upon existing laws, regulations, rulings and judicial decisions. No person (including, but in no way by limitation, the registered and beneficial owners of the Senior Series 2025 Bonds) other than the addressees set forth above may rely upon this letter without our express prior written consent. This letter may not be utilized by the addressees for any other purpose whatsoever and may not be quoted by the addressees without our express prior written consent. No attorney-client relationship has existed or exists between our firm and BofA Securities, Inc., Samuel A. Ramirez & Co., Inc., Academy Securities, Inc., Jefferies LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Siebert Williams Shank & Co., LLC, or Stern Brothers & Co. in connection with the Senior Series 2025 Bonds or by virtue of this letter.

Very truly yours,

EXHIBIT B

FORM OF OPINION OF THE GENERAL COUNSEL OF THE AUTHORITY

_______ __, 2025

San Diego County Regional Airport Authority
San Diego, California

BofA Securities, Inc., as Representative of the Underwriters
New York, New York

Re: San Diego County Regional Airport Authority
Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT)
Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT)

Ladies and Gentlemen:

I am General Counsel to the San Diego County Regional Airport Authority (the "Authority") and have served as such in connection with the issuance, sale and delivery of its (a) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the "Series 2025A Bonds") and (b) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the "Series 2025B Bonds," and together with the Series 2025A Bonds, the "Series 2025 Bonds"). The Series 2025 Bonds are being issued pursuant to the San Diego County Regional Airport Authority Act (Section 170000 et seq. of the California Public Utilities Code) (the "Act"); the Revenue Bond Law of 1941 Chapter 6 (commencing with Section 54300) of Part l of Division 2 of Title *5* of the California Government Code, excluding Article 3 (commencing with Section 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 Section 54402(b), which do not apply to the issuance and sale of bonds pursuant to the Act; the Master Trust Indenture, dated as of November 1, 2005, as amended (the "Master Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"); and the Sixth Supplemental Trust Indenture, dated as of July 1, 2025 (the "Sixth Supplemental Indenture," and together with the Master Indenture, the "Indenture"), by and between the Authority and the Trustee.

In connection with such advice, I have examined copies of the Indenture; the Purchase Contract, dated [[pricing date]] (the "Purchase Contract"), between BofA Securities, Inc., as Representative of the Underwriters, and the Authority; the Continuing Disclosure Certificate, dated [[closing date]] (the "Disclosure Certificate"), executed by the Authority; the Tax Compliance Certificate, dated [closing date], with respect to the Series 2025 Bonds (the "Tax Certificate") executed by the Authority; and copies of the Preliminary Official Statement, dated [June __, 2025] with respect to the Series 2025 Bonds (the "Preliminary Official Statement") and the Official Statement, dated [[pricing date]], with respect to the Series 2025 Bonds (the "Official Statement"). The Indenture, the Purchase Contract, the Disclosure Certificate and the Tax Certificate are collectively referred to herein as the "Legal Documents." Additionally, I have reviewed a certified copy of Resolution No. 2025-[___], adopted by the board of directors of the Authority (the "Board") on [June 5, 2025] the "Bond Resolution''). In connection with the delivery of the opinion in numbered paragraph 3 below, I have reviewed my records and consulted with the other attorneys in my office, the President and CEO, and the Vice President, Chief Financial Officer.

All capitalized terms not defined herein shall have the respective meanings ascribed thereto in the Purchase Contract.

Based upon such examination and considerations of law and fact as I have deemed necessary for the purpose of the opinions expressed herein, I am of the opinion that:

1. The Authority is a local governmental entity of regional government duly organized, validly existing and in good standing under the Act and the laws of the State of California. The Authority has all requisite power and authority to (a) adopt the Bond Resolution and enter into, execute, deliver and perform its covenants and agreements under the Legal Documents, (b) to approve and authorize the use, execution and distribution of the Preliminary Official Statement and the Official Statement, (c) to issue, sell, execute and deliver the Series 2025 Bonds, (d) to pledge the Net Revenues as contemplated by the Legal Documents, and (e) to carry on its activities as currently conducted.

2. The Bond Resolution was duly adopted at a meeting of the Board which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

3. Except as disclosed in the Preliminary Official Statement and the Official Statement, to the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, threatened against or affecting the Authority, which would materially and adversely impact the Authority's ability to complete the transactions described in and contemplated by the Preliminary Official Statement and the Official Statement, to restrain or enjoin the payments of debt service on the Series 2025 Bonds from Net Revenues (as defined in the Indenture) or the collection of the Net Revenues, in any way contesting or affecting the validity of the Legal Documents, the Bond Resolution or the Series 2025 Bonds, or contesting in any way the completeness or accuracy of the Official Statement.

4. The execution and delivery of the Sixth Supplemental Indenture, the Purchase Contract, the Disclosure Certificate and the Tax Certificate, the adoption of the Bond Resolution and the approval of the Preliminary Official Statement and the Official Statement, and compliance with the provisions of the Legal Documents, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach· of or default under any agreement or other instrument to which the Authority is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Authority is subject.

5. The Legal Documents, have been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the other parties thereto constitute legal, valid and binding agreements of the Authority enforceable in accordance with

their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally and by the application of equitable principles if equitable remedies are sought and by the limitations on legal remedies imposed on actions against local government entities in the State of California.

6. No authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California, other than the Board (which has been obtained), is required for the valid authorization, execution and delivery of the Legal Documents, and the approval and distribution of the Preliminary Official Statement and the Official Statement (provided that no opinion is given as to any action required under state securities or Blue Sky laws in connection with the purchase of the Series 2025 Bonds by the Underwriters).

7. Based upon examinations which I have made and my discussions in conferences with certain officials of the Authority and others with respect to the Preliminary Official Statement and the Official Statement and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement (including the Appendices attached thereto), nothing has come to my attention which would lead me to believe that the Preliminary Official Statement as of its date and as of [pricing date] or the Official Statement as of its date and as of the date hereof (other than financial and statistical data therein and incorporated therein by reference, and other than information relating to DTC, the Book-Entry System, information provided by the Underwriters or the Feasibility Consultant for inclusion in the Preliminary Official Statement and the Official Statement, the information included in Appendix G to the Preliminary Official Statement and the Official Statement, or with respect to the Preliminary Official Statement, information permitted to be omitted therefrom under Securities Exchange Commission Rule 15c2-12, as to which no opinion is expressed) contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This opinion is given in an official capacity and not personally and no personal liability shall derive therefrom.

The use of the term "to the best of my knowledge" or similar phrases to qualify a statement in this Opinion means I do not have current actual knowledge that the statement is inaccurate. ·

This letter is for the sole benefit of the addressees in connection with the sale of the Series 2025 Bonds and is not to be used, circulated, quoted or otherwise referred to for any purpose. No other person may rely on this letter without my prior written consent. I do not undertake, and expressly disclaim, any obligation to amend or supplement this opinion as facts and circumstances come to my attention, or changes in law occur, after the date hereof which could affect such opinion.

Very truly yours,

EXHIBIT C

FORM OF CERTIFICATE OF THE FEASIBILITY CONSULTANT

The undersigned authorized representative of Unison Consulting, Inc. (the "Feasibility Consultant") hereby certifies that:

1. This Certificate is furnished pursuant to Section 8(c)(xv) of the Purchase Contract, dated [pricing date] by and between BofA Securities, Inc., as representative of the underwriters named therein (the "Underwriters"), and the San Diego County Regional Airport Authority (the ‘‘Authority"), relating to the sale by the Authority of $[Series A par amount] aggregate principal amount of its San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the "Series 2025A Bonds") and $[Series B par amount] aggregate principal amount of its San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the "Series 2025B Bonds," and together with the Series 2025A Bonds, the "Series 2025 Bonds"), as more fully described in the Preliminary Official Statement, dated [June __, 2025], with respect to the Series 2025 Bonds (the "Preliminary Official Statement") and the Official Statement, dated [pricing date], with respect to the Series 2025 Bonds (the "Official Statement").

2. The Feasibility Consultant has been retained by the Authority as its independent consultant to prepare the Financial Feasibility Report, dated [June __, 2025] (the "Report"), included as Appendix A to the Preliminary Official Statement and the Official Statement, and consent is hereby given to all references to the Feasibility Consultant and the Report in the Preliminary Official Statement and in the Official Statement, including on the masthead page and under the captions "INTRODUCTION-Financial Feasibility Report," "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS," "FINANCIAL FEASIBILITY REPORT" and "CERTAIN INVESTMENT CONSIDERATIONS-Financial Feasibility Report" in the Preliminary Official Statement and the Official Statement and to the inclusion of the Report in Appendix A to the Preliminary Official Statement and the Official Statement.

3. In connection with the preparation of the Report, personnel for the Feasibility Consultant have participated in certain meetings and conference calls with representatives of the Authority, the Authority's Bond Counsel and Disclosure Counsel, the Authority's Municipal Advisor, the Underwriters for the Series 2025 Bonds and their counsel with respect to the issuance of the Series 2025 Bonds. Nothing has come to the attention of the Feasibility Consultant in relation to the preparation of the Report that would cause them to believe the Report was, as of its date or as of the date hereof, or any of the statements in the Preliminary Official Statement and the Official Statement specifically attributed to the Feasibility Consultant were, as of the date of the Preliminary Official Statement or as of the date of the Official Statement, or as of the date hereof, inaccurate in any material respect.

4. This Certificate is solely for the information of, and assistance to, the Authority, its Disclosure Counsel and the Underwriters in conducting and documenting their investigation of the matters covered by the Report in connection with the offering pursuant to the Preliminary Official Statement and the Official Statement of the Series 2025 Bonds, and is not to be used, circulated,

quoted or otherwise referred to within or without the underwriting group for any other purpose, including but not limited to the purchase or sale of securities (other than the Series 2025 Bonds), nor is it to be referred to in whole or in part in any other document (other than the Preliminary Official Statement of the Official Statement), except that reference may be made to it in the documents related to the Series 2025 Bonds. The Feasibility Consultant acknowledges and agrees that this Certificate will become part of the transcript related to the Series 2025 Bonds and will be publicly available.

IN WITNESS WHEREOF, the undersigned has executed this certificate this [9th day of July, 2025].

UNISON CONSULTING, INC.

By:______________________________

Title: ____________________________

EXHIBIT D

FORM OF ISSUE PRICE CERTIFICATE

$[Series A par amount]
San Diego County
Regional Airport Authority
Senior Airport Revenue Bonds
Series 2025A
(Governmental/Non-AMT)

$[Series B par amount]
San Diego County
Regional Airport Authority
Senior Airport Revenue Bonds
Series 2025B
(Private Activity/AMT)

The undersigned, on behalf of BofA Securities, Inc. (the "Representative"), on behalf of itself and Samuel A. Ramirez & Co. Inc., Academy Securities, Inc., Jefferies, LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Siebert Williams Shank & Co., LLC, and Stern Brothers & Co. (collectively, the "Underwriting Group"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Series 2025 Bonds").

1. ***Sale of the 10% Test Maturities***. As of the date of this certificate, for each Maturity of the Series 2025 Bonds listed as a "10% Test Maturity" in Schedule A attached hereto, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A attached hereto.

[2. ***Initial Offering Price of the Hold-the-Price Maturities***.

(a) The Underwriting Group offered the "Hold-the-Price Maturities" (as listed in Schedule A attached hereto) to the Public for purchase at the respective initial offering prices listed in Schedule A attached hereto (the "Initial Offering Prices") on or before the Sale Date.

(b) With respect to the Hold-the-Price Maturities, as agreed to in writing by the Representative in the Purchase Contract, dated October__, 2025, between the Representative and the Authority, the Representative has not offered or sold any of the Hold-the-Price Maturities to any person at a price that is higher than or a yield lower than the respective Initial Offering Prices for such Maturities of the Series 2025 Bonds during the Holding Period.]

3. ***Pricing Wire or Equivalent Communication***. A copy of the pricing wire or equivalent communication for the Series 2025 Bonds is attached to this certificate as Schedule B.

4. ***Establishment of Reserve Fund***. The establishment of the Reserve Fund (as defined in the hereinafter defined Tax Compliance Certificate), at the level of funding described in Section ___ of the Tax Compliance Certificate, in the best judgment of the undersigned, was reasonably required to market the Series 2025 Bonds at the prices and yields listed in Schedule A attached hereto and is reasonable and customary in marketing obligations of the same general type as the Series 2025 Bonds.

5. ***Defined Terms***.

(a) *10% Test Maturities* means those Maturities of the Series 2025 Bonds listed in Schedule A hereto as the "10% Test Maturities."

(b) *Authority* means the San Diego County Regional Airport Authority.

(c) *Hold-the-Price Maturities* means those Maturities of the Series 2025 Bonds listed in Schedule A hereto as the "Hold-the-Price Maturities."

(d) *Holding Period* means, with respect to a Hold-the-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which at least 10% of such Hold-the-Price Maturity was sold to the Public at prices that are no higher than or yields that are no lower than the Initial Offering Price for such Hold-the-Price Maturity.

(e) *Maturity* means Series 2025 Bonds with the same credit and payment terms. Series 2025 Bonds with different maturity dates, or Series 2025 Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(g) *Related Party*. A purchaser of any Series 2025 Bonds is a "Related Party" to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(h) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2025 Bonds. The Sale Date of the Series 2025 Bonds is [pricing date].

(i) *Tax Compliance Certificate* means the Tax Compliance Certificate, dated [closing date], 2025, executed and delivered by the Authority in connection with the issuance of the Series 2025 Bonds.

(j) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2025 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2025 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2025 Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Authority with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2025 Bonds, and by Kutak Rock LLP, as Bond Counsel to the Authority, in connection with rendering its opinion that the interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Forms 8038 and 8038-G, and other federal income tax advice that it may give to the Authority from time to time relating to the Series 2025 Bonds. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

BOFA SECURITIES, INC., as Representative of the Underwriting Group

By ____
Authorized Representative

Dated: July ___, 2025

SCHEDULE A

SALE PRICES OF THE 10% TEST MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-PRICE MATURITIES

$__________
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2025A
(Governmental/Non-AMT)

Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price

C Priced to par call on July 1, 20__.
* Term Bonds, subject to mandatory sinking fund redemption.
** 10% Test Maturities
*** Hold-the-Price Maturities

$___________

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2025B
(Private Activity/Non-AMT)

Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price

C Priced to par call on July 1, 20__.
* Term Bonds, subject to mandatory sinking fund redemption.
** 10% Test Maturities
*** Hold-the-Price Maturities

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(*Attached*)

EXHIBIT E

ISSUE PRICE CERTIFICATE
(Group Member)

[To be used only if there are Hold-the-Price-Maturities]

$[A PAR] **San Diego County** **Regional Airport Authority** **Senior Airport Revenue Bonds** **Series 2025A** **(Governmental/Non-AMT)**	**$[B PAR]** **San Diego County** **Regional Airport Authority** **Senior Airport Revenue Bonds** **Series 2025B** **(Private Activity/AMT)**

1. [The undersigned [Academy Securities, Inc./Jefferies LLC/Morgan Stanley & Co. LLC/RBC Capital Markets, LLC/Samuel A. Ramirez & Co., Inc./ Siebert Williams Shank & Co., LLC/Stern Brothers & Co.] (the "Group Member"), has acted as an underwriter pursuant to the Purchase Contract, dated [pricing date] (the "Purchase Contract"), between BofA Securities, Inc. (the "Representative"), on behalf of itself, the Group Member and [Academy Securities, Inc./Jefferies LLC /Morgan Stanley & Co. LLC/RBC Capital Markets, LLC/Samuel A. Ramirez & Co., Inc./ Siebert Williams Shank & Co., LLC/Stern Brothers & Co.], and the San Diego County Regional Airport Authority (the "Authority"), in connection with the sale and issuance of the above-captioned obligations (the "Series 2025 Bonds").

2. The Series 2025 Bonds are being issued on the date hereof, and the Group Member understands that the Representative has made certain representations to the Authority with respect to the offering and sale of the Series 2025 Bonds. With respect to the Group Member's offering and sale of the Series 2025 Bonds, the Group Member hereby certifies and represents that, with respect to the "Hold-the-Price Maturities" (as listed in Schedule A attached hereto), as agreed to in writing in the Purchase Contract by the Representative on behalf of the Group Member, neither the Group Member [nor any broker-dealer who is participating in the initial sale of the Series 2025 Bonds as a party to a retail distribution agreement or other written contract with the Group Member (if any)] has offered or sold any of the Hold-the-Price Maturities to any person at a price that is higher than or a yield lower than the respective Initial Offering Prices for such Maturities of the Series 2025 Bonds during the Holding Period.

3. ***Defined Terms***.

(a) *Initial Offering Price* means the prices or yields listed in Schedule A attached hereto.

(b) *Hold-the-Price Maturities* means those Maturities of the Series 2025 Bonds listed in Schedule A hereto as the "Hold-the-Price Maturities."

(c) *Holding Period* means, with respect to a Hold-the-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which at least 10% of such Hold-the-Price Maturity was sold to the Public at prices that are no higher than or yields that are no lower than the Initial Offering Price for such Hold-the-Price Maturity.

(d) *Maturity* means Series 2025 Bonds with the same credit and payment terms. Series 2025 Bonds with different maturity dates, or Series 2025 Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2025 Bonds. The Sale Date of the Series 2025 Bonds is [pricing date].

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2025 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2025 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2025 Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Group Member's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Authority with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2025 Bonds, and by Kutak Rock LLP, as Bond Counsel to the Authority, in connection with rendering its opinion that the interest on the Series 2025 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Forms 8038 and 8038-G, and other federal income tax advice that it may give to the Authority from time to time relating to the Series 2025 Bonds.]

[GROUP MEMBER]

By ____
Authorized Representative

Dated: [closing date], 2025

SCHEDULE A

SALE PRICES OF THE 10% TEST MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-PRICE MATURITIES

$__________
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2025A
(Governmental/Non-AMT)

Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price

C Priced to par call on July 1, 20__.
* Term Bonds, subject to mandatory sinking fund redemption.
** 10% Test Maturities
*** Hold-the-Price Maturities

$___________

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2025B
(Private Activity/Non-AMT)

Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price

C Priced to par call on July 1, 20__.
* Term Bonds, subject to mandatory sinking fund redemption.
** 10% Test Maturities
*** Hold-the-Price Maturities

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(*Attached*)

PRELIMINARY OFFICIAL STATEMENT DATED JUNE [•], 2025

NEW ISSUE
BOOK-ENTRY ONLY **Ratings: See "RATINGS" herein.**

In the opinion of Kutak Rock LLP, Bond Counsel to the Airport Authority, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Senior Series 2025 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Senior Series 2025B Bond for any period during which such Senior Series 2025B Bond is held by a "substantial user" of the facilities financed by the Senior Series 2025B Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Bond Counsel is further of the opinion that (a) interest on the Senior Series 2025A Bonds is not a specific preference item for purposes of the federal alternative minimum tax on individuals, and (b) interest on the Senior Series 2025B Senior Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Senior Series 2025 Bonds may affect the federal alternative minimum tax imposed on certain corporations. Bond Counsel is further of the opinion that interest on the Senior Series 2025 Bonds is exempt from present State of California personal income taxes. See "TAX MATTERS" herein.

[Logo] [Logo]

$[PAR]
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

$[PARA]*	$[PARB]*
Senior Airport Revenue Bonds	**Senior Airport Revenue Bonds**
Series 2025A	**Series 2025B**
(Governmental/Non-AMT)	**(Private Activity/AMT)**

Dated: Date of Delivery **Due: July 1 as shown on the inside cover**

The San Diego County Regional Airport Authority (the "Airport Authority") is issuing its (a) Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the "Senior Series 2025A Bonds"), and (b) Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the "Senior Series 2025B Bonds," and together with the Senior Series 2025A Bonds, the "Senior Series 2025 Bonds"), to (i) pay and/or reimburse the Airport Authority for certain capital improvements at San Diego International Airport associated with the New T1 program, (ii) fund a portion of the interest accruing on the Senior Series 2025 Bonds, the Senior Series 2023[A/B] Bonds and the Subordinate Series 2021[A/B] Bonds, (iii) make a deposit to the Senior Reserve Fund, and (iv) pay the costs of issuance of the Senior Series 2025 Bonds. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Senior Series 2025 Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of and first lien on Net Revenues, which include certain income and revenue received by the Airport Authority from the operation of the Airport System less all amounts that are required to pay the Operation and Maintenance Expenses of the Airport System; and (b) certain funds and accounts held by the Senior Trustee under the Senior Indenture. The Senior Series 2025 Bonds will be issued with a pledge of and lien on Net Revenues on parity with the Senior Series 2023 Bonds, which, as of June 1, 2025, were outstanding in the aggregate principal amount of $1,059,745,000.

NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THE SENIOR SERIES 2025 BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE AIRPORT AUTHORITY, THE CITY OF SAN DIEGO, THE COUNTY OF SAN DIEGO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SENIOR SERIES 2025 BONDS. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS."

The Senior Series 2025 Bonds will be issued as fully registered bonds in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Individual purchases and sales of the Senior Series 2025 Bonds may be made in book-entry-form only in denominations of $5,000 and integral multiples thereof Interest on the Senior Series 2025 Bonds will be payable on January 1 and July 1, commencing on January 1, 2026. So long as the Senior Series 2025 Bonds are held by DTC, the principal of and interest on the Senior Series 2025 Bonds will be payable by wire transfer to DTC, which in turn will be required to remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Senior Series 2025 Bonds, as more fully described herein. See "APPENDIX G—BOOK-ENTRY-ONLY SYSTEM."

Maturity Schedules on Inside Front Cover

The Senior Series 2025 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as more fully described herein. See "DESCRIPTION OF THE SENIOR SERIES 2025 BONDS—Redemption Provisions."

The purchase and ownership of Senior Series 2025 Bonds involve investment risk and may not be suitable for all investors. This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Senior Series 2025 Bonds. Investors are advised to read the entire Official Statement, including any portion hereof included by reference, to obtain information essential to the making of an informed decision, giving particular attention to the matters discussed under "CERTAIN INVESTMENT CONSIDERATIONS." Capitalized terms used on this cover page and not otherwise defined have the meanings set forth herein.

The Senior Series 2025 Bonds are offered when, as and if issued by the Airport Authority, subject to the approval of validity by Kutak Rock LLP, Bond Counsel to the Airport Authority, and to certain other conditions. Certain matters will be passed upon for the Airport Authority by its General Counsel and by Kutak Rock LLP, Disclosure Counsel to the Airport Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Squire Patton Boggs (US) LLP. Frasca & Associates, LLC, has served as Municipal Advisor to the Airport Authority. It is expected that the delivery of the Senior Series 2025 Bonds will be made through the facilities of DTC on or about July [•], 2025.

BofA Securities **Ramirez & Co., Inc.**

Academy Securities **Jefferies** **Morgan Stanley**

RBC Capital Markets	**Siebert Williams Shank**	**Stern Brothers**

Date of Official Statement:

MATURITY SCHEDULES*

$[PARA]*
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2025A
(Governmental/Non-AMT)

Maturity Date (July 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP Numbers†

$_________ ____% Term Bonds due July 1, 20___; Yield ____%; Price _____; CUSIP No.†: _______

$_________ ____% Term Bonds due July 1, 20___; Yield ____%; Price _____; CUSIP No.†: _______

* Preliminary; subject to change.

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$[PARB]*
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Senior Airport Revenue Bonds
Series 2025B
(Private Activity/AMT)

Maturity Date (July 1)*	Principal Amount*	Interest Rate	Yield	Price	CUSIP Numbers†

$_________ ____% Term Bonds due July 1, 20___; Yield ____%; Price _____; CUSIP No.†: _______

$_________ ____% Term Bonds due July 1, 20___; Yield ____%; Price _____; CUSIP No.†: _______

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS

Guillermo "Gil" Cabrera (Chair)**
James Sly (Vice Chair) **
Rafael Perez**
Whitney Benzian
Lidia S. Martinez
Esther Sanchez
Monica Montgomery Steppe
Steve Vaus
Marni von Wilpert
Colonel Erik Herrmann, *Ex-Officio* Member
Ann Fox, *Ex-Officio* Member
Michele Perrault, *Ex-Officio* Member

____

** Member of the Executive Committee.

EXECUTIVE MANAGEMENT

Kimberly J. Becker, President and CEO
Scott M. Brickner, Vice President, Chief Financial Officer
Angela Shafer-Payne, Vice President, Chief Development Officer
Rick Francis, Vice President, Chief Operations Officer
Hampton Brown, Vice President, Chief Revenue Officer
Lee Parravano, Chief Auditor
Amy Gonzalez, General Counsel

BOND COUNSEL AND DISCLOSURE COUNSEL

Kutak Rock LLP

MUNICIPAL ADVISOR

Frasca & Associates, LLC

SENIOR TRUSTEE

The Bank of New York Mellon Trust Company, N.A.

INDEPENDENT AUDITOR

Plante & Moran, PLLC

FEASIBILITY CONSULTANT

Unison Consulting, Inc.

No dealer, broker, salesperson or other person has been authorized by the Airport Authority to give any information or to make any representations other than as set forth herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Airport Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Senior Series 2025 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Senior Series 2025 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. See "INTRODUCTION—Forward-Looking Statements" herein.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Airport Authority since the date hereof. This Official Statement is submitted in connection with the sale of the Senior Series 2025 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE SENIOR SERIES 2025 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THE SENIOR INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. THE SENIOR SERIES 2025 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY COMMISSION. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT.

THE UNDERWRITERS MAY OFFER AND SELL THE SENIOR SERIES 2025 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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OFFICIAL STATEMENT

$[PAR]*
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

$[PARA]*	**$[PARB]***
Senior Airport Revenue Bonds	**Senior Airport Revenue Bonds**
Series 2025A	**Series 2025B**
(Governmental/Non-AMT)	**(Private Activity/AMT)**

INTRODUCTION

General

The purpose of this Official Statement, which includes the cover page, inside cover pages, table of contents and appendices, is to provide certain information concerning the sale and delivery by the San Diego County Regional Airport Authority (the "**Airport Authority**") of its (a) $[PARA]* San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the "**Senior Series 2025A Bonds**"), and (b) $[PARB]* San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the "**Senior Series 2025B Bonds**," and together with the Senior Series 2025A Bonds, the "**Senior Series 2025 Bonds**"). Capitalized terms used but not defined herein have the meanings ascribed to them in "APPENDIX C-1—CERTAIN DEFINITIONS."

The Airport Authority

The Airport Authority is a local government entity of regional government, with jurisdiction extending throughout the County of San Diego (the "**County**"). The Airport Authority was organized and exists pursuant to the provisions of the Constitution of the State of California and Section 170000 et seq. of the California Public Utilities Code (the "**Act**"). The Airport Authority was formed for the purposes of: (a) operating the Airport System (the main asset of which is San Diego International Airport ("**SAN**" or the "**Airport**")); (b) planning and operating any future airport that could be developed as a supplement or replacement to SAN; (c) developing comprehensive land use plans as they may relate to the Airport System for the entire County; and (d) serving as the region's airport land use commission.

San Diego International Airport and Airport System

SAN was owned and operated by the San Diego Unified Port District (the "**Port District**") until January 2003 at which time SAN was transferred by long-term lease to the Airport Authority (the "**Transfer**"). The Transfer included all obligations associated with SAN, including bonds and commercial paper notes issued for the improvement of SAN. [According to Airports Council International ("**ACI**") statistics, SAN is the busiest single-runway commercial airport in the United States based on passenger levels and is classified as a large air traffic hub by the Federal Aviation Administration (the "**FAA**"). According to ACI statistics, for the calendar year ended December 31, 2023 (the latest available information), SAN was ranked as the 26th busiest airport in the country as measured by total number of enplaned and deplaned passengers. For the fiscal year ended June 30, 2024 ("**Fiscal Year 2024**"), approximately 12.5 million passengers were enplaned at SAN, which represented a 5.1% increase in

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* Preliminary; subject to change.

enplaned passengers from the fiscal year ended June 30, 2023 ("**Fiscal Year 2023**"). For the calendar year ended December 31, 2024, approximately 97.0% of the passengers using SAN were origination and destination ("**O&D**") passengers (passengers beginning or ending their trips at SAN, as opposed to passengers connecting through SAN to other cities). Over the last five Fiscal Years, on average, approximately 96.7% of all enplanements at SAN have been domestic enplanements. See "THE AIRPORT AUTHORITY" and "SAN DIEGO INTERNATIONAL AIRPORT" herein.

In addition to operating SAN, the Airport Authority is responsible for operating the entire "**Airport System**," which includes all airports, airport sites, and all equipment, accommodations and facilities for aerial navigation, flight, instruction and commerce under the jurisdiction and control of the Airport Authority, including SAN, and any successor entities thereto, including all facilities and property related thereto, real or personal, under the jurisdiction or control of the Airport Authority or in which the Airport Authority has other rights or from which the Airport Authority derives revenues at such location; and including or excluding, as the case may be, such property as the Airport Authority may either acquire or which shall be placed under its control, or divest or have removed from its control. Currently, SAN is the only airport in the Airport System.

Plan of Finance

The Senior Series 2025 Bonds are being issued to (a) pay and/or reimburse the Airport Authority for certain capital improvements at San Diego International Airport associated with the New T1 program, (b) fund a portion of the interest accruing on the Senior Series 2025 Bonds, the Senior Series 2023[A/B] Bonds (as defined herein) and the Subordinate Series 2021[A/B] Bonds (as defined herein), (c) make a deposit to the Senior Reserve Fund (as defined herein), and (d) pay the costs of issuance of the Senior Series 2025 Bonds. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS" and "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT."

Capital Program and New T1

Capital Program. The Airport Authority maintains a capital program (the "**Capital Program**"), which is a rolling five-year program that provides for critical improvements and asset preservation for the Airport Authority. The Capital Program contains two main components: (1) the New T1 program that consists of the replacement of the current Terminal 1 with a larger, more efficient facility, certain airfield enhancements and roadway and parking improvements, and a new administration building for the Airport Authority (see "New T1" below), and (2) the Capital Improvement Program (the "**CIP**") that addresses airfield safety and capacity, environmental protection, terminal enhancements, landside infrastructure and access improvements. The New T1 is expected to be designed and constructed through Fiscal Year 2028, and all approved open projects of the CIP are anticipated to be completed between Fiscal Years 2026 through 2030. The current Capital Program was approved by the board of directors of the Airport Authority (the "**Board**") on [June 5, 2025] and, as of the date of this Official Statement, has a budgeted cost of $4.523 billion (as of March 31, 2025, $2.5 billion of this cost had been incurred), of which approximately $3.834 billion is the approved budgeted cost of the New T1.

New T1. In 2012, the Airport Authority embarked on a new master-planning effort for SAN known as the "**New T1**" (previously known as the "**Airport Development Plan**"), to identify the facilities anticipated to be needed to meet the Airport's passenger demand through 2035. Between Fiscal Years 2015 and 2019, SAN had record-breaking growth with approximately 24.7 million passengers being served in Fiscal Year 2019; the highest number of passengers ever served by SAN. Traffic declined in Fiscal Years 2020 and 2021 due to the COVID-19 pandemic, but by Fiscal Year 2024 traffic returned to 2019 levels when SAN served approximately 24.6 million passengers. Activity levels at the Airport are estimated to surpass 34 million passengers and 287,000 aircraft operations in 2035, based on the aviation planning forecast expected to be included as part of the Northside Airfield and Facility Advanced Planning and Improvements Study (the "**Northside Study**"), which the Airport Authority anticipates will be completed by the end of 2025. Aviation planning forecasts focus on operational and infrastructure needs, and include all airfield operations, while budget forecasts, such as those undertaken for the Financial Feasibility Report, concentrate on financial performance and consider only revenue related airfield operations and will therefore be more conservative than aviation planning forecasts. The cornerstone of the New T1 is the replacement of Terminal 1, which is over 50 years old, with a more modern, comfortable, and efficient terminal facility. The new Terminal 1 will be approximately 1.2 million square feet (more than three times larger than the existing Terminal 1 which is approximately 336,000 square feet), will have 30 gates (11 more gates than the existing Terminal 1) and be able to accommodate both narrow-body and wide-body aircraft. The new Terminal 1 will be served by a dual-level curbside, a new close-in parking structure (approximately 5,200 parking spaces) and new entry and circulation roadways. Other components that are part of the New T1 include a new Airport Authority administration building and multiple airfield improvements, such as a new apron area for the new terminal, a new Taxiway A, relocation of Taxiway B and reconfigured remain-overnight aircraft parking positions. Additionally, the New T1 includes a replacement shuttle hold lot for rental car and terminal buses, which will encompass 3.16 acres on property the Airport Authority partially owns and partially leases from the Port District located north of the Airport.

As of March 31, 2025, the New T1 has an approved budget of approximately $3.834 billion, including $113.7 million of program contingencies. Certain elements of the New T1 are complete, including the administration building, which the Airport Authority began using in October 2023, the first phase of the parking structure which opened in August 2024 when approximately 2,800 spaces were opened for public use, and phase 1 of the new shuttle hold lot which opened in the fall of 2023. In June 2025, the second phase of the parking structure (approximately 2,400 spaces) is expected to open to the public.

The New T1 is being procured through the use of "progressive design-build" and "design-bid-build" delivery methods. The terminal and roadway components of the New T1 are being designed and built by Turner-Flatiron, A Joint Venture (the "**Terminal and Roadway Contractor**"); the airside improvement components of the New T1 were designed by Jacobs Engineering Group Inc. ("**Jacobs**") and are being built by Griffith Company (the "**Airside Contractor**"); and the administration building component of the New T1 was designed and built by Sundt Construction, Inc. (the "**Administration Building Contractor**").

Projected Funding Sources for Capital Program and New T1. The Capital Program (including the New T1) is expected to be financed with a combination of proceeds of the Senior Series 2025 Bonds, the previously-issued Subordinate Series 2019 Bonds (as defined herein), Subordinate Series 2021A/B Bonds [(as defined herein)], and Senior Series 2023 Bonds [(as defined herein)], Additional Senior Bonds and/or Additional Subordinate Obligations, federal grants, Passenger Facility Charges ("**PFCs**") and certain other available moneys of the Airport Authority. Following the issuance of the Senior Series 2025 Bonds, the Airport Authority does not expect to issue any Additional Senior Bonds or Additional Subordinate Obligations to fund costs of the New T1. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS," "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT" and "APPENDIX A—FINANCIAL FEASIBILITY REPORT."

Senior Series 2025 Bonds and Pledge of Net Revenues

The Senior Series 2025 Bonds are being issued pursuant to the Master Trust Indenture, dated as of November 1, 2005, as amended (the "**Master Senior Indenture**"), by and between the Airport 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 (the "**Senior Trustee**"), and the Sixth Supplemental Trust Indenture, to be dated as of July 1, 2025 (the "**Sixth Supplemental Senior Indenture**," and collectively with the Master Senior

Indenture and all supplements thereto, the "**Senior Indenture**"), by and between the Airport Authority and the Senior Trustee; the Act; and certain other provisions of California State law (including Section 53580 *et seq*. of the California Government Code). The Board authorized the issuance of the Senior Series 2025 Bonds pursuant to a resolution adopted by the Board on June 5, 2025 (the "**Resolution**"). See "DESCRIPTION OF THE SENIOR SERIES 2025 BONDS."

The Senior Series 2025 Bonds are secured by a pledge of and first lien on Net Revenues (as defined herein) on a parity with the Senior Series 2023 Bonds and any additional bonds or obligations issued or incurred on a parity with the Senior Series 2025 Bonds under the terms and provisions of the Master Senior Indenture ("**Additional Senior Bonds**"). See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Flow of Funds," "—Pledge of Net Revenues," "—Use of PFCs to Pay Debt Service" and "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE."

The Senior Series 2025 Bonds are special obligations of the Airport Authority, payable solely from and secured by a pledge of and first lien on (a) Net Revenues, which include certain income and revenues received by the Airport Authority from the operation of the Airport System less all amounts which are required to be used to pay the Operation and Maintenance Expenses of the Airport System (as defined herein), and (b) certain funds and accounts held by the Senior Trustee under the Senior Indenture. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Senior Series 2025 Bonds, and neither the full faith and credit nor the taxing power of the Airport Authority, the City of San Diego (the "City"), the County, the State of California (the "State") or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Senior Series 2025 Bonds.

Existing Senior Bonds (Senior Series 2023 Bonds)

Pursuant to the Master Senior Indenture and the Fifth Supplemental Trust Indenture, dated as of October 1, 2023, by and between the Airport Authority and the Senior Trustee, the Airport Authority previously issued, and as of June 1, 2025, there was $1,059,745,000 aggregate principal amount outstanding of its Senior Airport Revenue Bonds, Series 2023A (Governmental/Non-AMT) (the "**Senior Series 2023A Bonds**") and Senior Airport Revenue Bonds, Series 2023B (Private Activity/AMT) (the "**Senior Series 2023B Bonds**," and together with the Senior Series 2023A Bonds, the "**Senior Series 2023 Bonds**"). For purposes of this Official Statement, "**Senior Bonds**" means the Senior Series 2025 Bonds, the Senior Series 2023 Bonds and any Additional Senior Bonds. The Senior Bonds are secured by a pledge of and first lien on Net Revenues and certain funds and accounts held by the Senior Trustee under the Senior Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Flow of Funds," "—Pledge of Net Revenues," "—Use of PFCs to Pay Debt Service" and "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE."

Subordinate Obligations

Pursuant to the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "**Master Subordinate Indenture**," and together with all supplements thereto, the **"Subordinate Indenture**"), by and between the Airport Authority and U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association, as successor trustee (the "**Subordinate Trustee**"), the Airport Authority has issued the Existing Subordinate Bonds (as defined below), is authorized to issue and have outstanding, from time to time, up to $200,000,000 in aggregate principal amount of its Subordinate Revolving Obligations (as defined herein) and may, from time to time, issue additional Subordinate Obligations ("**Additional Subordinate Obligations**"), all of which are secured by a pledge of and lien on "**Subordinate Net Revenues**" (which consist of Net Revenues less all amounts necessary to pay debt service on and fund the reserves for the Senior Bonds (including the Senior Series 2025 Bonds)).

See “SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Flow of Funds.”

The Airport Authority previously issued, and as of June 1, 2025, there was $2,741,325,000 aggregate principal amount outstanding of its Subordinate Airport Revenue Bonds, Series 2017A (Non-AMT) (the “**Subordinate Series 2017A Bonds**”), Subordinate Airport Revenue Bonds, Series 2017B (AMT) (the “**Subordinate Series 2017B Bonds**,” and together with the Subordinate Series 2017A Bonds, the “**Subordinate Series 2017 Bonds**”), Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A (Governmental/Non-AMT) (the “**Subordinate Series 2019A Bonds**”), Subordinate Airport Revenue Bonds, Series 2019B (Private Activity/AMT) (the “**Subordinate Series 2019B Bonds**,” and together with the Subordinate Series 2019A Bonds, the “**Subordinate Series 2019 Bonds**”), Subordinate Airport Revenue Refunding Bonds, Series 2020A (Governmental/Non-AMT) (the “**Subordinate Series 2020A Bonds**”), Subordinate Airport Revenue Refunding Bonds, Series 2020B (Private Activity/Non-AMT) (the “**Subordinate Series 2020B Bonds**”), Subordinate Airport Revenue Refunding Bonds, Series 2020C (Private Activity/AMT) (the “**Subordinate Series 2020C Bonds**,” and collectively with the Subordinate Series 2020A Bonds and the Subordinate Series 2020B Bonds, the “**Subordinate Series 2020 Bonds**”), Subordinate Airport Revenue Bonds, Series 2021A (Governmental/Non-AMT) (the “**Subordinate Series 2021A Bonds**”), Subordinate Airport Revenue Bonds, Series 2021B (Private Activity/AMT) (the “**Subordinate Series 2021B Bonds**,” and together with the Subordinate Series 2021A Bonds, the “**Subordinate Series 2021A/B Bonds**”), and Subordinate Airport Revenue Refunding Bonds, Series 2021C (Federally Taxable) (the “**Subordinate Series 2021C Bonds**,” and together with the Subordinate Series 2021A/B, the “**Subordinate Series 2021 Bonds**”). The Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2020 Bonds and the Subordinate Series 2021 Bonds are collectively referred to in this Official Statement as the “**Existing Subordinate Bonds**.”

Pursuant to the Master Subordinate Indenture, the Tenth Supplemental Subordinate Trust Indenture, dated as of July 18, 2024 (the “**Tenth Supplemental Subordinate Indenture**”), by and between the Airport Authority and the Subordinate Trustee, and the Amended and Restated Revolving Credit Agreement, dated as of July 18, 2024 (the “**Subordinate Credit Agreement**”), by and between the Airport Authority and Bank of America, N.A. (the “**Subordinate Revolving Obligations Bank**”), the Airport Authority is authorized to issue and have outstanding, from time to time, up to $200,000,000 in aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations (collectively, the “**Subordinate Revolving Obligations**”). As of June 1, 2025, the Airport Authority had no Subordinate Revolving Obligations outstanding.

The Existing Subordinate Bonds and the Subordinate Revolving Obligations are collectively referred to in this Official Statement as the “**Existing Subordinate Obligations**”; and the Existing Subordinate Obligations and any Additional Subordinate Obligations are collectively referred to in this Official Statement as “**Subordinate Obligations**.” See “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations.”

Financial Feasibility Report

Included as Appendix A to this Official Statement is a Financial Feasibility Report dated June [•], 2025 (the “**Financial Feasibility Report**”), prepared by Unison Consulting, Inc. (the “**Feasibility Consultant**”), in conjunction with the issuance of the Senior Series 2025 Bonds. The Financial Feasibility Report includes, among other things, a description of the underlying economic base of SAN’s air service area; a description of historical air traffic activity at SAN; the Feasibility Consultant’s projections for air traffic activity at SAN through Fiscal Year 2031 and a description of the assumptions on which such projections were based; a description of existing and planned facilities at SAN, including the New T1; and the Feasibility Consultant’s projections of debt service, debt service coverage, expenses and revenues through Fiscal Year 2031 and a description of the assumptions upon which such projections were based. Inevitably, some assumptions used to develop the projections in the Financial Feasibility Report will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. The projections contained in the Financial Feasibility Report are not necessarily indicative of future performance, and neither the Feasibility Consultant nor the Airport Authority assume any responsibility for the failure to meet such projections. The Financial Feasibility Report is an integral part of this Official Statement and should be read in its entirety. "FINANCIAL FEASIBILITY REPORT," and "CERTAIN INVESTMENT CONSIDERATIONS—Financial Feasibility Report" and "APPENDIX A—FINANCIAL FEASIBILITY REPORT."

Continuing Disclosure

The Airport Authority will covenant for the benefit of the owners and beneficial owners of the Senior Series 2025 Bonds to annually provide, or cause to be provided, certain financial information and operating data concerning the Airport Authority and the Airport System, and to provide, or cause to be provided, notices of certain enumerated events to the Municipal Securities Rulemaking Board ("**MSRB**") through its Electronic Municipal Market Access System (the "**EMMA System**") or any successor method designated by the MSRB, pursuant to the requirements of Rule 15c2-12 of the Securities Exchange Commission. See "CONTINUING DISCLOSURE," "APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Investment Considerations

The purchase and ownership of the Senior Series 2025 Bonds involve investment risks. Prospective purchasers of the Senior Series 2025 Bonds should read this Official Statement in its entirety. For a discussion of certain risks relating to the Senior Series 2025 Bonds, see "CERTAIN INVESTMENT CONSIDERATIONS."

Forward-Looking Statements

The statements contained in this Official Statement that are not purely historical, are forward-looking statements, including statements regarding the Airport Authority's expectations, hopes, intentions or strategies regarding the future. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "project," "forecast," "will likely result," "are expected to," "will continue," "is anticipated," "intend" or other similar words. Prospective investors should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Airport Authority on the date hereof, and the Airport Authority assumes no obligation to update any such forward-looking statements. It is important to note that the Airport Authority's actual financial and operating results likely will differ, and could differ materially, from those in such forward-looking statements.

The forward-looking statements herein are based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including airlines, customers, suppliers and competitors, among others, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Airport Authority. Any such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Additional Information

Brief descriptions of the Senior Series 2025 Bonds, the Senior Indenture, the Subordinate Indenture, the Airline Lease Agreements (as defined herein) and certain other documents are included in this Official Statement and the appendices hereto. Such descriptions do not purport to be comprehensive or definitive. All references herein to such documents and any other documents, statutes, laws, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, law, report or other instrument. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Airport Authority since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Airport Authority and the purchasers or owners of any of the Senior Series 2025 Bonds. The Airport Authority maintains a website and social media accounts, the information on which are not part of this Official Statement, have not and are not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Senior Series 2025 Bonds. Additionally, any information on any websites referred to in this Official Statement is not part of this Official Statement, has not and is not incorporated by reference herein, and should not be relied upon in deciding whether to invest in the Senior Series 2025 Bonds.

PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS

General

Proceeds from the sale of the Senior Series 2025 Bonds will be used to (a) pay and/or reimburse the Airport Authority for certain capital improvements at SAN associated with the New T1 program, (b) fund a portion of the interest accruing on the Senior Series 2025 Bonds, the Senior Series 2023[A/B] Bonds and the Subordinate Series 2021[A/B] Bonds, (c) make a deposit to the Senior Reserve Fund, and (d) pay the costs of issuance of the Senior Series 2025 Bonds.

Financing of New T1

A portion of the proceeds of the Senior Series 2025 Bonds will be used to pay and/or reimburse the Airport Authority for costs related to the design, construction, improvement and equipping of the New T1. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT" and "APPENDIX A—FINANCIAL FEASIBILITY REPORT."

Estimated Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds in connection with the issuance of the Senior Series 2025 Bonds:

	Senior Series 2025A Bonds	Senior Series 2025B Bonds	Total
Sources			
Principal Amount	$	$	$
Original Issue Premium/(Discount)			
Total Sources	$	$	$
Uses			
Deposit to Senior Series 2025 Construction Funds	$	$	$
Deposit to Capitalized Interest Accounts[1]			
Deposit to Senior Reserve Fund			
Costs of Issuance[2]			
Total Uses	$	$	$

[1] Represents a portion of the interest accruing on the Senior Series 2025 Bonds, the Senior Series 2023[A/B] Bonds and the Subordinate Series 2021[A/B] Bonds.
[2] Includes Underwriters' discount, legal and other costs of issuance.

DESCRIPTION OF THE SENIOR SERIES 2025 BONDS

General

The Senior Series 2025 Bonds will bear interest at the rates and mature on the dates set forth on the inside cover pages of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Senior Series 2025 Bonds will be dated their date of delivery, and will bear interest from such date, payable semi-annually on January 1 and July 1 of each year (each an "**Interest Payment Date**"), commencing on January 1, 2026. Interest due and payable on the Senior Series 2025 Bonds on any Interest Payment Date will be paid to the registered owner as of the Record Date (Cede & Co., so long as the book-entry system with The Depository Trust Company ("**DTC**") is in effect). Each Senior Series 2025 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless such date of authentication is an Interest Payment Date, in which event such Senior Series 2025 Bond will bear interest from such date of authentication, or unless such date of authentication is after a Record Date and before the next succeeding Interest Payment Date, in which event such Senior Series 2025 Bond will bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before December 15, 2025, in which event such Senior Series 2025 Bond will bear interest from its date of delivery. If interest on the Senior Series 2025 Bonds is in default, Senior Series 2025 Bonds issued in exchange for Senior Series 2025 Bonds surrendered for transfer or exchange will bear interest from the Interest Payment Date to which interest has been paid in full on the Senior Series 2025 Bonds surrendered.

The Senior Series 2025 Bonds will be issued in denominations of $5,000 or integral multiples thereof. The Senior Series 2025 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Senior Series 2025 Bonds. Individual purchases may be made in book-entry-form only. Purchasers will not receive certificates representing their interest in the Senior Series 2025 Bonds purchased. So long as Cede & Co., as a nominee of DTC, is the registered owner of the Senior Series 2025 Bonds, references herein to the Holders or registered owners means Cede & Co., and does not mean the Beneficial Owners of the Senior Series 2025 Bonds.

So long as Cede & Co. is the registered owner of the Senior Series 2025 Bonds, principal of and interest on the Senior Series 2025 Bonds will be payable by wire transfer by the Senior Trustee to Cede & Co., as nominee for DTC, which is required, in turn, to remit such amounts to the DTC participants, for subsequent disbursement to the Beneficial Owners. See "APPENDIX G—BOOK-ENTRY-ONLY SYSTEM."

Redemption Provisions

Optional Redemption. The Senior Series 2025 Bonds maturing on or before July 1, 20__ are not subject to optional redemption prior to maturity. The Senior Series 2025 Bonds maturing on and after July 1, 20__ are subject to redemption prior to maturity, at the option of the Airport Authority, from any moneys that may be provided for such purpose, in whole or in part, on any date on or after _____________ 1, 20__, at a redemption price equal to 100% of the principal amount of the Senior Series 2025 Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption.

The Senior Series 2025A Bonds maturing on July 1, 20__ (the "**Senior Series 2025A Term Bonds (20__)**") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

† Final Maturity.

The Senior Series 2025A Bonds maturing on July 1, 20__ (the "**Senior Series 2025A Term Bonds (20__)**," and together with the Senior Series 2025A Term Bonds (20__), the "**Senior Series 2025A Term Bonds**") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

† Final Maturity.

The Senior Series 2025B Bonds maturing on July 1, 20__ (the "**Senior Series 2025B Term Bonds (20__)**") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

† Final Maturity.

The Senior Series 2025B Bonds maturing on July 1, 20__ (the "**Senior Series 2025B Term Bonds (20__)**," and together with the Senior Series 2025B Term Bonds (20__), the "**Senior Series 2025B Term Bonds**") are subject to mandatory sinking fund redemption prior to maturity in part, by lot, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium, on July 1 of the following years and in the following principal amounts:

Redemption Date (July 1)	Principal Amount

† Final Maturity.

The Senior Series 2025A Term Bonds and the Senior Series 2025B Term Bonds are collectively referred to herein as the "**Senior Series 2025 Term Bonds**." At the option of the Airport Authority, to be exercised by delivery of a written certificate to the Senior Trustee on or before the 60th day next preceding any mandatory sinking fund redemption date for the Senior Series 2025 Term Bonds, it may (a) deliver to the Senior Trustee for cancellation Senior Series 2025 Term Bonds, as applicable, or portions thereof (in Authorized Denominations) purchased in the open market or otherwise acquired by the Airport Authority or (b) specify a principal amount of Senior Series 2025 Term Bonds, as applicable, or portions thereof (in Authorized Denominations) which prior to said date have been optionally redeemed and previously cancelled by the Senior Trustee at the request of the Airport Authority and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Senior Series 2025 Term Bond, as applicable, or portion thereof so purchased or otherwise acquired or redeemed and delivered to the Senior Trustee for cancellation will be credited by the Senior Trustee at 100% of the principal amount thereof against the obligation of the Airport Authority to pay the principal of such applicable Senior Series 2025 Term Bond on such mandatory sinking fund redemption date.

Notices of Redemption to Holders; Conditional Notice of Optional Redemption. The Senior Trustee will give notice of redemption, in the name of the Airport Authority, to Holders affected by redemption (or DTC, so long as the book-entry system with DTC is in effect) at least 30 days but not more than 60 days before each redemption date and send such notice of redemption by first class mail (or with respect to Senior Series 2025 Bonds held by DTC via electronic means or by an express delivery service for delivery on the next following Business Day or by such other means as permitted or required by DTC's procedures) to each Holder of a Senior Series 2025 Bond to be redeemed; each such notice will be sent to the Holder's registered address.

Each notice of redemption will specify the Series, the maturity date, the interest rate and the CUSIP number of each Senior Series 2025 Bond to be redeemed, if less than all Senior Series 2025 Bonds of a Series, maturity date and interest rate are called for redemption the numbers assigned to the Senior Series 2025 Bonds to be redeemed, the principal amount to be redeemed, the original issue date, the date fixed for redemption, the redemption price, the place or places of payment, the Senior Trustee's name, that payment will be made upon presentation and surrender of the Senior Series 2025 Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption and not paid will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

The Airport Authority may provide that, if at the time of mailing of notice of an optional redemption there has not been deposited with the Senior Trustee moneys sufficient to redeem all the Senior Series 2025 Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Senior Trustee not later than the opening of business one Business Day prior to the scheduled redemption date, and such notice will be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption will be canceled and on such cancellation date notice will be mailed to the Holders of such Senior Series 2025 Bonds called for redemption.

Failure to give any required notice of redemption as to any particular Senior Series 2025 Bonds will not affect the validity of the call for redemption of any Senior Series 2025 Bonds in respect of which no failure occurs. Any notice sent as provided in the Senior Indenture will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Senior Series 2025 Bonds called for redemption become due and payable on the date fixed for redemption at the applicable redemption price. In the event that funds are deposited with the Senior Trustee sufficient for redemption, interest on the Senior Series 2025 Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

Effect of Redemption. On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Senior Indenture and as described above and sufficient moneys for payment of the redemption price being held in trust to pay the redemption price, the Senior Series 2025 Bonds called for redemption will become and be due and payable on the redemption date, interest on such Senior Series 2025 Bonds will cease to accrue from and after such redemption date, such Senior Series 2025 Bonds will cease to be entitled to any lien, benefit or security under the Senior Indenture and the Holders of such Senior Series 2025 Bonds will have no rights in respect thereof except to receive payment of the redemption price. Senior Series 2025 Bonds which have been duly called for redemption and for which moneys for the payment of the redemption price are held in trust for the Holders thereof, all as provided in the Sixth Supplemental Senior Indenture, will not be deemed to be Outstanding under the provisions of the Senior Indenture.

Selection of Senior Series 2025 Bonds for Redemption; Senior Series 2025 Bonds Redeemed in Part. Redemption of the Senior Series 2025 Bonds will only be in Authorized Denominations. The Senior Series 2025 Bonds are subject to redemption in such order of maturity and interest rate within a Series (except mandatory sinking fund payments on the Senior Series 2025A Term Bonds and the Senior Series 2025B Term Bonds) as the Airport Authority may direct, and by lot within such maturity and interest rate selected in such manner as the Senior Trustee (or DTC, as long as DTC is the securities depository for the Senior Series 2025 Bonds), deems appropriate.

Except as otherwise provided under the procedures of DTC, on or before the 45th day prior to any mandatory sinking fund redemption date, the Senior Trustee will proceed to select for redemption (by lot in such manner as the Senior Trustee may determine), from the applicable Senior Series 2025A Term Bonds or the Senior Series 2025B Term Bonds, as applicable, subject to such redemption, an aggregate principal amount of such applicable Senior Series 2025A Term Bonds or the Senior Series 2025B Term Bonds, as applicable, equal to the amount for such year as set forth in the applicable table under "Mandatory Sinking Fund Redemption" above and will call such Senior Series 2025A Term Bonds or Senior Series 2025B Term Bonds, as applicable, or portions thereof (in Authorized Denominations) for redemption and give notice of such call.

Upon surrender of a Senior Series 2025A Bond or a Senior Series 2025B Bond to be redeemed in part only, the Senior Trustee will authenticate for the Bondholder a new Senior Series 2025A Bond or Senior Series 2025A Bonds or Senior Series 2025B Bond or Senior Series 2025B Bonds, as applicable, of the same maturity date and interest rate equal in principal amount to the unredeemed portion of the Senior Series 2025A Bond or Senior Series 2025B Bond, as applicable, surrendered.

SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS

Flow of Funds

The application of Revenues of the Airport Authority is governed by the Master Senior Indenture and the Master Subordinate Indenture. Pursuant to the Master Senior Indenture, the Airport Authority covenanted to establish and maintain an account designated as the "**Revenue Account**" within the Revenue Fund and to deposit all Revenues, when and as received, in the Revenue Account.

"**Revenues**" are generally defined in the Master Senior Indenture to mean, except to the extent specifically excluded therefrom, all income, receipts, earnings and revenues received by the Airport Authority from the operation and ownership of the Airport System, as determined in accordance with generally accepted accounting principles, as modified from time to time, including, but not limited to: (a) rates, tolls, fees, rentals, charges and other payments made to or owed to the Airport Authority for the use or availability of the Airport System; and (b) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Airport Authority, including rental or business interruption insurance proceeds received by, held by, accrued to or entitled to be received by the Airport Authority or any successor thereto from the possession, management, charge, superintendence and control of the Airport System and its related facilities or activities and undertakings related thereto or from any other facilities wherever located with respect to which the Airport Authority receives payments which are attributable to the Airport System or activities or undertakings related thereto. Revenues also include amounts received from tenants representing the principal portion of payments received pursuant to certain self-liquidating lease agreements, all income, receipts and earnings (except any earnings allowed to be pledged by the terms of a supplemental indenture to fund a construction fund) from the investment of amounts held in the Revenue Account, any construction fund, any debt service fund (except Capitalized Interest on deposit therein), any debt service reserve fund and such additional revenues, if any, as are designated as "Revenues" under the terms of a supplemental indenture. Unless otherwise designated as "Revenues" under the terms of a Supplemental Senior Indenture or pursuant to a certificate of the Airport Authority, PFCs, grants and other charges authorized by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, Senior Capitalized Interest, Subordinate Capitalized Interest, Customer Facility Charges ("**CFCs**") and Federal Direct Payments are specifically excluded from Revenues. The Airport Authority has not designated, pursuant to a Supplemental Senior Indenture or a certificate of the Airport Authority, PFCs, grants and other charges authorized by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, Senior Capitalized Interest, Subordinate Capitalized Interest, CFCs or Federal Direct Payments as Revenues. However, the Airport Authority expects to apply a portion of the PFCs it receives to the payment of debt service on certain Senior Bonds and Subordinate Obligations that are PFC Eligible Bonds (as defined herein) (see "—Use of PFCs to Pay Debt Service" below). Also, although not included in Revenues, the Senior Capitalized Interest on deposit in the debt service funds for the Senior Series 2025A Bonds and the Senior Series 2025B Bonds is subject to a lien on and security interest in favor of the Holders of the Senior Series 2025A Bonds and the Senior Series 2025B Bonds, respectively.

Pursuant to the Master Senior Indenture, all Revenues will be deposited in the Revenue Account and will be set aside for the payment of the following amounts or deposited or transferred to the following funds and subaccounts in the order listed:

(1) *Operation and Maintenance Subaccount*. On or prior to the 20th day of each month, the Airport Authority will deposit in the Operation and Maintenance Subaccount an amount equal to one-twelfth of the estimated Operation and Maintenance Expenses of the Airport System for the then current Fiscal Year as set forth in the budget of the Airport Authority for such Fiscal Year as finally approved by the Airport Authority. In the event that the balance in the Operation and Maintenance Subaccount at any time is insufficient to make any required payments therefrom, additional amounts at least sufficient to make such payments will immediately be deposited in the Operation and Maintenance Subaccount from the Revenue Account, and such additional amounts will be credited against the next succeeding monthly deposit from the Revenue Account.

(2) *Senior Debt Service Funds*. On or prior to the 15th day of each calendar month, Revenues will be transferred by the Airport Authority to the Senior Trustee for deposit in the debt service funds established in respect of each series of Senior Bonds (the "**Senior Debt Service Funds**") equal to: (a) 1/6 of the interest coming due on the Senior Bonds on the next interest payment date for the Senior Bonds, provided that at least the full amount required to pay the interest on the Senior Bonds, as it becomes due, will be set aside in the Senior Debt Service Funds by not later than the 15th day of the month prior to the date each installment of interest becomes due, (b) 1/12 of the principal amount of the Senior Bonds maturing on the next principal payment date, provided that at least the full amount required to pay the principal amount of the Senior Bonds, as it becomes due, will be set aside in the Senior Debt Service Funds by not later than the 15th day of the month prior to the date such principal amount becomes due, and (c) 1/12 of the sinking installment payments, if any, with respect to the Senior Bonds subject to mandatory sinking fund redemption (the "**Senior Term Bonds**") on the next redemption date, provided that at least the full amount required to pay the sinking installment payment, if any, with respect to the Senior Term Bonds will be set aside in the Senior Debt Service Funds by not later than the 15th day of the month prior to the date such sinking installment payment becomes due. Additionally, if provided for in a Supplemental Senior Indenture, regularly scheduled swap payments on a qualified swap may be payable from Net Revenues on a parity basis with the outstanding Senior Bonds.

(3) *Senior Debt Service Reserve Funds*. A sufficient amount of Revenues will be transferred by the Airport Authority, without priority and on an equal basis, except as to timing of payment to the Senior Trustee for deposit into the respective Senior Debt Service Reserve Funds established pursuant to the Senior Indenture, if any, at the times and in such amounts as required to be used to pay or replenish such Senior Debt Service Reserve Funds or reimburse a Credit Provider of a Senior Debt Service Reserve Fund Surety Policy. See "—Senior Reserve Fund" below.

(4) *Subordinate Obligations Debt Service Funds*. On or prior to the 20th day of each calendar month, Revenues will be transferred by the Airport Authority to the Subordinate Trustee for deposit in the debt service funds established in respect of each series of Subordinate Obligations (the "**Subordinate Debt Service Funds**") equal to: (a) 1/6 of the interest coming due on the Subordinate Obligations on the next interest payment date for the Subordinate Obligations, provided that at least the full amount required to pay the interest on the Subordinate Obligations, as it becomes due, will be set aside in the Subordinate Debt Service Funds by not later than the 20th day of the month prior to the date each installment of interest becomes due, (b) 1/12 of the principal amount of the Subordinate Obligations maturing on the next principal payment date, provided that at least the full amount required to pay the principal amount of the Subordinate Obligations, as it becomes due, will be set aside in the Subordinate Debt Service Funds by not later than the 20th day of the month prior to the date such principal amount becomes due, and (c) 1/12 of the sinking installment payments, if any, with respect to the Subordinate Obligations subject to mandatory sinking fund redemption (the "**Subordinate Term Obligations**") on the next redemption date, provided that at least the full amount required to pay the sinking installment payment, if any, with respect to the Subordinate Term Obligations will be set aside in the Subordinate Debt Service Funds by not later than the 20th day of the month prior to the date such sinking installment payment becomes due.

(5) *Subordinate Obligations Debt Service Reserve Funds*. On or prior to the 20th day of each month, upon any deficiency in any Subordinate Debt Service Reserve Fund established by or for the benefit of the Airport Authority in connection with the Subordinate Obligations, the Airport Authority will deposit in such Subordinate Debt Service Reserve Fund an amount equal to: (a) one-twelfth of the aggregate amount of each unreplenished prior withdrawal from such Subordinate Debt Service Reserve Fund; and (b) the full amount of any deficiency in such Subordinate Debt Service Reserve Fund due to any required valuations of the investments in such Subordinate Debt Service Reserve Fund until the balance in such Subordinate Debt Service Reserve Fund is at least equal to the debt service reserve requirement with respect to such Subordinate Obligations.

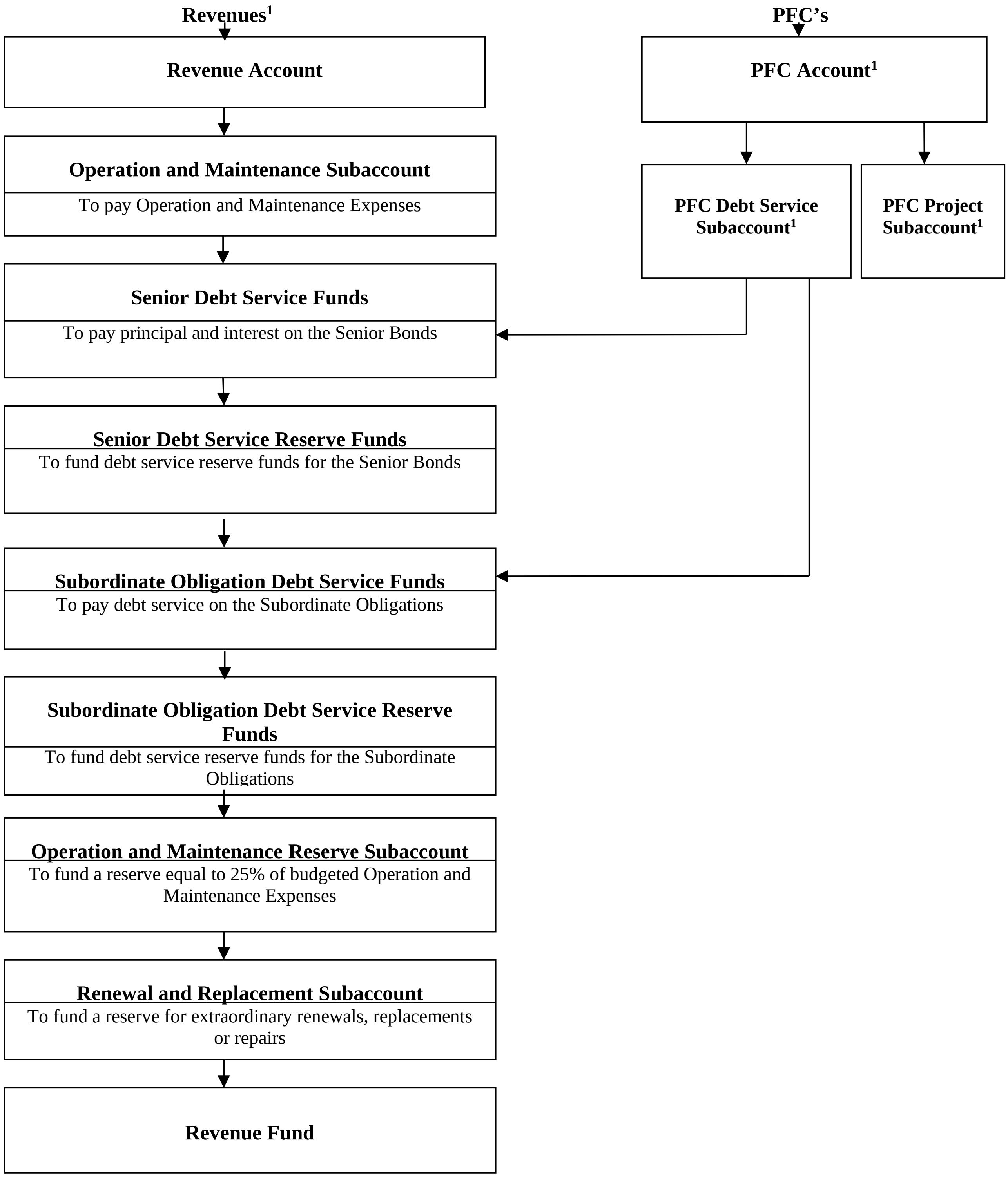
(6) *Operation and Maintenance Reserve Subaccount.* On or prior to the 20th day of each month, to the payment of the amounts required to be deposited in the Operation and Maintenance Reserve Subaccount which are payable from Net Revenues as specified in the Master Senior Indenture.

(7) *Renewal and Replacement Subaccount*. On or prior to the 20th day of each month, to the payment of the amounts required to be deposited in the Renewal and Replacement Subaccount as specified in the Master Senior Indenture.

All moneys and investments on deposit in the Revenue Account and not on deposit in any of the funds or subaccounts provided for as described in (1) through (7) above, are required under the Master Senior Indenture, on the last Business Day of each Fiscal Year, to be transferred from the Revenue Account to the Revenue Fund, unless and to the extent the Airport Authority directs otherwise.

Following is a graphic description of the flow of funds described above, and the flow of PFC Revenues. See "—Use of PFCs to Pay Debt Service."

San Diego County Regional Airport Authority
Flow of Funds



[1] Revenues do not include PFC revenues, grants and other charges authorized by federal and/or State laws or regulations to be assessed to fund specific programs at the Airport System, Senior Capitalized Interest, Subordinate Capitalized Interest or CFCs unless otherwise included in Revenues pursuant to a Supplemental Senior Indenture or a certificate of the Airport Authority; which has not occurred as of the date of this Official Statement.

Pledge of Net Revenues

The Senior Series 2025 Bonds are special obligations of the Airport Authority payable solely from and secured by a pledge of and first lien on Net Revenues. The Senior Series 2025 Bonds also are secured by a pledge of and lien on amounts held by the Senior Trustee in certain funds and accounts pursuant to the Senior Indenture, as further described herein.

"**Net Revenues**" are, for any given period, Revenues for such period, less all amounts which are required to be used to pay the Operation and Maintenance Expenses of the Airport System for such period. See "—Flow of Funds" above.

"**Operation and Maintenance Expenses of the Airport System**" are, 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).

None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Senior Series 2025 Bonds, and neither the full faith and credit nor the taxing power of the Airport Authority, the City, the County, the State or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Senior Series 2025 Bonds.

Net Revenues are available for the equal and proportionate benefit and security of all Senior Bonds. The Senior Series 2025 Bonds are secured by a pledge of and first lien on Net Revenues on parity with the Senior Series 2023 Bonds and any Additional Senior Bonds issued in the future. See "—Additional Senior Bonds" below.

Senior Rate Covenant

(a) Under the Master Senior Indenture, the Airport Authority has covenanted that while any Senior Bonds remain Outstanding (but subject to all prior existing contracts and legal obligations of the Airport Authority), it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that Net Revenues in each Fiscal Year will be at least equal to the following amounts:

(i) the interest on and principal of the Outstanding Senior Bonds required to be funded by the Airport Authority in such Fiscal Year as required by the Master Senior Indenture or any Supplemental Senior Indenture with respect to the Outstanding Senior Bonds;

(ii) the required deposits to any Senior Debt Service Reserve Fund which may be established by a Supplemental Senior Indenture;

(iii) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Senior Indenture;

(iv) the interest on and principal of any indebtedness required to be funded during such Fiscal Year other than Senior Bonds, including the Subordinate Obligations; and

(v) payments of any reserve requirement for debt service for any indebtedness other than Senior Bonds, including the Subordinate Obligations.

(b) The Airport Authority has further agreed that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year Net Revenues will be equal to at least 125% of the total Senior Aggregate Annual Debt Service on the Outstanding Senior Bonds.

The Airport Authority has covenanted that if Net Revenues in any Fiscal Year are less than the amounts described in paragraphs (a) and (b) above, the Airport Authority will retain and direct a Consultant to make recommendations as to the revision of the Airport Authority's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Airport Authority in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made the Airport Authority will take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to produce Net Revenues in the next succeeding Fiscal Year sufficient to comply with paragraphs (a) and (b) above.

In the event Net Revenues for any Fiscal Year are less than the amounts described in paragraphs (a) and (b) above, but the Airport Authority has promptly taken prior to or during the next succeeding Fiscal Year all lawful measures to revise the schedule of rentals, rates, fees and charges as described in the preceding paragraph, such deficiency in Net Revenues will not constitute an Event of Default under the Master Senior Indenture. However, if after taking the measures described in the preceding paragraph to revise the schedule of rentals, rates, fees and charges, Net Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Airport Authority for such Fiscal Year) are less than the amounts described in paragraphs (a) and (b) above, such deficiency in Net Revenues will constitute an Event of Default under the Master Senior Indenture.

Pursuant to the Master Senior Indenture, for the purpose of determining compliance with the rate covenant described above, the Airport Authority may exclude from its calculation of Operation and Maintenance Expenses of the Airport System and Senior Aggregate Annual Debt Service with respect to the Senior Bonds, Operation and Maintenance Expenses of the Airport System and debt service or portions thereof on Senior Bonds that is paid with amounts not included in Revenues, including, but not limited to PFC revenues, Federal Direct Payments, Senior Capitalized Interest and COVID-19 Federal Relief Funds. The exclusion of such Operation and Maintenance Expenses of the Airport System and debt service could result in higher debt service coverage ratios. Additionally, the Airport Authority has previously used and expects to use in the future, as applicable (a) PFC revenues to pay a portion of the debt service on the Senior Series 2023 Bonds, the Senior Series 2025 Bonds and Additional Senior Bonds that are PFC Eligible Bonds, and (b) Senior Capitalized Interest to pay a portion of the interest on the Senior Series 2025 Bonds and the Senior Series 2023 Bonds through [•], 202[•]. See "—Use of PFCs to Pay Debt Service," "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Projected Funding Sources for Capital Program—Passenger Facility Charges" and "CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources—Availability of PFCs" for additional information about the Airport Authority's expected use of PFC revenues. See also "APPENDIX A—FINANCIAL FEASIBILITY REPORT."

Senior Reserve Fund

Pursuant to the Master Senior Indenture and the Fifth Supplemental Senior Indenture, the Airport Authority established a Senior Debt Service Reserve Fund (the "**Senior Reserve Fund**") with the Senior Trustee to secure any Senior Bonds the Airport Authority elects to participate in the Senior Reserve Fund. At the time of issuance of the the Senior Series 2023 Bonds, the Airport Authority elected to have the Senior

Series 2023 Bonds participate in the Senior Reserve Fund. Additionally, at the time of issuance of the Senior Series 2025 Bonds, the Airport Authority will elect to have the Senior Series 2025 Bonds participate in the Senior Reserve Fund. The Senior Series 2023 Bonds, the Senior Series 2025 Bonds and any Additional Senior Bonds the Airport Authority elects to have participate in the Senior Reserve Fund are collectively referred to in this Official Statement as the "**Senior Reserve Fund Participating Bonds**."

Except as otherwise provided in the Fifth Supplemental Senior Indenture, the Senior Reserve Fund is required to be funded at all times in an amount equal to the Senior Reserve Requirement. The "**Senior Reserve Requirement**" is equal to the lesser of (a) Senior Maximum Aggregate Annual Debt Service for all Senior Reserve Fund Participating Bonds; (b) 10% of the principal amount of all Senior Reserve Fund Participating Bonds, less the amount of original issue discount with respect to such Senior Reserve Fund Participating Bonds if such original issue discount exceeded 2% on such Senior Reserve Fund Participating Bonds at the time of their original sale; and (c) 125% of the average Senior Aggregate Annual Debt Service for all Senior Reserve Fund Participating Bonds. At the time of issuance of the Senior Series 2025 Bonds, the Senior Reserve Requirement will be equal to $____________. At the time of issuance of the Senior Series 2025 Bonds, the Senior Reserve Requirement will be met by depositing a portion of the proceeds of the Senior Series 2025 Bonds into the Senior Reserve Fund. At the time of issuance of the Senior Series 2025 Bonds, the Senior Reserve Fund will be funded with cash and securities, and no portion of the Senior Reserve Fund will be funded with a Senior Reserve Fund Insurance Policy.

The Senior Trustee will annually, on or about July 2 of each year and at such other times as the Airport Authority deems appropriate, value the Senior Reserve Fund. If, upon any valuation, the value of the Senior Reserve Fund exceeds the Senior Reserve Requirement, the excess amount, including investment earnings, will be withdrawn and deposited by the Senior Trustee into the respective Senior Debt Service Funds for each Series of Senior Bonds participating in the Senior Reserve Fund, pro rata based on outstanding par amounts for each Series of Senior Bonds participating in the Senior Reserve Fund, unless otherwise directed by the Airport Authority. If, upon any valuation, the value of the Senior Reserve Fund is less than the Senior Reserve Requirement, the Airport Authority will replenish such amounts within 12 months of the date of valuation.

In the event the Airport Authority elects to have Additional Senior Bonds participate in the Senior Reserve Fund, at the time of issuance of such Additional Senior Bonds or within twelve months of the date of issuance of such Additional Senior Bonds, the Airport Authority will deposit an amount in the Senior Reserve Fund sufficient to cause the amount on deposit in the Senior Reserve Fund to equal the Senior Reserve Requirement.

Moneys or investments held in the Senior Reserve Fund may only be used to pay the principal of and interest on the Senior Reserve Fund Participating Bonds. Moneys and investments held in the Senior Reserve Fund are not available to pay debt service on any Senior Bonds for which the Airport Authority has decided will not participate in the Senior Reserve Fund or on the Subordinate Obligations. The Senior Reserve Fund may be drawn upon if the amounts in the respective Senior Debt Service Funds for the Senior Reserve Fund Participating Bonds, are insufficient to pay in full any principal or interest then due on the Senior Reserve Fund Participating Bonds. In the event any amounts are required to be withdrawn from the Senior Reserve Fund, such amounts will be withdrawn and deposited *pro rata* to meet the funding requirements of the Senior Debt Service Funds for the Senior Reserve Fund Participating Bonds.

The Airport Authority may fund all or a portion of the Senior Reserve Requirement with a Senior Reserve Fund Insurance Policy. A Senior Reserve Fund Insurance Policy may be an insurance policy, letter of credit, surety bond or other financial instrument deposited in the Senior Reserve Fund in lieu of or in partial substitution for cash or securities which is provided by an institution rated, at the time of issuance of such policy, in one of the two highest long term rating categories (without regard to any numerical modifier, plus or minus sign or other modifier). Any such Senior Reserve Fund Insurance Policy must either extend to the final maturity of the Series of Senior Bonds for which the Senior Reserve Fund Insurance Policy was issued, or the Airport Authority must agree, by Supplemental Senior Indenture, that the Airport Authority will replace such Senior Reserve Fund Insurance Policy prior to its expiration with another Senior Reserve Fund Insurance Policy or with cash. Any such Senior Reserve Fund Insurance Policy will be required to secure all of the Senior Bonds participating in the Senior Reserve Fund.

Additional Senior Bonds

Additional Senior Bonds may be issued under the Master Senior Indenture on a parity with the Senior Series 2025 Bonds and the Senior Series 2023 Bonds, provided, among other things, that there is delivered to the Senior Trustee either:

(a) a certificate, dated as of a date between the date of pricing of the Senior Bonds being issued and the date of delivery of such Senior Bonds (both dates inclusive), prepared by an Authorized Authority Representative showing the Net Revenues for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Senior Bonds or preceding the first issuance of the proposed Senior Program Bonds were at least equal to 125% of Senior Maximum Aggregate Annual Debt Service with respect to all Outstanding Senior Bonds, Unissued Senior Program Bonds and the proposed Series of Senior Bonds, calculated as if the proposed Series of Senior Bonds and the full Authorized Amount of such proposed Senior Program Bonds, as applicable, were then Outstanding; or

(b) a certificate, dated as of a date between the date of pricing of the Senior Bonds being issued and the date of delivery of such Senior Bonds (both dates inclusive), prepared by a Consultant showing that:

(i) the Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Senior Bonds or the establishment of a Senior Program, were at least equal to 125% of the sum of Senior Aggregate Annual Debt Service due and payable with respect to all Outstanding Senior Bonds for such applicable period;

(ii) for the period, if any, from and including the first full Fiscal Year following the issuance of such proposed Series of Senior Bonds through and including the last Fiscal Year during any part of which the amount of interest on such Series of Senior Bonds to be on deposit in the respective Senior Debt Service Fund or such other fund or account is expected to be funded from the proceeds thereof, the Consultant estimates that the Airport Authority will be in compliance with the rate covenant set forth in the Master Senior Indenture (see "—Senior Rate Covenant" above); and

(iii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Senior Bonds during which no interest on such Series of Senior Bonds to be on deposit in the respective Senior Debt Service Fund or such other fund or account is expected to be funded from the proceeds thereof through and including the later of: (A) the fifth full Fiscal Year following the issuance of such Series of Senior Bonds; or (B) the third full Fiscal Year during which no amount of interest on such Series of Senior Bonds to be on deposit in the respective Senior Debt Service Fund or such other fund or account is expected to be funded from the proceeds thereof, the estimated Net Revenues for each such Fiscal Year, will be at least equal to 125% of the Senior Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Senior

Bonds, Unissued Senior Program Bonds and calculated as if the proposed Series of Senior Bonds and the full Authorized Amount of such proposed Senior Program Bonds, as applicable, were then Outstanding.

[The certificate described in (b) above is expected to be delivered by the Feasibility Consultant at the time of issuance of the Senior Series 2025 Bonds.]

For purposes of clauses (b)(ii) and (iii) above, in estimating Net Revenues, the Consultant may take into account (1) Revenues from Projects or Airport Facilities reasonably expected to become available during the period for which the estimates are provided; (2) any increase in fees, rates, charges, rentals or other sources of Revenues which have been approved by the Airport Authority and will be in effect during the period for which the estimates are provided; and (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Operation and Maintenance Expenses of the Airport System, the Consultant may use such assumptions as the Consultant believes to be reasonable, taking into account: (x) historical Operation and Maintenance Expenses of the Airport System; (y) Operation and Maintenance Expenses of the Airport System associated with the Projects and any other new Airport Facilities; and (z) such other factors, including inflation and changing operations or policies of the Airport Authority, as the Consultant believes to be appropriate. The Consultant will include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Revenues, and will also set forth the calculations of Senior Aggregate Annual Debt Service, which calculations may be based upon information provided by another Consultant.

For purposes of preparing the certificate or certificates described above, the Consultant or Consultants or the Authorized Authority Representative may rely upon financial statements prepared by the Airport Authority which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized Authority Representative will certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year-end adjustments.

Neither of the certificates described above in (a) or (b) will be required if:

(A) the Senior Bonds being issued are for the purpose of refunding then Outstanding Senior Bonds and there is delivered to the Senior Trustee, instead, a certificate of an Authorized Authority Representative showing that Senior Aggregate Annual Debt Service after the issuance of the Refunding Senior Bonds will not exceed the Senior Aggregate Annual Debt Service prior to the issuance of such Refunding Senior Bonds for each Fiscal Year;

(B) the Senior Bonds being issued constitute Senior Notes and there is delivered to the Senior Trustee, instead, a certificate prepared by an Authorized Authority Representative showing that the principal amount of the proposed Senior Notes being issued, together with the principal amount of any Senior Notes then Outstanding, does not exceed 10% of the Net Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Senior Notes and there is delivered to the Senior Trustee a certificate of an Authorized Authority Representative setting forth calculations showing that for each of the Fiscal Years during which the Senior Notes will be Outstanding, and taking into account the debt service becoming due on such Senior Notes, the Airport Authority will be in compliance with the rate covenant set forth in the Master Senior Indenture (see "—Senior Rate Covenant" above); or

(C) if the Senior Bonds being issued are to pay costs of completing a Project for which Senior Bonds have previously been issued and the principal amount of such Senior Bonds being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Senior Bonds originally issued for such Project and reasonably allocable to the Project to be completed as shown in a written certificate of an Authorized Authority Representative and there is delivered to the Senior Trustee (1) a Consultant's certificate stating that the nature and purpose of such Project has not materially changed and (2) a certificate of an Authorized Authority Representative to the effect that (y) all of the proceeds (including investment earnings on amounts in the construction fund allocable to such Project) of the original Senior Bonds issued to finance such Project have been or will be used to pay Costs of the Project and (z) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the construction fund established for the Project (including unspent proceeds of Senior Bonds previously issued for such purpose).

Use of PFCs to Pay Debt Service

The Aviation Safety and Capacity Expansion Act of 1990, as amended (the "**PFC Act**"), as implemented by the FAA pursuant to published regulations (the "**PFC Regulations**"), permits public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using the airport a $1.00, $2.00 or $3.00 PFC with certain qualifying airports permitted to charge a maximum PFC of $4.50. Under the PFC Act, the proceeds from PFCs are required to be used to finance eligible airport-related projects (including paying the debt service on bonds issued to finance such projects) that serve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers. The Airport Authority currently charges all enplaning passengers at SAN a PFC of $4.50. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Projected Funding Sources for Capital Program—Passenger Facility Charges" for additional information about PFCs collected by the Airport Authority.

The definition of Revenues does not include PFCs, except to the extent included in Revenues pursuant to a Supplemental Senior Indenture or a certificate of any Authorized Authority Representative, which has not occurred to date. However, pursuant to the provisions of the Master Senior Indenture and the Master Subordinate Indenture, if PFCs have been irrevocably committed or are held by the Senior Trustee and/or the Subordinate Trustee, as the case may be, or another fiduciary and are to be set aside exclusively to be used to pay principal of and/or interest on specified Senior Bonds and/or Subordinate Obligations, as applicable, then such principal and/or interest may be excluded from the calculation of aggregate annual debt service on such specified Senior Bonds and/or Subordinate Obligations, as applicable; thus decreasing aggregate annual debt service on the Senior Bonds and/or the Subordinate Obligations, and increasing debt service coverage for purposes of the rate covenants and the additional bonds tests under the Master Senior Indenture and the Master Subordinate Indenture, as applicable. As of the date of this Official Statement, the Airport Authority has not irrevocably committed any PFCs to the payment of debt service on Senior Bonds and/or Subordinate Obligations.

Even though PFCs are not included in Revenues and the Airport Authority has not irrevocably committed any PFCs to the payment of debt service on the Senior Bonds or the Subordinate Obligations, the Airport Authority has used in the past, and expects to use in the future, PFCs to pay debt service on certain PFC Eligible Bonds. "**PFC Eligible Bonds**" are Senior Bonds and Subordinate Obligations the principal of and/or interest on which may be paid with PFCs pursuant to the provisions of the PFC Act. Pursuant to the terms of the Airline Lease Agreements, to help reduce airline costs following the opening of Phase 1A of the new Terminal 1 (expected in September 2025), the Airport Authority agreed not to use any PFCs to pay debt service on PFC Eligible Bonds between Fiscal Years 2023 and 2025, and use those

PFCs in Fiscal Years 2026 through 2031 to pay debt service on PFC Eligible Bonds. As described in additional detail in the Feasibility Report, in Fiscal Years 2026 through 2031, the Airport Authority expects to use approximately $368.3 million of PFCs to pay debt service on PFC Eligible Bonds (including [a portion of the Subordinate Series 2019A Bonds], [a portion of the Subordinate Series 2020 Bonds], a portion of the Subordinate Series 2021 Bonds, a portion of the Senior Series 2023 Bonds, [a portion of the Senior Series 2025 Bonds,] [and certain Additional Senior Bonds and/or Additional Subordinate Obligations expected to be issued to finance a portion of the CIP)]. Debt service on Senior Bonds and Subordinate Obligations paid with PFCs is excluded from the calculation of the rate covenants for the Senior Bonds and the Subordinate Obligations, which results in higher debt service coverage ratios. The Airport Authority does not expect to use any PFCs to pay debt service on the Subordinate Series 2017 Bonds or the Subordinate Series 2019B Bonds. See also "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Projected Funding Sources for the Capital Program—Passenger Facility Charges," and "CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources—Availability of PFCs."

Permitted Investments

Moneys and funds held by the Airport Authority that are subject to the provisions of the Master Senior Indenture and/or the Subordinate Indenture will be invested in Senior Permitted Investments and Subordinate Permitted Investments, subject to any restrictions set forth in the Master Senior Indenture and the Subordinate Indenture, respectively, and subject to restrictions imposed upon the Airport Authority. Moneys and funds held by the Senior Trustee under the Senior Indenture, including moneys in the respective Senior Debt Service Funds (and the accounts therein) and in the Senior Reserve Fund, may be invested as directed by the Airport Authority in Senior Permitted Investments, subject to the restrictions set forth in the Senior Indenture, and subject to restrictions imposed upon the Airport Authority. See "FINANCIAL INFORMATION—Summary of Financial Operations—Investment Practices."

Senior Events of Default and Remedies; No Acceleration

Events of Default under the Senior Indenture and related remedies are described in "APPENDIX C-2—SUMMARY OF MASTER SENIOR INDENTURE—Senior Defaults and Remedies." The occurrence of a Senior Event of Default under the Senior Indenture (or a Subordinate Event of Default under the Subordinate Indenture) does not grant any right to accelerate payment of the Senior Bonds (including the Senior Series 2025 Bonds) or the Subordinate Obligations to either the Senior Trustee or the Subordinate Trustee, or the Holders of the Senior Bonds (including the Senior Series 2025 Bonds) or the Subordinate Obligations. The Senior Trustee is authorized to take certain actions upon the occurrence of a Senior Event of Default under the Senior Indenture, including proceedings to enforce the obligations of the Airport Authority under the Senior Indenture. If there is a Senior Event of Default under the Senior Indenture, payments, if any, on the Senior Bonds will be made after Operation and Maintenance Expenses of the Airport System.

OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE

Outstanding Senior Bonds

The following table sets forth the principal amounts and final maturity dates of the Senior Series 2023 Bonds as of June 1, 2025.

TABLE 1
San Diego County Regional Airport Authority
Existing Senior Bonds
(as of June 1, 2025)

Existing Senior Bonds	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
Series 2023A	$ 74,675,000	$ 72,440,000	7/1/2058
Series 2023B	987,305,000	987,305,000	7/1/2058
Total	$1,061,980,000	$1,059,745,000	

Source: San Diego County Regional Airport Authority

Outstanding Subordinate Obligations

Existing Subordinate Bonds. The following table sets forth the principal amounts and final maturity dates of the Existing Subordinate Bonds as of June 1, 2025.

TABLE 2
San Diego County Regional Airport Authority
Existing Subordinate Bonds
(as of June 1, 2025)

Existing Subordinate Bonds	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
Series 2017A	$ 146,040,000	$ 128,110,000	7/1/2047
Series 2017B	145,170,000	127,035,000	7/1/2047
Series 2019A	338,775,000	325,205,000	7/1/2049
Series 2019B	124,905,000	116,885,000	7/1/2049
Series 2020A	26,145,000	17,635,000	7/1/2040
Series 2020B	189,090,000	143,315,000	7/1/2040
Series 2020C	26,405,000	20,280,000	7/1/2040
Series 2021A	495,315,000	495,315,000	7/1/2056
Series 2021B	1,089,260,000	1,089,260,000	7/1/2056
Series 2021C	357,170,000	278,285,000	7/1/2043
Total	$2,938,275,000	$2,741,325,000	

Source: San Diego County Regional Airport Authority

Subordinate Revolving Obligations. Pursuant to the Master Subordinate Indenture, the Tenth Supplemental Subordinate Indenture and the Subordinate Amended and Restated Credit Agreement, the Airport Authority is authorized to issue and have outstanding, from time to time, up to $200,000,000 in aggregate principal amount of Subordinate Revolving Obligations. As of June 1, 2025, the Airport Authority had no Subordinate Revolving Obligations outstanding.

All Subordinate Revolving Obligations issued by the Airport Authority are purchased by the Subordinate Revolving Obligations Bank (Bank of America, N.A.) in accordance with the terms of the Subordinate Credit Agreement. Except as otherwise provided in the Subordinate Credit Agreement, the principal of all Subordinate Revolving Obligations outstanding pursuant the Master Subordinate Indenture, the Tenth Supplemental Subordinate Indenture and the Subordinate Credit Agreement are due and payable on July 17, 2027. However, subject to the terms of the Subordinate Credit Agreement, on July 16, 2027, the Airport Authority can convert any outstanding Subordinate Revolving Obligations to a term loan that will be payable in four equal quarterly installments beginning 90 days following July 16, 2027, with the final payment being due on July 16, 2028.

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Debt Service Requirements

The following table sets forth the debt service requirements on the Senior Series 2025 Bonds, the Senior Series 2023 Bonds and the Existing Subordinate Bonds.

TABLE 3
San Diego County Regional Airport Authority
Debt Service Requirements for Senior Series 2023 Bonds, Senior Series 2025 Bonds and Existing Subordinate Bonds[1]

Year Ended July 1	Total Debt Service for Senior Series 2023 Bonds[2,3]	Senior Series 2025A Bonds[2,4]		Senior Series 2025B Bonds[2,3]		Total Debt Service for Senior Bonds[2]	Total Debt Service for Existing Subordinate Bonds[7,8]	Total Debt Service for Senior and Subordinate Bonds
		Principal	Interest[5]	Principal	Interest[6]			
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2033								
2034								
2035								
2036								
2037								
2038								
2039								
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2049								
2050								
5051								
5052								
2053								
2054								
2055								
2056								
2057								
2058								
2059								
2060								
Total								

1 Numbers may not total due to rounding to nearest dollar.
2 The Senior Series 2023 Bonds and the Senior Series 2025 Bonds have a first lien on Net Revenues.
3 Includes a portion of the interest on the Senior Series 2023 Bonds through ____ 1, 202[_] to be paid from a portion of the proceeds of the Senior Series 2025[A/B] Bonds. Principal of and interest on the Senior Series 2023 Bonds does not reflect the application of PFCs to the payment of debt service on the Senior Series 2023 Bonds.
4 [Principal of and interest on the Senior Series 2025 Bonds does not reflect the application of PFCs to the payment of debt service on the Senior Series 2025 Bonds.]
5 Includes a portion of the interest on the Senior Series 2025A Bonds through ____ 1, 202[_] to be paid from a portion of the proceeds of the Senior Series 2025A Bonds.
6 Includes a portion of the interest on the Senior Series 2025B Bonds through ____ 1, 202[_] to be paid from a portion of the proceeds of the Senior Series 2025B Bonds.
7 The Subordinate Obligations (including the Existing Subordinate Bonds and the Subordinate Revolving Obligations) have a lien on Subordinate Net Revenues. Principal of and interest on the Existing Subordinate Bonds does not reflect the application of PFCs to the payment of debt service on the Existing Subordinate Bonds.
8 Debt Service on the Subordinate Revolving Obligations (which may be outstanding from time to time in an aggregate principal amount of up to $200 million at any one time) is not reflected in this table.

Source: San Diego County Regional Airport Authority; and Frasca & Associates, LLC (only with respect to debt service on the Senior Series 2025 Bonds).

Future Financings

Following the issuance of the Senior Series 2025 Bonds, the Airport Authority does not expect to issue any Additional Senior Bonds or Additional Subordinate Obligations to fund costs of the New T1. However, following the issuance of the Senior Series 2025 Bonds, the Airport Authority expects to issue approximately $189.9 million in aggregate principal amount of Additional Senior Bonds and/or Additional Subordinate Obligations between Fiscal Years 20[28] and 20[30] to finance additional costs of the CIP. The dates of issuance of the Additional Senior Bonds and/or Additional Subordinate Obligations to finance additional costs of the CIP will be dependent on when the Airport Authority needs additional funds to finance the design and construction of such elements of the CIP. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT" and "APPENDIX A—FINANCIAL FEASIBILITY REPORT." Additionally, the Airport Authority continuously evaluates refunding opportunities and, when economically beneficial, may refund one or more Series of Senior Bonds and/or Subordinate Obligations.

Other Obligations

Lease Commitments.

Operating Leases. In connection with the Transfer, the Airport Authority entered into several lease agreements with the Port District pursuant to which the Airport Authority is leasing certain properties from the Port District. The Airport Authority is leasing from the Port District the land used for SAN for $1 per year, for 66 years, through December 31, 2068. In addition, the Airport Authority leases from the Port District 90.67 acres of the former General Dynamics property on Pacific Highway adjacent to SAN for 66 years commencing January 1, 2003 (the "**General Dynamics Lease**"). The General Dynamics Lease calls for rent payments of $6,826,656 annually through December 31, 2068. A portion of the land is leased back to the Port District for employee parking for Port District administration building employees and is leased back by the Port District at the same fair market unit value per square-foot as paid by the Airport Authority. The Airport Authority and the Port District also have entered into a lease for 47.54 acres on North Harbor Drive (the "**TDY Property**"), commencing January 1, 2005 and expiring December 31, 2068 (the "**TDY Lease**"). The Airport Authority pays the Port District $3 million annually to lease the TDY Property.

In addition to the General Dynamics Lease and the TDY Lease, the Airport Authority has entered into several other operating leases, including the following:

- The Airport Authority entered into a lease with the Port District, commencing September 1, 2006, for property located at 2415 Winship Lane, known as the "Sky Chef" property. The term of the lease is 60 years with $350,000 in annual rental.

- The Airport Authority entered into a lease with the federal government, commencing June 1, 2020, for 17.6 acres of property located at Marine Corps Recruit Depot San Diego, California in the immediate vicinity of the airfield. The term of the lease is 18 years with an option to extend for three additional ten-year periods, with the federal government's approval. The annual rental payments are $400,000 with 2% annual escalation during the lease term. The Airport Authority is using this property within its airfield operations area.

- The Airport Authority entered into a lease with the Port District, commencing June 1, 2021, for property located at 2535 Pacific Highway. The term of the lease is 20 years with $314,490 in annual rental payments for the first five years with Consumer Price Index adjustments each subsequent 5 year lease period. The Airport Authority is using this property for parking of its shuttle fleet.

- The Airport Authority entered into a lease with the Port District, commencing June 1, 2021, for a parcel of property located on the east side of Harbor Island Drive. The term of the lease is 51 months with $966,264 in annual rental payments. The Airport Authority is using this property for construction parking. As of May 2025, most of this parcel was returned to the Port District. The Airport Authority is currently negotiating to extend the lease on the remaining portion of the parcel.

- The Airport Authority entered into a lease with the Port District, commencing June 1, 2021, for property located at 3032 North Harbor Drive. The term of the lease is 5 years with an option to extend for two additional one-year periods, with $406,560 in annual rental payments. The Airport Authority is using this property for temporary construction trailers and parking during construction of the New T1.

- On July 13, 2023, the Board authorized the President and CEO to enter into a lease for 45 years and 4-months with the Port District for approximately 28,519 square feet of land located on North Harbor Drive in support of the on-Airport roadway components of the New T1. Annual rental payments are expected to be $95,538 for the first five years with Consumer Price Index adjustments each subsequent 5-year lease period.

As of July 1, 2024, the Airport Authority estimated that its future rental commitments under the operating lease agreements described above will be in the amounts described in the following table.

TABLE 4
San Diego County Regional Airport Authority
Future Rental Commitments

Fiscal Year	Rental Payments
2025	$12,199,516
2026	11,296,394
2027	11,024,701
2028	10,990,820
2029	10,626,099
2030-2034	53,257,638
2035-2039	53,495,072
2040-2044	52,331,996
2045-2049	51,594,347
2050-2054	51,665,451
2055-2059	51,743,667
2060-2064	51,829,703
2065-2069	46,723,377
Total	$468,778,782[1]

[1] Totals may not add due to rounding.
Source: San Diego County Regional Airport Authority

Under current law, in the event SAN is relocated and the current location is no longer used by SAN for airport purposes, all of the Airport Authority's leases with the Port District would terminate and the right to use the property subject to those leases would revert to the Port District. See "CERTAIN INVESTMENT CONSIDERATIONS—State Tidelands Trusts."

Lease payments pursuant to the Airport Authority's operating lease agreements constitute Operation and Maintenance Expenses of the Airport System, and thus payment thereof is senior in priority to payment of the Senior Bonds (including the Senior Series 2025 Bonds) and the Subordinate Obligations.

RDC Installment Purchase Agreement. The Airport Authority and AFCO CRDC SAN LLC ("**AFCO**") entered into an Installment Purchase Agreement, dated March 15, 2011 (the "**RDC Installment Purchase Agreement**"), pursuant to which AFCO agreed to design, build and finance a receiving and distribution center ("**RDC**") at SAN, and the Airport Authority agreed to lease the RDC from AFCO for a term of 20 years commencing in November 2012 (the date of completion of the RDC). The RDC is a 21,000 square-foot building that provides a single receiving point for most goods delivered to SAN. Distribution of these goods to various locations at SAN is conducted by a single delivery service provided by Bradford Logistics. Pursuant to the RDC Installment Purchase Agreement, the Airport Authority pays AFCO a monthly installment payment of $73,108. The installment payments are payable from any legally available moneys of the Airport Authority after the payment of the Operation and Maintenance Expenses of the Airport System, the debt service and reserve fund requirements on the Senior Bonds (including the Senior Series 2025 Bonds) and the Subordinate Obligations, and the required deposits to the Operation and Maintenance Reserve Subaccount and the Renewal and Replacement Subaccount.

Special Facility Obligations. Pursuant to the Master Senior Indenture, the Airport Authority may designate an existing facility or a planned facility as a "**Special Facility**" and may incur indebtedness in order to acquire, construct, renovate or improve such facility or to finance the acquisition, construction, renovation or improvement thereof by a third party. Additionally, the Airport Authority may provide that all contractual payments derived by the Airport Authority from such Special Facility, together with other income and revenues available therefrom (but only to the extent such payments, income and revenue are necessary to make the payments of principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Airport Authority and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due), will constitute "**Special Facilities Revenue**" and will not be included in Revenues, Net Revenues or Subordinate Net Revenues. Such indebtedness will constitute a "**Special Facility Obligation**" and will be payable solely from the Special Facilities Revenue. When Special Facility Obligations issued for a Special Facility are fully paid or otherwise discharged, all revenues received by the Airport Authority from such facility will be included as Revenues. To the extent Special Facility Revenues exceed the amounts required to pay the principal of and interest on Special Facility Obligations when due, to the extent not otherwise encumbered, the excess may constitute Revenues as determined by the Airport Authority.

In February 2014, the Airport Authority issued $305,285,000 aggregate principal amount of its Senior Special Facilities Revenue Bonds (Consolidated Rental Car Facility Project) Series 2014A and Series 2014B (the "**Series 2014 Special Facilities Bonds**") to finance a portion of the costs of the development and construction of a consolidated rental car facility (the "**Rental Car Center**") and related improvements at SAN. As of June 1, 2025, the Series 2014 Special Facilities Bonds were outstanding in the aggregate principal amount of $261,970,000. The Series 2014 Special Facilities Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of (a) the CFCs collected by the rental car companies operating at SAN, (b) under certain circumstances, "**Bond Funding Supplemental Consideration**" payable by the rental car companies operating at SAN, and (c) certain funds and accounts. *The Series 2014 Special Facility Bonds are not, in any way, secured by, or payable from, Revenues*. See "SAN DIEGO INTERNATIONAL AIRPORT—Existing Facilities" and "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES—Rental Car Agreements." Other than the Series 2014 Special Facility Bonds, the Airport Authority has no outstanding Special Facility Obligations.

Senior and Subordinate Repayment Obligations. Under certain circumstances, the obligation of the Airport Authority, pursuant to a written agreement, to reimburse the provider of a Credit Facility or a Liquidity Facility (a "**Repayment Obligation**") may be secured by a pledge of and lien on Net Revenues on parity with the Senior Bonds (including the Senior Series 2025 Bonds) or secured by a pledge of and lien on the Subordinate Net Revenues on parity with the Subordinate Obligations. If a Credit Provider or Liquidity Provider advances funds to pay principal of or purchase Senior Bonds, all or a portion of the Airport Authority's Senior Repayment Obligation may be afforded the status of a Senior Bond under the Senior Indenture. If a Credit Provider or Liquidity Provider advances funds to pay principal of or purchase Subordinate Obligations, all or a portion of the Airport Authority's Subordinate Repayment Obligation may be afforded the status of a Subordinate Obligation under the Subordinate Indenture. As of the date of this Official Statement, the Airport Authority has no outstanding Senior Repayment Obligations or Subordinate Repayment Obligations. See "APPENDIX C-2—SUMMARY OF MASTER SENIOR INDENTURE—Senior Repayment Obligations Afforded the Status of Senior Bonds" and "APPENDIX C-3—SUMMARY OF MASTER SUBORDINATE INDENTURE—Subordinate Repayment Obligations Afforded the Status of Subordinate Obligations."

THE AIRPORT AUTHORITY

General

The Port District operated SAN from 1963 until December 31, 2002. Pursuant to the Act, the California Legislature created the Airport Authority and transferred, by long-term lease, the operations of SAN to the Airport Authority effective January 1, 2003.

The Airport Authority is vested with four principal responsibilities: (a) operating the Airport System (the main asset of which is SAN); (b) planning and operating any future airport that could be developed as a supplement or replacement to SAN; (c) developing comprehensive land use compatibility plans as they may relate to the Airport System for the entire County; and (d) serving as the region's airport land use commission.

Board of Directors

The Airport Authority is governed by a nine-member board of directors, with two or more additional members serving as non-voting, *ex-officio* board members. Board members serve three-year terms. Three members of the Board serve as the Executive Committee. Pursuant to the Act, the members of the Board are appointed as follows: the Mayor of the City San Diego appoints three members (two of which are subject to confirmation by the San Diego City Council); the Chair of the Board of Supervisors of the County appoints two members (subject to confirmation by the Board of Supervisors of the County); the mayors of the east county cities (El Cajon, La Mesa, Lemon Grove and Santee) appoint one member; the mayors of the north county coastal cities (Carlsbad, Del Mar, Encinitas, Oceanside and Solana Beach) appoint one member; the mayors of the north county inland cities (Escondido, Poway, San Marcos and Vista) appoint one member; and the mayors of the south county cities (Chula Vista, Coronado, Imperial Beach and National City) appoint one member. The Board also consists of two non-voting, *ex-officio* members, the District Director of the State Department of Transportation for the San Diego region and the State Department of Finance representative for the State Lands Commission, both of whom are appointed by the Governor. The Board also may provide for additional non-voting, *ex-officio* members, including, but not limited to, representatives of the United States Navy and the United States Marine Corps.

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The current members of the Board are set forth below. [There is currently one vacancy on the Board.]

Board Members	Occupation	Appointing Authority	Current Term Expires
Executive Committee			
Guillermo "Gil" Cabrera (Chair)	Attorney	Mayor, City of San Diego	January 31, 2027
James Sly (Vice Chair)	President/CEO, East County Economic Development Council	Mayors, East County Cities	January 31, 2026
Rafael Perez	Realtor	Chair of the San Diego Board of Supervisors	January 31, 2026
General Members			
Whitney Benzian	Real Estate Agent	Mayors, South County Cities	January 31, 2027
Lidia S. Martinez	Retired	Mayor, City of San Diego	January 31, 2026
Esther Sanchez	Mayor, City of Oceanside	Mayors, North County Coastal Cities	January 31, 2026
Monica Montgomery Steppe	Supervisor, County Board of Supervisors	Chair of the San Diego Board of Supervisors	January 31, 2026
Steve Vaus	Mayor, City of Poway	Mayors, North County Inland	January 31, 2027
Marni von Wilpert	Councilmember, San Diego	Mayor, City of San Diego	January 31, 2028
Ex-Officio Members			
Colonel Erik Hermann	Commander, Marine Corps Air Station Miramar	United States Navy/United States Marine Corps	N/A
Ann Fox	District Director for the California Department of Transportation, San Diego Region	Governor, State of California	N/A
Michele Perrault	Chief Deputy Director of Policy	California Department of Finance	N/A

The fundamental powers and functions of the Airport Authority are established by the Act. The Act empowers the Board to adopt more specific rules to guide the conduct of the Board, officers and employees of the Airport Authority, and those persons and entities that interact with the Airport Authority or utilize the premises and property of the Airport Authority. The Board has exercised that power by adopting codes that govern and regulate the conduct of persons, organizations and other third parties that use the facilities under the Airport Authority's jurisdiction; and policies that address the Airport Authority's internal operations and governance.

Pursuant to its policies, the Board has established the following standing committees with the following functions:

[Audit Committee. The Audit Committee serves as a guardian of the public trust, acting independently and charged with oversight responsibilities for reviewing the Airport Authority's internal controls, financial reporting obligations, operating efficiencies, ethical behavior and regular attention to cash flows, capital expenditures, regulatory compliance and operations. In addition to the Board members that serve on the Audit Committee, three members of the public, appointed by the Board, serve on the Audit Committee. The Audit Committee's responsibilities are as follows: (a) review regularly the Airport

Authority's accounting, audit and performance monitoring processes; (b) at the time of renewal, recommend to the Executive Committee and the full Board its nomination for an external auditor and the compensation of the auditor, and consider at least every three years, whether there should be a rotation of the audit firm or the lead audit partner to ensure continuing auditor independence; (c) advise the Executive Committee and the Board regarding the selection of the auditor; (d) be responsible for oversight and monitoring of internal and external audit functions, and monitoring performance of, and internal compliance with, Airport Authority policies and procedures; (e) be responsible for overseeing the annual audit by the external auditors and internal audits; and (f) make recommendations to the full Board with regard to all of the foregoing.]

[Executive Committee. The Executive Committee is responsible for overseeing the implementation of the administrative policy of the Airport Authority. The Executive Committee members may not be included in the direct operation of the facilities and the airports under the jurisdiction of the Airport Authority, nor may they be included in the chain of command for purposes of emergency procedures. The Executive Committee is required to conduct monthly meetings with the President/CEO and their staff to review the operations of the Airport Authority. Any policy recommendation from the Executive Committee must be forwarded to the Board for consideration at a public meeting of the Board.]

[Executive Personnel and Compensation Committee. The Executive Personnel and Compensation Committee evaluates the President/CEO, Chief Auditor and General Counsel and makes recommendations to the Board concerning their compensation. The Executive Personnel and Compensation Committee also reviews and makes recommendations regarding Board Member compensation.]

[Finance Committee. The Finance Committee is established to oversee the financial performance and condition of the Airport Authority and review the operating and capital budget and financial plan, and major financial policies or actions of the Airport Authority. The Finance Committee is required to meet at least quarterly each year.]

[Capital Improvement Program Oversight Committee. The Capital Improvement Program Oversight Committee oversees the implementation of the Capital Improvement Program, which includes the investigation and evaluation of the physical/functional, financial, environmental, community aspects, intergovernmental coordination, and public communication/outreach related to all Capital Improvement Program activities.]

[All committee appointments are for a one-year term. The Board may establish or maintain additional Board committees from time to time as necessary or appropriate in accordance with the Airport Authority's policies.]

Executive Management

Kimberly J. Becker, President and CEO. Kimberly J. Becker was appointed President and CEO of the Airport Authority on May 1, 2017. As President/CEO, Ms. Becker is responsible for the fiscal and operating management and oversight of the Airport Authority and SAN and the Airport Authority's annual operating budget and five-year capital budget. Prior to joining the Airport Authority, Ms. Becker served as Director of Aviation for the Mineta San José International Airport ("**San José International Airport**") from 2013 to 2017. Prior to being appointed the Director of Aviation for San José International Airport, she was appointed the Chief Operating Officer for the San José International Airport in 2011, and the Assistant Director of Aviation at San José International Airport in 2008. Ms. Becker's career in aviation and airport management spans more than 30 years and has included operations and environmental positions at Lockheed Air Terminal in Burbank, California, and Teterboro Airport in New Jersey. Currently, she serves as a board member for the San Diego Chamber of Commerce and the Kyoto Symposium

Organization. Ms. Becker is an executive committee member for the San Diego Regional Economic Development Corporation and Chair of the Global Competitiveness Committee, as well as the Past-Chair of the San Diego Tourism Authority. Ms. Becker is actively engaged with ACI, for which she serves on the Board of Directors and as a U.S. Policy Council member. Additionally, she serves as Chair on ACI's Board for Large Hubs. Ms. Becker is a member of the International Gateway Coalition, a Policy Review Committee Co-Chair of the American Association of Airport Executives, and serves as Secretary on the Board of Directors of California Airports Council. Ms. Becker holds a bachelor's degree in business administration from Indiana University of Pennsylvania, and a master's degree in business administration/aeronautics from Embry-Riddle Aeronautical University, in Daytona Beach, Florida.

Scott M. Brickner, Vice President, Chief Financial Officer. Scott Brickner is the Vice President, Chief Financial Officer of the Airport Authority. As Chief Financial Officer, Mr. Brickner leads the Airport Authority's Accounting, Airline Relations, Business Intelligence, Finance, Risk Management, Information Technology and Procurement functions. Prior to joining the Airport Authority in 2009, he held various senior management positions in the private sector. Mr. Brickner currently serves on the Board of the Mater Day Catholic High School Foundation and the UCSD Newman Center Finance Council, and he previously served on the Finance Steering Committee of ACI as well as the San Diego Chapter of Financial Executives International ("**FEI**"). Mr. Brickner is a recipient of the San Diego Business Journal's CFO of the Year award for 2023 and 2016. In 2019, he was named ACI's Financial Professional of the Year for large hub airports and was also nominated for FEI's Financial Executive of the Year. Mr. Brickner received a Bachelor of Business Administration from Benedictine College in Kansas, an MBA from St. Louis University, and has an active CPA license in the State of California.

Angela Shafer-Payne, Vice President, Chief Development Officer. Angela Shafer-Payne is the Vice President, Chief Development Officer of the Airport Authority. Ms. Shafer-Payne oversees Planning & Environmental Compliance, Government Relations & Strategy, External Relations, Small Business Development and Airport Design and Construction. She has been with SAN since 1995, during which time she has held various leadership positions, including being the Vice President, Chief Operations Officer prior to her current position. One of Ms. Shafer-Payne's most notable achievements was her instrumental role in establishing and setting up the Airport Authority, effectually separating SAN from its previous owner, the Port District. She has a bachelor's degree in Business Administration with a concentration in Aeronautical Studies and Meteorology from the University of North Dakota. She also holds an Instrument Rated pilot license.

Rick Francis, Vice President, Chief Operations Officer. Rick Francis is the Vice President, Chief Operations Officer of the Airport Authority. He is responsible for setting the strategic direction for airside and terminal operations, aviation security and public safety, operational planning and readiness and facilities maintenance functions at SAN. Mr. Francis joined the Airport Authority in 2022 after spending six years at John Wayne Airport, including the most recent one as Interim Airport Director. As Assistant Director for John Wayne Airport, he was responsible for oversight of the overall operations of the airport including operations, maintenance, business development, finance, government affairs, noise abatement, facilities development, and airport rules and regulations. Mr. Francis spearheaded the development of new concessions, while managing designated lease negotiations, and provided oversight in the preparation of comprehensive financial reports as part of the annual budget. Prior to his work in the airport industry, Mr. Francis served as the Assistant City Manager for the City of Costa Mesa, providing leadership and supervision for the executive management team. In conjunction with the City Manager, he was instrumental in the planning of strategic long-range goals and implementation of departmental programs. Before joining the City of Costa Mesa, Mr. Francis served as Chief of Staff for Orange County Supervisor John Moorlach, whose district included John Wayne Airport, reviewing policy, budget, and development at the airport for the County Supervisor's Office. A 2023 graduate of LEAD San Diego's Influence program, he holds a

Bachelor of Arts in Religious Education from the Vanguard University of Southern California and a Master of Arts in Public Administration from American Public University.

Hampton Brown, Vice President, Chief Revenue Officer. Hampton Brown is the Vice President, Chief Revenue Officer of the Airport Authority. Mr. Brown oversees the Terminal Business Development, Landside Business Development, and Customer Experience functions of the Airport Authority. Prior to joining the Airport Authority in 2004, he was in private sector aviation consulting and project logistics planning for the telecommunications industry. He holds a Bachelor of Arts degree from Allegheny College and a master's degree from the University of Maryland. He also attended the Universität Würzburg where he passed the PNdS German proficiency examination. Mr. Brown also has graduated from the joint ACI International Civil Aviation Organization Airport Management Accreditation program.

Lee Parravano, Chief Auditor. Lee Parravano is the Chief Auditor for the Airport Authority. Prior to joining the Airport Authority on April 4, 2018, Mr. Parravano served for five years as the Internal Auditor at the San Diego City Employees' Retirement System, the Airport Authority's pension plan administrator. He also worked as a senior audit manager for 11 years for the accounting, audit, and tax management advisory firm formally known as White Nelson Diehl Evans (now CliftonLarsonAllen). With over 20 years of auditing experience, Mr. Parravano's professional skills include fraud investigations, compliance audits, performance audits, financial audits, consulting, and information technology analysis. He holds a Bachelor of Arts degree with a major in business economics from the University of California Santa Barbara and is a licensed Certified Public Accountant, a Certified Internal Auditor, a Certified Fraud Examiner, and a Chartered Global Management Accountant.

Amy Gonzalez, General Counsel. Amy Gonzalez serves as the General Counsel for the Airport Authority. She has served as an attorney representing the Airport Authority since 2003. Prior to joining the Airport Authority, Ms. Gonzalez served as a Deputy City Attorney for the Department of Airports of the City of Los Angeles, California, operator of Los Angeles International Airport, Van Nuys and Palmdale Regional Airports. She has over 29 years of experience representing public entities, and, for the past 25 years, her practice has specialized in airport matters dealing with aircraft noise, rates and charges, transportation, the environment, eminent domain, contracts, concessions, revenue diversion and real property. Ms. Gonzalez graduated from St. Louis University and received a Juris Doctor from Pepperdine University School of Law. She is an adjunct professor of law at the University of San Diego School of Law.

Employees and Labor Relations

The Airport Authority employs approximately 440 full-time employees. Approximately 120 of these employees (primarily maintenance workers, airport traffic officers and certain supervisors) are members of the Teamsters Local 911 labor union. Labor relations with respect to those 120 employees are governed by three separate labor agreements between the Airport Authority and Teamsters Local 911, which all expire on September 30, 2027.

The Airport Authority has never experienced any disruption in its operations due to labor related matters.

SAN DIEGO INTERNATIONAL AIRPORT

Introduction

SAN is located approximately three miles northwest of downtown San Diego on 661 acres of land. SAN is bounded by San Diego Bay, military facilities and residential areas. Dedicated on August 16, 1928, SAN was originally named “San Diego Municipal Airport—Lindbergh Field.” SAN gained international airport status in 1934 when it became the first federally certified airfield to serve all aircraft types, including seaplanes. World War II brought significant change to the airfield when the U.S. Army Air Corps took it over in 1942 to support the war effort. The infrastructure of SAN was improved to handle the heavy bombers being manufactured in the region during the war. This transformation, including an 8,750-foot runway (now 9,401 feet), made SAN jet-ready long before jet passenger planes came into widespread service.

SAN is located on land leased from the Port District. The leases for most of the land leased from the Port District expire in 2068. The land upon which SAN is located is held in trust by the Port District pursuant to certain tideland land grants from the State to the Port District. Under current law, in the event SAN is relocated and the current location is no longer used by the Airport Authority for airport purposes, all of the Airport Authority’s leases with the Port District would terminate and the right to use the property subject to those leases would revert to the Port District.

According to ACI statistics, SAN is the busiest single-runway commercial airport in the United States based on passenger levels. SAN is classified by the FAA as a “large air traffic hub” (an airport that enplanes over 1.0% of the total domestic passengers in the United States). As of May 31, 2025, SAN handled air transportation for 19 passenger airlines, serving 85 non-stop destinations. In Fiscal Year 2024, SAN enplaned approximately 12.5 million passengers (which represented an approximately 5.1% increase in enplaned passengers from Fiscal Year 2023). For each of the calendar years ended December 31, 2023 and December 31, 2024, approximately 97.0% of the passengers using SAN were O&D passengers. Over the last five Fiscal Years, on average, approximately 96.7% of all enplanements at SAN have been domestic enplanements. According to ACI statistics, for the calendar year ended December 31, 2023 (the latest available information) SAN was ranked as the 26th busiest airport in the country as measured by total number of enplaned and deplaned passengers.

Pursuant to the Act, the Airport Authority was required to study alternative sites for relocating SAN and proposing a county-wide ballot measure regarding the relocation of SAN. After a thorough study, the Airport Authority concluded that the best alternative for relocating SAN was to obtain approximately 3,000 acres at Marine Corps Air Station-Miramar and to construct a new airport on this site. In November 2006, the voters of the County voted against the Airport Authority’s proposal to move SAN to Marine Corps Air Station-Miramar. At this time, the Board does not plan to pursue relocation of SAN from its current location.

Existing Facilities

Airfield. The existing airfield consists of one east-west runway (Runway 9/27), which is 9,401 feet long and 200 feet wide. Runway 9/27 has sufficient capacity and is of sufficient strength to permit the operation of most existing commercial aircraft, including most large widebody aircraft. However, natural and man-made obstructions, including rising terrain, trees and buildings to the west and east of SAN limit the effective length of the runway for certain aircraft. This limitation reduces range and/or payload capability depending on the aircraft type and the operating rules of a given carrier. Each aircraft is different with respect to, among other things, its empty weight, engine type, thrust variant, desired payload capability, and desired range. For example, the Boeing 787 is not affected by these runway limitations due to improved airfield performance capabilities. Runway 9/27 is equipped with high-intensity runway lighting and supports both precision and non-precision approaches. SAN has a system of taxiways leading to and from the terminal area on the south side of SAN, and to and from the north side of SAN which is used by cargo and general aviation aircraft. See “CERTAIN INVESTMENT CONSIDERATIONS—Restrictions on Airport Facilities and Operations.” See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL

AIRPORT—New T1" for a discussion of the construction of certain airfield projects associated with the New T1 program.

Terminal Facilities. Passenger services at SAN are currently located in two terminals, Terminal 1 and Terminal 2 (consisting of Terminal 2 East and Terminal 2 West). Prior to the start of construction of the New T1 program, Terminals 1 and 2 provided a total of 51 aircraft gates. The existing Terminal 1, the older terminal at the Airport, was opened in 1967 and renovated in 1994 and 1997. Terminal 1 is approximately 336,000 square-feet, and previously provided 19 aircraft gates. In order to accommodate the current phase of construction for the new Terminal 1, five of the 19 gates in the existing Terminal 1 have been permanently closed, leaving 14 gates operational. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—New T1" for a discussion of the complete replacement of Terminal 1 as part of the New T1 program. The new Terminal 1 will contain 30 gates; 11 more gates than the existing Terminal 1. Terminal 2 East was opened in 1979 and is a two-story, approximately 225,700 square-foot facility with 13 aircraft gates. Terminal 2 West was opened in 1998 and expanded in 2013 and is a three-story, approximately 786,600 square-foot facility with 19 aircraft gates.

When Terminal 2 West was expanded in 2013, the contractor for the project utilized a water pipe product known as Aquatherm. After completion of the expansion project, the Airport Authority discovered that the pipes were defective and were failing and did not meet the specifications of the construction contract. The contractor is currently in the process of replacing all of the pipes that were installed as part of the expansion of Terminal 2 West. This project is expected to be completed in August 2026. The contractor is responsible for paying the costs of this replacement project and the Airport Authority is not liable for any of the costs.

Parking Facilities. Approximately 6,400 public parking spaces, operated by the Airport Authority, are currently available at the Airport, including (a) approximately 3,216 parking spaces located in the Terminal 2 Parking Plaza that opened in 2018 and two adjacent surface lots, (b) approximately 2,824 parking spaces located in Phase 1 of the new Terminal 1 parking structure that opened in August 2024, (c) 98 spaces in a free cell phone lot located west of Terminal 2 and (d) 265 parking spaces are available for valet service offered at the Airport with curb-side drop-off in front of Terminals 1 and 2. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—New T1" for a discussion of the construction of the new parking structure that is located adjacent to Terminal 1 as part of the New T1 program. Phase 2 of new Terminal 1 parking structure (which is expected to open in June 2025) will add approximately 2,400 spaces. Upon completion of the New T1, there will be approximately 8,800 public parking spaces, operated by the Airport Authority, available at the Airport. The Airport Authority also operates employee parking lots on Pacific Highway and McCain Road with approximately 1,993 available spaces.

Rental Car Facilities. The on-Airport rental car companies (representing 13 brands) operate from the Rental Car Center that opened in January 2016 and consists of a customer service building, ready/return, "quick turnaround" and staging/storage areas with approximately 5,400 parking spaces, and fueling, car wash and light maintenance facilities. The Rental Car Center is located on approximately 24.8 acres on the north-side of the Airport. A shuttle bus system transports passengers from the terminals to the Rental Car Center. See "OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Other Obligations—Special Facility Obligations" and "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES—Rental Car Agreements."

Cargo Facilities. In July 2021, the Airport Authority opened a new passenger airline belly cargo and provisioning facility consisting of approximately 81,790 square feet of warehouse and office space located on approximately eight acres of land on the south side of the Airport. The Airport Authority signed 5-year leases with Southwest Airlines, United Airlines, American Airlines and Delta Air Lines. The facility is managed by a third party who manages day-to-day operations. International and smaller carriers are required to have arrangements with one of the four primary tenants in order to process cargo through the facility.

Other Facilities. Various other facilities are located at the Airport or on land located near the Airport, including, among others, a control tower, facilities operated by the integrated cargo carriers (i.e., DHL, FedEx and UPS), central utilities plant and fuel facilities. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—New T1" for a discussion of the demolition of the Commuter Terminal in connection with the construction of the new Terminal 1.

Air Carriers Serving SAN

For the twelve months ended May 31, 2025, 19 passenger airlines provided non-stop service from SAN to a total of 75 U.S. cities and 10 international cities, across 6 countries, and 7 air carriers provided scheduled all-cargo service at SAN. The following table sets forth the air carriers serving SAN as of May 31, 2025. Copa Airlines is expected to begin service from SAN to Panama in late June 2025. See "AIRLINE INDUSTRY INFORMATION."

TABLE 5
San Diego International Airport
Air Carriers Serving San Diego International Airport
(As of May 31, 2025)

U.S. Carriers	Foreign Flag Carriers	All-Cargo Carriers
Alaska Airlines[1]	Air Canada[5]	21 Air[7]
Allegiant Air[2]	British Airways	ABX
American Airlines	Japan Airlines	Ameriflight
Breeze Airways	KLM Royal Dutch Airlines	Atlas Air
Delta Air Lines[3]	Lufthansa	FedEx[8]
Frontier Airlines	Porter Airlines[6]	IFL Group[9]
Hawaiian Airlines	WestJet Airlines	United Parcel Service
JetBlue Airways		
Southwest Airlines		
Spirit Airlines		
Sun Country Airlines		
United Airlines[4]		

[1] Operated by Alaska Airlines and Horizon Air, separately certificated airlines owned by Alaska Air Group, Inc. ("Alaska Air Group") and regional affiliate, SkyWest Airlines.
[2] Allegiant Air is expected to cease operating at SAN as of September 1, 2025.
[3] Operated by Delta Air Lines and regional affiliate, SkyWest Airlines.
[4] Operated by United Airlines and regional affiliate, SkyWest Airlines.
[5] Operated by affiliate Air Canada Jazz.
[6] Porter Airlines is expected to cease operating at SAN as of June 25, 2025.
[7] 21 Air provides service for DHL
[8] Operated by FedEx and its affiliate West Air.
[9] IFL Group provides service for FedEx.
Source: San Diego County Regional Airport Authority

Aviation Activity

In Fiscal Year 2024, SAN enplaned approximately 12.5 million passengers (which represented an approximately 5.1% increase in enplaned passengers from Fiscal Year 2023). For each of the calendar years ended December 31, 2024 and December 31, 2023, approximately 97% of the passengers using SAN were O&D passengers. During March 2025, passenger airlines and cargo carriers were operating approximately 276 departures daily at SAN.

The following table sets forth the total domestic and international enplanements and total deplanements at SAN for the last ten Fiscal Years and the first nine months of Fiscal Years 2024 and 2025.

TABLE 6
San Diego International Airport
Total Enplanements and Deplanements

	Enplanements						Deplanements			
Fiscal Year	**Domestic Enplanements**	**Percent of Total**	**International Enplanements**	**Percent of Total**	**Total Enplanements**	**Percent Change**	**Total Deplanements**	**Percent Change**	**Total Enplanements and Deplanements**	**Percent Change**
2015	9,381,259	96.6%	331,807	3.4%	9,713,066	6.9%	9,696,617	7.0%	19,409,683	7.0%
2016	9,848,924	96.5	357,298	3.5	10,206,222	5.1	10,190,948	5.1	20,397,170	5.1
2017	10,194,718	96.2	401,765	3.8	10,596,483	3.8	10,543,584	3.5	21,140,067	3.6
2018	11,257,939	96.0	473,894	4.0	11,731,833	10.7	11,702,560	11.0	23,434,393	10.9
2019	11,832,512	95.8	523,774	4.2	12,356,286	5.3	12,335,387	5.4	24,691,673	5.4
2020	8,865,028	96.0	370,431	4.0	9,235,459	(25.3)	9,215,140	(25.3)	18,450,599	(25.3)
2021	4,809,965	99.0	50,966	1.0	4,860,931	(47.4)	4,841,626	(47.5)	9,702,557	(47.4)
2022	9,736,802	97.8	216,360	2.1	9,953,162	104.8	9,878,485	104.0	19,831,647	104.4
2023	11,440,757	96.4	426,812	3.6	11,867,569	19.2	11,583,718	17.3	23,451,287	18.3
2024	11,988,077	96.2	479,037	3.8	12,467,114	5.1	12,120,871	4.6	24,587,985	4.9
First Nine Months[1]										
2024	9,126,270									
2025	9,377,905									

[1] July 1 through March 31. Results for the first nine months of Fiscal Year 2025 may not be indicative of results for the full Fiscal Year 2025.
Source: San Diego County Regional Airport Authority

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The following table sets forth total revenue operations (landings and takeoffs) for passenger and cargo carriers at SAN for Fiscal Years 2015 through 2024 and the first nine months of Fiscal Years 2024 and 2025.

TABLE 7
San Diego International Airport
Revenue Operations

Fiscal Year	Total Operations[1]	Operations Growth
2015	195,268	4.0%
2016	194,151	(0.6)
2017	201,011	3.5
2018	218,671	8.8
2019	227,931	4.2
2020	172,936	(24.1)
2021	109,484	(36.7)
2022	161,932	47.9
2023	191,455	18.2
2024	198,290	3.6
***First Nine Months*[2]**		
2024	146,429	–
2025	153,170	4.6

[1] For revenue-related departures and arrivals.
[2] July 1 through March 31. Results for the first nine months of Fiscal Year 2025 may not be indicative of results for the full Fiscal Year 2025.
Source: San Diego County Regional Airport Authority

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Air Cargo

The following table sets forth information concerning cargo traffic (enplaned and deplaned cargo) over the last ten Fiscal Years and the first nine months of Fiscal Years 2024 and 2025.

TABLE 8
San Diego International Airport
Historical Enplaned and Deplaned Freight and U.S. Mail Cargo
(in tons)

Fiscal Year	Freight	Annual Percentage Change	U.S. Mail	Annual Percentage Change	Total	Annual Percentage Change
2015	157,229	7.8	21,386	11.8	178,614	8.3
2016	165,046	5.0	20,609	(3.6)	185,656	3.9
2017	166,446	0.8	22,161	7.5	188,606	1.6
2018	167,352	0.5	23,991	8.3	191,343	1.5
2019	162,231 [1]	(3.0)	24,238	1.0	186,469	(2.5)
2020	146,030	(10.0)	8,350 [2]	(65.5)	154,380	(17.2)
2021	143,957	(1.4)	N/A[2]	N/A	N/A	N/A
2022	143,382	(0.4)	N/A[2]	N/A	N/A	N/A
2023	136,237	(5.0)	N/A[2]	N/A	N/A	N/A
2024	122,737	(9.9)	N/A[2]	N/A	N/A	N/A
First Nine Months[3]						
2024	89,750	–	N/A[2]	N/A	N/A	N/A
2025	86,518	(3.6)	N/A[2]	N/A	N/A	N/A

1 In October 2018, Amazon opened a new "air gateway" near Ontario International Airport. Amazon transports cargo through Ontario International Airport and then uses ground transportation to delivery items into the San Diego area.
2 In accordance with new rules imposed by the U.S. Postal Service, as of August 2019, FedEx ceased reporting U.S. Mail tonnage.
3 July 1 through March 31. Results for the first nine months of Fiscal Year 2025 may not be indicative of results for the full Fiscal Year 2025.
Source: San Diego County Regional Airport Authority.

Enplanements by Air Carriers

The following table presents total enplanements for each air carrier serving SAN for the last five Fiscal Years. For Fiscal Year 2024, Southwest accounted for approximately 34% of the enplanements at SAN, 33% of the landed weight at SAN and 16% of the operating revenues of the Airport Authority. Over the past five Fiscal Years, Southwest has enplaned about one-third of the passengers at SAN. Since approximately 97% of the passengers using SAN are O&D passengers (based on calendar year 2024 enplanements), and the Airport Authority relies very little on connecting enplanements, the Airport Authority believes that any reduction in service by Southwest would probably be absorbed by one or more other airlines operating at SAN.

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TABLE 9
San Diego International Airport
Enplanements By Air Carriers
(Ranked on 2024 Results)[1]

Air Carrier	Fiscal Year 2020	2020 Percent Share	Fiscal Year 2021	20201 Percent Share	Fiscal Year 2022	2022 Percent Share	Fiscal Year 2023	2023 Percent Share	Fiscal Year 2024	2024 Percent Share
Southwest	3,474,860	37.6%	1,627,594	33.5%	3,393,713	34.1%	4,190,108	35.3%	4,086,618	34.4%
Alaska[2]	1,325,147	14.3	806,949	16.6	1,740,532	17.5	1,940,822	16.4	2,024,726	17.1
United[3]	1,105,820	12.0	600,216	12.3	1,238,336	12.4	1,458,543	12.3	1,620,694	13.7
Delta[4]	1,168,462	12.7	567,589	11.7	1,237,530	12.4	1,452,461	12.2	1,590,907	13.4
American[5]	1,128,443	12.2	767,833	15.8	1,307,253	13.1	1,282,356	10.8	1,469,523	12.4
Frontier	201,280	2.2	180,181	3.7	272,802	2.7	349,379	2.9	449,549	3.8
Spirit	225,279	2.4	111,604	2.3	168,192	1.7	303,804	2.6	323,698	2.7
JetBlue	195,279	2.1	90,332	1.9	249,217	2.5	285,079	2.4	273,590	2.3
Air Canada[6]	90,425	1.0	0 [8]	0.0	43,376	0.4	135,080	1.1	150,385	1.3
Hawaiian	102,759	1.1	61,754	1.3	133,525	1.3	148,305	1.2	141,924	1.2
British Airways	57,998	0.6	0 [8]	0.0	41,417	0.4	91,914	0.8	112,146	0.9
Sun Country	37,073	0.4	23,461	0.5	35,962	0.4	41,618	0.4	47,605	0.4
Lufthansa	34,654	0.4	0 [8]	0.0	13,695	0.1	47,928	0.4	46,227	0.4
WestJet	28,905	0.3	0 [8]	0.0	11,836	0.1	32,290	0.3	42,592	0.4
Allegiant	13,162	0.1	22,391	0.5	49,355	0.5	75,959	0.6	40,984	0.3
Japan Airlines	43,596	0.5	1,027	0.0	12,784	0.1	31,380	0.3	32,670	0.3
Breeze	-	-	-	-	-	-	-	-	13,276	0.1
Others[7]	2,317	<0.1	0	0.0	3,637	<0.1	543	>0.1	–	>0.1
Total Enplanements	9,235,459	100.0%	4,860,931	100.0%	9,953,162	100.0%	11,867,569	100.0%	12,467,114	100.0%

[1] Totals may not add due to rounding.
[2] Enplanements are for Alaska and Alaska's regional carrier service provided by Horizon and SkyWest.
[3] Enplanements are for United and its regional carrier service provided by SkyWest.
[4] Enplanements are for Delta and its regional carrier service provided by Compass and SkyWest. Compass ceased operating in April 2020.
[5] Enplanements are for American and its regional carrier service provided by Compass and SkyWest. Compass ceased operating in April 2020.
[6] Enplanements are for Air Canada Rouge and Jazz Aviation, both affiliates for Air Canada.
[7] "Others" includes airlines that ceased operating at SAN during the period shown in the table.
[8] As a result of the COVID-19 pandemic and the resulting travel restrictions to foreign countries, Air Canada, British Airways, Lufthansa and WestJet did not operate from the Airport in Fiscal Year 2021. Air Canada resumed service from the Airport in August 2021, British Airways and WestJet resumed service from the Airport in October 2021, and Lufthansa resumed service from the Airport in April 2022.

Source: San Diego County Regional Airport Authority

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Landed Weight

The following table sets forth the total revenue landed weight for the largest passenger airlines and cargo carriers serving SAN for the last five Fiscal Years, ranked on Fiscal Year 2024 results.

TABLE 10
San Diego International Airport
Total Revenue Landed Weight[1, 2]
(Ranked on Fiscal Year 2024 Results)
(in thousands of lbs.)

Airline/Cargo Carrier	2020	2021	2022	2023	2024	2024% of Total
Southwest	4,422,096	2,277,011	3,688,292	5,001,008	4,758,859	33.0%
Alaska	1,672,207	1,342,664	1,981,230	2,092,212	2,219,409	15.4
United	1,285,393	770,742	1,321,399	1,513,743	1,754,551	12.2
Delta	1,373,938	1,049,374	1,527,982	1,568,504	1,693,060	11.8
American	1,298,505	917,691	1,238,945	1,317,772	1,498,180	10.4
Frontier	204,924	199,836	264,830	311,884	434,930	3.0
FedEx	401,386	466,734	483,403	412,455	326,819	2.3
Spirit	230,911	125,589	165,464	288,873	319,139	2.2
JetBlue	260,940	171,957	292,311	316,168	313,015	2.2
British Airways	141,615	0 [3]	98,141	173,266	207,564	1.4
Hawaiian	155,345	122,574	211,844	209,839	205,340	1.4
Air Canada	100,851	0 [3]	54,699	149,232	166,968	1.2
UPS	146,624	138,926	138,064	147,200	139,418	1.0
Lufthansa	72,466	0 [3]	24,643	98,117	88,077	0.6
Japan Airlines	104,500	32,680	119,120	82,090	86,260	0.6
Others	122,404	86,798	65,703	73,640	109,586	0.8
Total	12,053,081	7,779,528	11,764,083	13,859,055	14,401,406	100.0%
Annual % Change	(16.8)%	(35.5)%	51.2%	17.8%	3.9%	

[1] Landed weight is the maximum gross certificated landed weight in on-thousand-pound units as stated in the airlines' flight operational manual.
[2] Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the airport.
[3] As a result of the COVID-19 pandemic and the resulting travel restrictions to foreign countries, British Airways, Air Canada and Lufthansa did not operate from the Airport in Fiscal Year 2021. British Airways resumed service from the Airport in October 2021, Air Canada resumed service from the Airport in August 2021, and Lufthansa resumed service from the Airport in April 2022.
Source: San Diego County Regional Airport Authority

Emergency Preparedness

The Airport Authority has an approved Airport Emergency Plan ("**AEP**") as required under FAA regulations. The AEP addresses essential emergency-related and deliberate actions planned to ensure the safety of and emergency services of the populace of SAN and the surrounding communities. The AEP is reviewed with stakeholders on a regular basis and exercises (i.e. tabletop or full-scale field) are conducted annually to test the readiness of the plan.

The Airport Authority also has prepared a Business Continuity Plan ("**BCP**") to assist the organization in managing (a) minor events – business disruptions impacting a single Airport Authority function/department, (b) moderate events – business disruptions impacting multiple Airport Authority functions/department, and (c) major events – business disruptions impacting the entire Airport Authority/SAN. The plan contains information on emergency contact details, strategies to mitigate impact, procedures to be implemented and communication processes to be followed in response to business disruptions. The BCP is to be initiated at the outset of a disruptive event and includes operating SAN during the emergency situation and business recovery steps to return the operation back over to regular management after the BCP leader deems the recovery to be complete.

All employees of the Airport Authority are responsible for maintaining the continuous operation of the organization in the event of a disaster. While the BCP does not include recovery activities that are part of the AEP, it is the intent of management that both plans work in tandem with each other during an emergency incident. The BCP is reviewed with the various department of the Airport Authority on a regular basis and tabletop exercises are conducted annually to test the readiness of the plan.

The Airport Authority has developed, tested and evaluated a comprehensive set of emergency procedures for a probable disruptive event. These procedures and precautions seek to minimize the operational and financial impact on SAN and the Airport Authority. However, the Airport Authority cannot predict whether SAN would need to cease operations in the event of an emergency or what types of emergencies would cause SAN to cease operating. The Airport Authority is not able to predict for how long SAN would be closed and whether the Airport Authority's reserves would be adequate to return SAN to full operation in the event of a cessation of operations due to an emergency.

AGREEMENTS FOR THE USE OF AIRPORT FACILITIES

The Airport Authority has entered into, and receives payments under, different agreements with various airlines and other parties, including operating and lease agreements relating to landing fees and the leasing of space in terminal buildings, other building and miscellaneous leases regarding the leasing of cargo and hangar facilities, and concession agreements relating to the sale of goods and services at SAN.

Agreements with Passenger Airlines and All-Cargo Carriers

Airline Lease Agreements. The Airport Authority has entered into separate, but substantially similar, Airline Operating and Lease Agreements, as amended (the "**Airline Lease Agreements**") with [14] passenger airlines operating at SAN (the "**Signatory Passenger Airlines**") and [three] all-cargo carriers (the "**Signatory Cargo Carriers**," and together with the Signatory Passenger Airlines, the "**Signatory Airlines**"). The Signatory Passenger Airlines are currently Air Canada, Alaska, American, British Airways, Delta, Frontier, Hawaiian, Japan Airlines, JetBlue, Southwest, Spirit, Sun Country, United and WestJet. During Fiscal Year 2024, the Signatory Airlines enplaned approximately 99.3% of the passengers at the Airport. The Signatory Cargo Carriers are currently Atlas, FedEx and UPS. The Airline Lease Agreements cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SAN. The Airline Lease Agreements have a term that commenced on July 1, 2019 and terminates on June 30, 2029, unless terminated earlier pursuant to their terms.

Under the Airline Lease Agreements, the Signatory Passenger Airline operating in Terminal 1 East (Southwest) has exclusive rights to use the "Exclusive Use Premises" which consist of ticket counters, free-standing self-service kiosks, skycab podiums, curbside positions, and associated passenger queuing areas (on a transitional basis until the new Terminal 1 facilities are constructed), ticket and baggage service offices and operational support areas. Under the Airline Lease Agreements, the Signatory Passenger Airlines operating in Terminal 1 West (Frontier, Spirit and Sun Country) and Terminal 2 (Air Canada, Alaska, American, British Airways, Delta, Hawaiian, Japan Airlines, JetBlue, United and Westjet) operate under "Common Use Premises" for ticket counters, free-standing self-service kiosks, skycap podiums, curbside positions and queuing areas, and "Exclusive Use Premises" for ticket and baggage offices and operation support offices. When Phase 1A of the new Terminal 1 opens in September 2025, Southwest, Frontier, Sun Country, Spirit, JetBlue and Breeze will operate out of the new terminal. In early 2026, Air

Canada and WestJet will move to the new Terminal 1, and in 2028 when Phase 1B of the new Terminal 1 opens, Delta will move to the new terminal. When Southwest moves to the new Terminal 1, it will operate under Common Use Premises. The Signatory Passenger Airlines in both Terminals 1 and 2 also receive the nonexclusive right to use "Joint-Use Premises," which include passenger hold rooms, passenger screening, baggage claim areas, passenger loading bridges, baggage handling systems, and information displays and paging; "Public Areas," which include sidewalks, concourses, corridors, lobbies, passageways, restrooms, elevators, escalators and other similar space made available by the Airport Authority from time to time; and "Airfield Areas," which include (1) facilities, equipment, improvements, runways, taxiways, and control towers, for the purpose of controlling or assisting arrivals, departures and operations of aircraft, (2) all airline apron areas not leased exclusively, including without limitation Aircraft Parking Positions (3) other airport-related facilities operated and maintained by the FAA or any other federal agency, (4) security fences and service roads located on the Airport and related to the rest of the Airfield Area, (5) signals, beacons, wind indicators, flood lights, landing lights, boundary lights, construction lights, radio and electronic aids or other aids to operations, navigation or ground control of aircraft whether or not of a type herein mentioned and even though located away from but related to the rest of the Airfield Area, (6) aircraft rescue and fire-fighting services, (7) aircraft fueling systems, and (8) noise monitoring/mitigation program costs.

Pursuant to the Airline Lease Agreements, the landing fees at SAN are calculated based on a residual rate-setting methodology and the terminal rental rates at SAN are calculated based on a compensatory rate-setting methodology. Each Signatory Airline is required to pay landing fees on a monthly basis equal to the landed weight of each such Signatory Airline's planes which landed at SAN for such month multiplied by the landing fee rate. The landing fee rate is set at the beginning of each Fiscal Year by first determining the airfield area requirement. The airfield area requirement is calculated as: (a) the sum of Operation and Maintenance Expenses of the Airport System, annual net debt service, amortization charges, reserve deposits, coverage charges (if necessary), Major Maintenance Fund deposits and bad debt expenses attributable or allocable to the airfield, and fuel system costs; minus (b) the sum of fuel flowage fee revenue, fingerprinting revenue, ground handling concession revenue, 70% of inflight catering revenue and any federal, State or local grants that are attributable or allocable to the airfield. The landing fee rate is then calculated by subtracting the sum of non-signatory landing fees, aircraft parking position rentals, aircraft parking position turn fees and aircraft parking position overnight fees from the airfield area requirement and then dividing such result by the cumulative maximum gross landed weight of the Signatory Airlines for the Fiscal Year.

Each Signatory Passenger Airline is required to pay terminal rentals on a monthly basis equal to the total area of the terminals allocable to each such Signatory Passenger Airline multiplied by the terminal rental rate. The terminal rental rate is set at the beginning of each Fiscal Year by first determining the base terminal area rental rate and the supplemental terminal rental rate. The base terminal area rental rate is calculated as: (a) the sum of Operation and Maintenance Expenses of the Airport System, annual net debt service, amortization charges and reserve deposits attributable or allocable to the terminal, minus (b) Federal Inspection Services ("**FIS**") fee revenues and any federal, State or local grants received to offset Operation and Maintenance Expenses of the Airport System, annual net debt service or reserve deposits attributable or allocable to the terminal, divided by (c) the total square footage of leasable space in the terminal. The supplemental terminal rental rate is calculated as (i) the sum of coverage charges (if necessary), Major Maintenance Fund deposits and bad debt expenses attributable or allocable to the terminal, divided by (ii) the square footage of space leased by the airlines in the terminal. The base terminal area rental rate and the supplemental terminal rental rate are then added together to calculate the terminal rental rate.

Pursuant to the Airline Lease Agreements, in addition to landing fees and terminal rentals, the Signatory Passenger Airlines are required to pay other fees and charges, including among others, aircraft parking position fees, aircraft parking position turn fees, aircraft parking position overnight fees, joint use fees and common use fees. As part of the landing fee rate and the terminal rental rate, the Signatory Airlines have agreed to pay coverage charges which are equal to the sum of (a) 140% of the debt service on the Senior Bonds, the Subordinate Obligations and any other indebtedness of the Airport Authority, plus (b) the Operation and Maintenance Expenses of the Airport System, minus (c) Revenues, PFCs and Federal Direct Payments used to pay debt service on the Senior Bonds, the Subordinate Obligations and any other indebtedness of the Airport Authority. If the calculation of coverage charges results in a negative amount, no coverage charges are imposed by the Airport Authority.

Pursuant to the Airline Lease Agreements, for each Fiscal Year, the Airport Authority is required to develop budgeted landing fee rates, terminal rental rates, aircraft parking position rentals and fees, joint use fees, and common use fees. Before formally adopting the budget, and any resulting rental, fees, or charges, the Airport Authority must consult with the Signatory Airlines and consider their comments regarding the budget and the calculation of the estimated rents, fees, and charges. Pursuant to the Airline Lease Agreements, the Airport Authority will review the rents, fees, and charges at least once during the Fiscal Year. If during any review the Airport Authority finds that the estimated rents, fees, and charges vary by more than 5% from those originally budgeted or previously estimated by the Airport Authority, the Airport Authority may, after consultation with the Signatory Airlines, adjust the rents, fees, and charges.

Within six months after the close of each Fiscal Year, the Airport Authority will calculate the final rent, fees and charges based on actual results for the Fiscal Year. Any difference between the budgeted rents, fees, and charges paid by the Signatory Airlines and the actual rents, fees, and charges chargeable to the Signatory Airlines based on actual results shall be either refunded by the Airport Authority or the Signatory Airlines shall pay the Airport Authority the difference. If the actual rents, fees and charges paid by a Signatory Airline in a Fiscal Year are less than $500,000 (for a Signatory Passenger Airline) or $250,000 (for a Signatory Cargo Airline), such Signatory Airline will be required to make a supplemental payment to the Airport Authority so that total payments for the Fiscal Year are at least $500,000 (for a Signatory Passenger Airline) or $250,000 (for a Signatory Cargo Airline). Any amount due the Signatory Airlines as a result of such final accounting will be paid in the form of a cash payment to the Signatory Airlines in the next ensuing month. Any amount due the Airport Authority as a result of such final accounting will be invoiced to the Signatory Airlines and due and payable within 30 days of the invoice.

Except as described below with respect to Off-Airport Public Transportation Projects, the Airline Lease Agreements do not require the Airport Authority to receive the approval of the Signatory Airlines for the construction of the projects included in the Master Plan, the CIP or the New T1. Under the Airline Lease Agreements, the Signatory Airlines have agreed that the Airport Authority can fund one or more Off-Airport Public Transportation Projects that are approved by the FAA. See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT—Certain Definitions" for the definition of Off-Airport Public Transportation Projects. The Signatory Airlines have agreed to $75 million in funding of Off-Airport Public Transportation Projects with no contribution from other agencies, [an additional $125 million with an additional $200 million in legally binding commitments from third parties, and an additional $150 million with an additional $150 million in legally binding commitments from third parties.] The aggregate Airport Authority contribution cannot exceed $350 million without Signatory Airline approval.

In accordance with the Airline Lease Agreement, the Airport Authority has established the Major Maintenance Fund to fund capital projects in the airfield area, the terminal area, for common use systems and airline terminal support costs centers and capital projects in indirect cost centers to the extent allocable to the airfield area, the terminal area, for common use systems and for airline terminal support cost centers. Each Fiscal Year, the Airport Authority had agreed to deposit $40 million into the Major Maintenance Fund from the following revenue sources: $15 million from the airfield area; $15 million from the terminal area;

and $10 million from non-airline revenues. However, in order to mitigate the effects of the required funding of the Major Maintenance Fund on airline rates, the Airport Authority and the Signatory Airlines agreed to amend the Airline Lease Agreement. The amended requirement for the funding of the Major Maintenance Fund under the Airline Lease Agreement provides as follows:

- For Fiscal Year 2020, the Airport Authority deposited $30,000,000 into the Major Maintenance Fund and allocated the costs of the deposit to the following cost centers: $10,000,000 to the airfield cost center; $10,000,000 to the terminal cost center; and $10,000,000 to a combination of the landside cost center and the ancillary cost center, as determined in the discretion of the Airport Authority.

- For Fiscal Year 2021, the Airport Authority deposited $10,000,000 into the Major Maintenance Fund and allocated the costs of the deposit to the following cost centers: $10,000,000 to a combination of the landside cost center and the ancillary cost center, as determined in the discretion of the Airport Authority.

- For Fiscal Year 2022, the Airport Authority deposited $10,000,000 into the Major Maintenance Fund and allocated the costs of the deposit to the following cost centers: $10,000,000 to a combination of the landside cost center and the ancillary cost center, as determined in the discretion of the Airport Authority.

- Beginning in Fiscal Year 2023 and continuing through Fiscal Year 2029, the Airport Authority deposited and will deposit $50,000,000 into the Major Maintenance Fund and allocate the costs of the deposits to the following cost centers: $20,000,000 to the airfield cost center; $20,000,000 to the terminal cost center; and $10,000,000 to a combination of the landside cost center and the ancillary cost center, as determined in the discretion of the Airport Authority.

See "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT" for a more detailed description of certain terms of the Airline Lease Agreements.

Affiliate Airline Operating Agreements. In an effort to better match capacity with demand in some markets, certain Signatory Passenger Airlines have entered into agreements with affiliated airlines to operate smaller aircraft on behalf of those Signatory Passenger Airlines. "**Affiliate Airlines**" are airlines that (a) have been designated by a Signatory Passenger Airline to operate at SAN as its Affiliate, (b) have executed an Affiliate Airline Operating Agreement with the Airport Authority and the Signatory Passenger Airline, (c) fly in or out of the Airport solely for the benefit of a Signatory Airline and provide transportation of property or passengers for the Signatory Airline under the name of the Signatory Airline, (d) if flying under its own name, not selling any seats in its own name and all seats are being sold in the name of the Signatory Airline or (e) a wholly-owned subsidiary of the Signatory Airline or a subsidiary of the same corporate parent as the Signatory Airline. Generally, the same rates, fees and charges applicable to the Signatory Passenger Airline's operations at SAN also apply to the Affiliate Airline's operations at SAN. In the event an Affiliate Airline fails to pay fees and charges to the Airport Authority, the applicable Signatory Passenger Airline is responsible for the fees and charges billed to its Affiliate Airline. The following table sets forth the Affiliate Airlines currently operating at the Airport and their affiliated Signatory Airlines.

TABLE 11
San Diego International Airport
Signatory Airlines and Their Affiliate Airlines

Signatory Airline	Affiliate Airline
Air Canada	Jazz Aviation
Alaska Airlines	Horizon Air
Alaska Airlines	SkyWest Airlines
Delta Air Lines	SkyWest Airlines
United Airlines	SkyWest Airlines
FedEx	West Air

Source: San Diego County Regional Airport Authority

Non-Signatory Airline Operating Agreements. Except as described below, passenger airlines and cargo carriers operating at SAN that are not a party to an Airline Lease Agreement or an Affiliate Airline Operating Agreement (the "**Non-Signatory Airlines**"), operate at the Airport pursuant to a Non-Signatory Airline Operating Agreement. The Non-Signatory Airlines are currently 21 Air, ABX, Allegiant, Ameriflight, Breeze, IFL Group, KLM Royal Dutch, Lufthansa, and Porter Airlines. Copa Airlines, which is expected to begin service from SAN to Panama in late June 2025, also will be a Non-Signatory Airline. The terms of the Non-Signatory Airline Operating Agreements are generally the same as the terms of the Airline Lease Agreements, except that the landing fees and terminal rentals paid by the Non-Signatory Airlines are higher than the fees and rates paid by the Signatory Airlines under the Airline Lease Agreements (20% higher), except for FIS fees.

See "FINANCIAL INFORMATION—Summary of Financial Results" for information with respect to aviation revenues collected by the Airport Authority in Fiscal Year 2024.

Parking Agreement

The Airport Authority has entered into an agreement with SP Plus Corporation ("**SP Plus**") for the management of the parking facilities at SAN. The term of the agreement with SP Plus is from July 1, 2024 through June 30, 2027, with 2 one-year options to extend the agreement solely at the Airport Authority's discretion. The agreement requires SP Plus to remit the gross revenues from the parking facilities it operates, on a daily basis, to the Airport Authority. As compensation for SP Plus's performance under the agreement, the Airport Authority pays SP Plus a fixed annual management fee and reimburses SP Plus for expenses incurred in the management and operation of the parking facilities.

The Airport Authority sets rates for parking in the Airport Authority's public parking lots and can modify those rates at any time at its discretion. For Fiscal Year 2025, parking rates are $[2.50] for the first 15 minutes and a maximum of $[38] for the first day, with every additional day being $38 per day. Beginning in March 2023, the Airport Authority began moving towards a dynamic pricing strategy where reservation rates have a range of discounts based on various factors that include, the time of year, arrival day, percentage occupancy and length of stay.

Valet parking rates are $60 per day. Customers who reserve parking in advance of arriving at SAN might pay a discounted rate for valet parking based upon the time of year, arrival day, percentage occupancy and length of stay. Public parking accounted for approximately $50.8 million of operating revenues in Fiscal Year 2024, equal to approximately 12.7% of operating revenues or approximately 24.7% of non-airline revenues. Public parking accounted for approximately $46.3 million of operating revenues in Fiscal

Year 2023, equal to approximately 12.8% of operating revenues or approximately 27.5% of non-airline revenues.

Rental Car Agreements

As of April 1, 2025, there were six rental car companies (operating a total of 13 brands) authorized by the Airport Authority to provide rental car services at SAN. Most of the major national brands are represented at SAN (Alamo, Avis, Budget, Dollar, Enterprise, Fox, Hertz, National, Payless, Sixt, Thrifty and ZipCar, as well as local brand U-Save). Twelve of the brands lease space within and operate from the Rental Car Center (the "**On-Airport Rental Car Companies**"). U-Save operates off-Airport by shuttling passengers between the Rental Car Center and its off-Airport facilities (the "**Off-Airport Rental Car Companies**"). All rental car companies operating at the Airport must use the busing system to transport passengers to the terminals.

The Airport Authority and each of the On-Airport Rental Car Companies have entered into a Non-Exclusive On-Airport Rental Car Concession Agreement (each a "**Rental Car Concession Agreement**"), pursuant to which the Airport Authority has granted to each of the Rental Car Companies the right to operate a rental car concession at the Airport from the Rental Car Center on a nonexclusive basis for the purpose of arranging rental car services for the benefit of Airport customers where such rental car service is furnished by or on behalf of the Rental Car Company. Pursuant to the Rental Car Concession Agreements, each of the On-Airport Rental Car Companies pay the Airport Authority a monthly concession fee equal to the greater of (a) a minimum monthly guarantee set forth in the Rental Car Concession Agreements or (b) 10% of the monthly gross revenues of such On-Airport Rental Car Company. Each of the Rental Car Concession Agreements expire on June 30, 2026. The On-Airport Rental Car Companies have agreed that the Airport Authority will have, at the Airport Authority's sole discretion, the option to extend the Rental Car Concession Agreements for four separate 5-year periods. Each additional 5-year term for which this option is exercised will commence at the expiration of the immediately preceding term. The Off-Airport Rental Car Companies operate at the Airport pursuant to a Non-Exclusive Off-Airport Rental Car Concession Agreement.

In addition to the Rental Car Concession Agreements, the Airport Authority and each of the On-Airport Rental Car Companies have entered into a "Rental Car Center Lease Agreement." Pursuant to the terms of the Rental Car Center Lease Agreements, the Airport Authority agreed to construct the Rental Car Center and the On-Airport Rental Car Companies have agreed to collect CFCs, pay Bond Funding Supplemental Consideration in the event CFCs are not sufficient to pay debt service on the Series 2014 Special Facilities Bonds, pay ground rent with respect to the respective space leased in the Rental Car Center, and certain reimbursable operating and maintenance costs of the Rental Car Center. Only Rental Car Companies that have entered into a Rental Car Concession Agreement are allowed to enter into a Rental Car Lease Agreement.

Pursuant to Section 1936 of the California Civil Code (which was subsequently repealed and replaced with Section 50474.1 et seq. of the California Government Code), on October 4, 2012, the Board authorized the following CFC collection rates on rental cars rented from the rental car companies operating at SAN: $6.00 per transaction day, effective November 1, 2012; $7.50 per transaction day, effective January 1, 2014; and $9.00 per transaction day, effective January 1, 2017 (each such rate limited to 5 transaction days per transaction). The CFC is collected by the rental car companies from their customers and subsequently transferred to the Airport Authority (or the trustee for the Series 2014 Special Facilities Bonds). The CFC revenues were used and are being used to pay the debt service on the Series 2014 Special Facilities Bonds, to fund certain funds and accounts associated with the Series 2014 Special Facilities Bonds and the costs of the operation and maintenance of the Rental Car Center, and to provide for the busing system between the terminals and the Rental Car Center. CFC revenues are not included in Revenues and are not available for the payment of debt service on the Senior Bonds or the Subordinate Obligations (including the Senior Series 2025 Bonds).

In Fiscal Year 2023, the Airport Authority received approximately $43.1 million in payments (not including CFCs) from the On-Airport Rental Car Companies and Off-Airport Rental Car Companies, and recorded the receipt of approximately $34.4 million of CFC revenues. In Fiscal Year 2024, the Airport Authority received approximately $41.7 million in payments (not including CFCs) from the On-Airport Rental Car Companies and Off-Airport Rental Car Companies, and recorded the receipt of approximately $35.9 million of CFC revenues. The CFC revenues are not pledged to or available to pay the Senior Series 2025 Bonds. The CFC revenues are pledged to and are used to pay the Series 2014 Special Facilities Bonds and other costs related to the Rental Car Center.

TNC Permits

Transportation Network Companies (i.e., Uber, Lyft and similar companies) ("**TNCs**") are allowed to pick-up and drop-off passengers at the Airport only if they have entered into a "Non-Exclusive Permit and Agreement to Use Airport Property to Conduct TNC Services at San Diego International Airport (a "**TNC Permit**") with the Airport Authority. The TNC Permits allow each TNC's approved drivers' access to designated Airport property in connection with the provision of transportation services for airport customers, employees, and passengers with their personal baggage. Subject to the terms of the TNC Permits, TNCs are required (except in limited circumstances) to drop-off passengers only in designated areas in front of Terminals 1 and 2, and are otherwise only allowed to use Airport property within the designated TNC airport assignment area and designated TNC staging areas at the Airport. The TNC Permits have a term of three years, unless suspended, revoked or terminated sooner in accordance with the terms of the TNC Permit. Each TNC Permit must be renewed every three years. [The current TNC Permits expire on June 30, 2025. The Airport Authority and the TNCs are currently negotiating the terms of a new 3-year TNC Permit.] Pursuant to the TNC Permits, for Fiscal Year 2025, TNCs are required to pay $4.25 for each pick-up and for each drop-off, and for Fiscal Year 2026, TNCs will be required to pay $4.50 for each pick-up and each drop-off. The Airport Authority has the discretion to change the pick-up and drop-off fees each Fiscal Year. In Fiscal Year 2024, TNCs recorded approximately 2.3 million Airport pick-ups and approximately 2.5 million Airport drop-offs resulting in $19.4 million in fee revenue for the Airport Authority (pick-up and drop-off fees were each $4.00 during Fiscal Year 2024). In Fiscal Year 2023, TNCs recorded approximately 2.1 million Airport pick-ups and approximately 2.3 million Airport drop-offs resulting in $16.6 million in fee revenue for the Airport Authority (pick-up and drop-off fees were each $3.75 during Fiscal Year 2023). See "AIRPORT ENVIRONMENTAL MATTERS—Air Quality and Carbon Management Planning—TNC GHG Emissions Reduction Program."

Terminal Concessions, Advertising and Other Agreements

In 2015, the Airport Authority completed its previous concession development program, which involved a complete revamp of the shopping and dining options in the passenger terminals. As of June 30, 2024, there were 62 food and beverage and retail locations open in Terminals 1 and 2. All of the Airport Authority's concessions leases in Terminals 1 and 2 are in holdover status.

In June 2023, the Airport Authority completed its solicitation of new concessions for the new Terminal 1. Phase 1A of the new Terminal 1 restaurant and retail program is on track to open in September 2025. The new concessions will include 12 restaurants in more than 20,000 square feet of space and four retail concepts in more than 10,000 square feet of space. This represents more than a 20% increase in square footage as compared to the current Terminal 1, which includes approximately 13,000 square feet of food and beverage and retail post-security space. Phase 1B of the new Terminal 1, expected to open in early 2028, will include an additional 19,000 square feet of concession space with 13 restaurants and stores.

The combination of sufficient capacity and appealing brand offerings is expected to bring Terminal 1 spending per passenger in line with levels in Terminal 2. The duration of the lease agreements with the new concessionaires in Terminal 1 is 15 years for food and beverage and twelve years for retail. The new leases will provide for rental payments equal to the greater of a minimum annual guarantee ("**MAG**") or a percentage of gross income. The MAG will be set at 85% of the previous year's total rent paid after the first full year of operation.

In 2024, the Airport Authority completed a study of the performance of the Terminal 2 West concessions since the inception of that program more than ten years ago. Based on the results of this study, the Airport Authority plans to make significant improvements in the overall square footage allocations and space use by category in Terminal 2. In order to accomplish these improvements, some modifications to Terminal 2 have been identified for completion in 2026. Concurrently, the Airport Authority expects to begin solicitations for new restaurant and retail concessionaires for Terminal 2 in a phased approach during calendar year 2025. The Terminal 2 leases provide for rental payments equal to a greater of a MAG or a percentage of revenue.

In 2018, the Airport Authority entered into an in-terminal advertising lease with Clear Channel. In 2024, the Airport Authority re-negotiated its advertising lease with Clear Channel. The restated lease agreement improved the Airport Authority's revenue share for advertising, and secured significant new capital investment in new Terminal 1 and extended the lease through 2032.

Demand for premium lounge offerings in airports continues to grow. In 2024, a new Chase Sapphire Lounge opened in Terminal 2 West under a 10-year lease agreement. In accordance with the agreement, the Airport Authority will receive a minimum of $19 million in revenue over the 10-year agreement. In early 2025, another premium lounge, Escape Lounge, initiated design for anticipated opening in the new Terminal 1 in early 2027. The Airport Authority awarded the lease for this lounge to CAVU, a subsidiary of Manchester Airport Group, as part of a competitive request for proposal process in late 2024.

Since its start at SAN in 2022, the premium checkpoint program CLEAR, which grants subscribing customers expedited security screening, has grown in popularity. In Fiscal Year 2024 the Airport Authority received more than $800,000 from its agreement with CLEAR. With the expansion of the program to the new Terminal 1, the Airport Authority negotiated a new agreement with CLEAR to extend the program for an additional five years, through [2029].

The following table summarizes the gross sales for the terminal concessions and the operating revenues collected by the Airport Authority from the terminal concessions for Fiscal Years 2022, 2023 and 2024.

TABLE 12
San Diego County Regional Airport Authority
Terminal Concessions Gross Sales and Airport Authority Operating Revenues

	Fiscal Year 2022[1, 2]		Fiscal Year 2023[1]		Fiscal Year 2024[1]	
Concession	**Gross Concession Sales**	**Airport Authority Operating Revenues**	**Gross Concession Sales**	**Airport Authority Operating Revenues**	**Gross Concession Sales**	**Airport Authority Operating Revenues**
Food & Beverage	$76,456,934	$11,099,280	$99,509,669	$14,409,645	$108,267,228	$15,644,953
Retail	42,194,788	6,704,143	51,274,430	8,621,769	56,746,688	8,824,787
Advertising	3,482,817	1,508,702	2,822,656	2,028,114	5,100,999	3,277,388
Other	5,195,872	2,839,034	10,098,959	2,086,319	9,983,845	2,369,631
Total	$127,330,411	$22,151,159	$163,705,714	$27,145,847	$180,098,760	$30,116,759

1 Governmental Accounting Standards Board – Statement No. 87 – Leases ("**GASB 87**") adjustments are excluded from operating revenues.
2 Fiscal Year 2022 excludes credits provided to concession operators relating to COVID-19 pandemic relief under the terms of the American Rescue Plan Act.
Source: San Diego County Regional Airport Authority.

FINANCIAL INFORMATION

Summary of Financial Operations

Budgeting Process. The Airport Authority operates on a July 1 through June 30 Fiscal Year. The annual budget cycle includes the preparation of two budgets: one to be adopted by the Board for the next Fiscal Year and a conceptual budget for the subsequent Fiscal Year that the Board approves but does not adopt. The budget process usually begins in October, with senior management collaborating with the Board to review the Airport Authority's strategic plan progress, discuss strategy and policy, and update initiatives to drive business and operational performance. From October to January, the management team engages in cross-functional discussions to arrive at key decisions and agreements. The effort is designed to align divisional requirements and action plans with strategic plan initiatives. The Board is consulted frequently to solicit input and direction throughout the process. As appropriate, strategic planning workshops and detailed briefings on the proposed operating and capital program budgets are held with the Board.

In January, the budget staff reviews financial results for the first six months of the Fiscal Year. In February and March, departments submit budget requests reflecting the needs to execute strategic plan initiatives. Meetings are held with each division to review their budget requests and weigh the cost/benefit impact, where appropriate.

This revenue budget has two distinct parts, airline revenue and non-airline revenue. In building these two sections, Finance staff first builds a forecast of the enplanements and landed weight in partnership with air service development. These forecasts are a key component in the rest of the revenue streams. In addition, Finance staff review the current revenue trends and partners with the revenue generation department on future trends in non-airline revenue. Finally, the expense budget, amortization, and debt service allocations are inputted into the Airline rates and charges model to create the airline revenue. After completing this process, the finance staff checks to ensure that the total budget is adequate to maintain a strong financial position.

From April to June, proposed operational and capital program budgets are distributed to the Board. In addition, a budget workshop is held to review the budgets for input and guidance. The Board adopts the budget as a whole, which may be amended at any time during the year with Board approval

On [June 5, 2025], the Board adopted the budget for Fiscal Year 2026 and approved, in concept, the budget for Fiscal Year 2027. The conceptual budget for Fiscal Year 2027 approved by the Board will be brought back to the Board in 2026 for review, any needed revisions and final adoption.

[In 2024, the Airport Authority received its 18th consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada ("**GFOA**") for its annual budget for Fiscal Year 2024].

Fiscal Year 2026 Budget. Budgeted operating and non-operating revenues for Fiscal Year 2026 are $742.9 million, an increase of $59.3 million (or 8.7%) over Fiscal Year 2025 budgeted operating and non-operating revenues. This increase is primarily attributed to increases in airline revenue ($35.1 million), due to recovery of increased operating expenses and debt service related to the New T1, and non-airline revenues ($12.7 million) including terminal concessions and parking. There are also budgeted increases in non-operating revenue from capital grant contributions ($10.6 million), and interest income ($3.5 million) on projected higher cash balances. Budgeted expenses for Fiscal Year 2026 are $530.5 million, an increase of $61.5 million, or 13.1%, over Fiscal Year 2025 budgeted expenses. This increase is primarily attributable to increases in debt service (a $40.0 million increase relating to debt for the New T1), increases related to new headcounts and other operating expenses related to the New T1, as well as other contractual and operational increases. The Fiscal Year 2026 budget assumes 12.9 million enplaned passengers, as compared to 12.5 million enplaned passengers in the Fiscal Year 2025 budget (a 3.2% increase).

Conceptual Fiscal Year 2027 Budget. Budgeted operating and non-operating revenues for Fiscal Year 2027 are $728.3 million, a decrease of $14.7 million or 2.0% over Fiscal Year 2025 budgeted operating and non-operating revenues. This decrease is primarily attributed to decreased interest income as bond project funds are drawn down and lower capital grant contributions due to the timing of construction spending. Budgeted expenses for Fiscal Year 2027 are projected to be $548.8 million, an increase of $18.4 million, or 3.5%, over Fiscal Year 2026 budgeted expenses. This increase is primarily attributable to increases in debt service, personnel costs, safety and security costs and utilities. The Fiscal Year 2027 budget assumes 13.1 million enplaned passengers, a 2.0% increase over Fiscal Year 2026 budgeted enplanements.

Internal Controls. The Airport Authority's Vice President, Chief Financial Officer establishes a system of internal controls that provides reasonable assurance regarding the achievement of objectives in the following categories: safeguarding assets; ensuring validity of financial records and reports; promoting adherence to policies, procedures, regulations and laws; and promoting effectiveness and efficiency of operations. A Chief Auditor heads the internal audit department that conducts financial reviews and audits on a periodic basis, and reports directly to the Board. In addition, the Airport Authority has external auditors who review the annual financial statements of the Airport Authority and express an opinion that the contents present fairly, in all material respects, the financial condition of the Airport Authority.

Debt Issuance and Management Policy. The Airport Authority has established a formal debt issuance and management policy (the "**Debt Policy**") that was last reviewed by the Board in June 2025. The Debt Policy contains the policies of the Airport Authority that govern its existing and anticipated debt obligations. The Debt Policy contains, among other things, several goals and targets with respect to the

Airport Authority's outstanding debt coverage ratios, airline costs per enplaned passenger, leverage ratios and available liquidity. The Debt Policy includes: (a) a debt service coverage target (Net Revenues (which, for purposes of the Debt Policy, includes PFCs used to pay debt service and the Federal Direct Payments) divided by annual debt service) of 1.40 times for combined debt service on Senior Bonds and Subordinate Obligations; (b) a target of unrestricted reserves of 600 days of budgeted operating and maintenance expenses for the current fiscal year; (c) a debt per enplanement target range of $300 to $400; and (d) a Net Debt to Cash Flow Available to Debt Service ("**CFADS**") target range of 8x to 11x. Net Debt to CFADS is the ratio of gross debt (including long-term capital leases) less unrestricted cash balances and debt service reserve funds divided by CFADS (which includes Net Revenues, Capitalized Interest and PFCs available for debt service). The Debt Policy is only the internal goals and targets of the Airport Authority. A failure of the Airport Authority to meet any of these goals and targets are not Events of Default under the Master Senior Indenture or the Subordinate Indenture.

Investment Practices. It is the policy of the Airport Authority to invest public funds in a manner that will provide the highest security of the funds under management while meeting the daily cash flow demands of the Airport Authority. The investment policies and practices of the Airport Authority are based upon prudent money management and conform to all state and local statutes governing the investment of public funds. The Airport Authority is authorized by California Government Code Section 53600 *et seq.* and Section 53630 *et seq*. to invest in investments listed therein. Prohibited investments include but are not limited to, inverse floating rate notes, range notes, interest-only strips that are derived from a pool of mortgages and common stock. Investments that exceed five years to maturity require authorization by the Board at least 30 days prior to purchase. The policy was last reviewed by the Board in June 2025.

The following table sets forth a summary of the Airport Authority's investments as of March 31, 2025:

TABLE 13
San Diego County Regional Airport Authority
Investments
(As of March 31, 2025)

Security Type	Market Value as of March 31, 2025	Percentage of Portfolio
U.S. Treasuries	$401,345,409	41.5%
Medium Term Notes	154,658,783	16.0
U.S. Agency Securities	151,581,546	15.7
Local Area Investment Fund (LAIF)	69,321,649	7.2
San Diego County Investment Pool	48,246,253	5.0
Collateralized Mortgage Obligations	47,891,067	5.0
Cal Trust	44,659,004	4.6
Supranationals	24,379,967	2.5
Collateralized Bank Demand Deposits	13,482,223	1.4
Municipal Bonds	10,171,090	1.1
Money Market Fund	423,297	0.1
Total	$966,160,288	100.0%

Source: San Diego County Regional Airport Authority March 31, 2025 Investment Report. Based on unaudited financials.

Derivatives Policy. In September 2007, the Board adopted a derivatives policy which provides guidelines to be used by the Airport Authority when entering into derivative financial products, including, but not limited to, interest rate swaps, interest rate caps and rate locks. As of the date of this Official Statement, the Airport Authority has not entered into any contracts for derivative financial products.

Summary of Financial Results

Financial Results for Fiscal Years 2020 through 2024. The following table summarizes the financial results from operations for the Airport Authority for Fiscal Years 2020 through 2024. See "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023." Plante & Moran, PLLC, the Airport Authority's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included in Appendix B attached hereto, any procedures on the financial statements addressed in that report. Plante & Moran, PLLC also has not performed any procedures relating to this Official Statement.

TABLE 14
San Diego County Regional Airport Authority
Statements of Revenues, Expenses and Change in Net Position
(Dollars in Thousands)[1]

	2020	2021[2]	2022	2023	2024
Operating revenue:					
Aviation revenue					
Landing fees	$ 33,242	$34,046	$35,354	$44,741	$53,873
Aircraft parking fees	8,354	8,542	8,856	11,189	13,612
Building rentals	82,453	83,090	97,047	129,744	145,169
Other aviation revenue	7,789	8,192	6,518	7,123	8,566
Concession revenue	57,243	41,801	88,138	75,559	79,546
Parking and ground transportation revenue	50,751	27,447	57,079	65,415	72,484
Ground rentals	21,386	19,177	23,265	23,257	23,416
Other operating revenue	1,818	1,680	2,999	3,735	3,223
Total operating revenue	263,036	223,975	319,253	360,762	399,889
Operating expenses:					
Salaries and benefits	51,667	52,922	46,373	51,231	57,444
Contractual services	37,694	24,977	34,491	45,581	52,444
Safety & security	29,457	35,086	34,191	33,043	36,778
Space rental	10,207	64	839	313	466
Utilities	12,748	11,730	14,193	17,567	19,518
Maintenance	11,584	9,111	10,747	16,417	14,125
Equipment and systems	336	425	340	922	544
Material and supplies	651	450	496	661	650
Insurance	1,308	1,519	1,741	1,997	2,313
Employee development & support	967	442	537	681	731
Business development	2,033	209	1,781	1,916	2,280
Equipment rental and repair	3,598	3,380	3,585	4,010	4,992
Total operating expenses before depreciation and amortization	162,250	140,315	149,314	174,339	192,288
Income from operations before depreciation and amortization	100,786	83,660	169,939	186,423	207,601
Depreciation and amortization	131,587	137,496	141,919	131,586	122,175
Operating (loss)	(30,801)	(53,836)	28,020	54,837	85,426
Non-operating revenues (expenses):					
Passenger facility charges	34,393	22,110	40,394	46,755	49,200
Customer facility charges	30,240	15,755	30,333	34,375	35,913
Federal Relief Grants (COVID-19)	36,895	77,219	78,922	–	–
Quieter Home Program, net	(3,295)	(3,233)	(2,541)	(2,051)	(1,845)
Other interest income	–	6,748	7,263	1,115	1,198
Investment income	32,430	2,495	(48,884)	50,882	129,223
Interest expense	(73,612)	(76,628)	(109,675)	(127,464	(164,933)
Other revenues (expenses), net	1,442	(705)	(13,316)	(1,654)	(3,490)
Non-operating revenue, net	58,493	43,761	(17,503)	1,958	45,266
Income before capital grant contributions	27,692	(10,075)	10,518	66,824	139,691
Capital grant contributions	4,072	13,932	12,958	52,287	128,361
Change in net position	31,764	3,857	23,476	119,111	268,052
Net position, beginning of year	853,302	885,066	888,925	914,068	1,033,179
Net position, end of year	$885,066	$888,923	$912,401	$1,033,179	$1,301,231

[1] Totals may not add due to rounding.
[2] Certain amounts for Fiscal Year 2021 were restated in accordance with Governmental Accounting Standards Board Statement No. 87.
Source: Derived from the audited financial statements of the Airport Authority.

Management's Discussion of Fiscal Year 2024 Financial Results. Total operating revenue for Fiscal Year 2024 was $399.9 million, an increase of $39.1 million or 10.8% over Fiscal Year 2023. Airline revenue for Fiscal Year 2024 increased $28.4 million or 14.7% over Fiscal Year 2023, predominantly due to the reduction of $20.7 million of pandemic era federal relief provided for the benefit of the airlines. In addition, there was an increase in cost recovery from the airlines. The increase in cost recovery was a result of higher operating expenses and debt service costs increasing. Non-airline revenue increased $10.7 million or 6.4% in Fiscal Year 2024 primarily due to increased passenger growth.

Operating expenses, before depreciation, for Fiscal Year 2024 were $192.3 million, an increase of $17.9 million or 10.3% over Fiscal Year 2023. Contractual services increased by $6.9 million or 15.1%, mainly due to higher expenses for parking and shuttle operations and Rental Car Center bus expenses due to an increase in enplanements. Safety and security increased by $3.7 million or 11.3% due to increases in law enforcement, Aircraft Rescue and Fire Fighting, emergency medical services and security inspection/guard services. Utilities increased by $2.0 million or 11.1% due to increased water and electric usage and rates.

Non-operating revenue (net) increased by $43.3 million in Fiscal Year 2024. Investment income increased by $78.3 million due to higher cash balances and interest yields, and non-cash market value adjustments to the investments and enplanements increased PFC and CFC revenue by $4.0 million. These increases were partially offset by an increase in interest expense of $37.5 million due to the issuance of the Senior Series 2023 Bonds in October 2023 to fund construction of the New T1.

In Fiscal Year 2024, capital grant contributions increased by $76.1 million compared to Fiscal Year 2023 due to an increase in grant awards and substantial New T1 construction activities funded by federal grants. These federal grants are comprised of Airport Improvement Program entitlement and discretionary grants through the FAA and other federal and state organizations. These funds are recognized as revenue as the work is completed on the eligible projects. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Projected Funding Sources for Capital Program—Airport Improvement Program and Bipartisan Infrastructure Law Grants."

Revenue Diversity

The following table sets forth the top ten operating revenue providers at SAN for Fiscal Year 2024.

TABLE 15
San Diego County Regional Airport Authority
Top Ten Operating Revenue Providers
(Fiscal Year 2024)

	Revenue Provider	Revenues	Percent of Total Operating Revenue
1.	Southwest Airlines	$63,381,322	15.8%
2.	Alaska Airlines	33,254,784	8.3
3.	United Airlines	30,941,701	7.7
4.	Delta Airlines	30,211,588	7.6
5.	American Airlines	25,639,648	6.4
6.	Enterprise Rent-A-Car	14,533,959	3.6
7.	Avis Rent-A-Car	14,508,788	3.6
8.	Uber Technologies, Inc.	11,974,153	3.0
9.	Hertz Rent-A-Car	11,416,582	2.9
10.	SSP America	8,412,575	2.1

Source: San Diego County Regional Airport Authority

The following table sets forth the top ten operating revenue sources at SAN for Fiscal Year 2024.

TABLE 16
San Diego County Regional Airport Authority
Top Ten Operating Revenue Sources
(Fiscal Year 2024)

	Source	Revenue	Percent of Total Operating Revenue
1.	Building Rentals	$145,169,422	36.3%
2.	Parking Revenue	53,872,890	13.5
3.	Landing Fees	50,797,038	12.7
4.	Rental Car License Fees[1]	38,261,157	9.7
5.	Terminal Concessions	28,088,289	7.0
6.	Ground Rentals	21,686,652	5.4
7.	Ground Transportation Permits and Citations	20,765,286	5.2
8.	Aircraft Parking Fees	13,612,115	3.4
9.	Common Use System Support Charges	10,094,275	2.5
10.	License Fees – Other	9,818,408	2.5

[1] Excludes CFC revenues, of which the Airport Authority recorded the receipt of $35.9 million in Fiscal Year 2024.
Source: San Diego County Regional Airport Authority

Historical Debt Service Coverage

The following table shows historical senior and subordinate debt service coverage for Fiscal Years 2020 through 2024.

TABLE 17
San Diego County Regional Airport Authority
Historical Senior and Subordinate Debt Service Coverage[1]

	2020	2021	2022	2023	2024
Net Revenues					
Revenues[2]	$280,572,988	$227,573,517	$324,096,640	$409,432,063	$478,883,956
Operating and Maintenance Expenses	(152,377,707)	(139,258,325)	(156,925,116)	(177,921,959)	(189,012,370)
Plus: COVID-19 Federal Relief Funds Applied to Operating and Maintenance Expenses	16,080,061	51,237,039	60,790,418	–	–
Net Operating and Maintenance Expenses	*(136,297,647)*	*(88,021,286)*	*(96,134,968)*	*(177,921,959)*	*(189,012,370)*
Net Revenues Available for Debt Service	$144,275,342	$139,552,231	$227,961,672	$231,510,103	$289,871,586
Senior Debt Service					
Senior Bonds[3]					
Principal	$ 7,925,000	$ 8,315,000	$3,635,598	–	$ 2,235,000
Interest	18,081,350	17,685,100	7,195,563	–	979,238 [4]
Less: PFCs Applied to Senior Debt Service	(11,260,741)	(11,172,249)	(4,691,941)	–	–
Less: COVID-19 Federal Relief Funds Applied to Senior Debt Service	(6,501,585)	(3,406,934)	(1,539,286)	–	–
Total Senior Debt Service	8,244,024	11,420,917	4,599,934	–	3,214,238
Senior Debt Service Coverage	17.50x	12.22x	49.56x	–	90.18x
Subordinate Debt Service					
Subordinate Net Revenues Available for Debt Service	$136,031,318	$128,131,313	$223,361,738	$231,510,103	$286,657,348
Subordinate Bonds[5]					
Principal	$17,745,000	$22,315,000	$34,040,000	$43,385,000	$40,495,000
Interest[6]	39,404,449	41,720,733	48,876,516	56,052,373	59,106,383
Variable Rate Debt[7]	1,894,813	–	–	–	–
Less: PFCs Applied to Subordinate Debt Service	(18,744,592)	(8,833,085)	(25,313,393)	–	–
Less: COVID-19 Federal Relief Funds Applied to Subordinate Debt Service	(14,313,843)	(22,593,066)	(16,460,714)	–	–
Total Subordinate Debt Service	$25,985,827	$32,609,582	$41,142,409	$99,437,373	$99,601,383
Subordinate Debt Service Coverage	5.23x	3.93x	5.43x	2.33x	2.88x
Aggregate Senior and Subordinate Debt Service					
Net Revenues Available for Debt Service	$144,275,342	$139,552,231	$227,961,672	$231,510,103	$289,871,586
Aggregate Debt Service (Bonds)					
Principal	25,670,000	30,630,000	37,675,598	43,385,000	42,730,000
Interest[6]	57,485,799	59,405,833	56,072,079	56,052,373	60,085,621 [4]
Variable Rate Debt[7]	1,894,813	–	–	–	–
Less: PFCs Applied to Senior and Subordinate Debt Service	(30,005,333)	(20,005,333)	(30,005,334)	–	–
Less: COVID-19 Federal Relief Funds Applied to Senior and Subordinate Debt Service	(20,815,428)	(26,000,000)	(18,000,000)	–	–
Total Aggregate Debt Service	$34,229,851	$44,030,500	$45,742,343	$99,437,373	$102,815,621
Aggregate Debt Service Coverage	4.21x	3.17x	4.98x	2.33x	2.82x

1 Except as otherwise noted, the numbers and coverage ratios are calculated pursuant to the provisions of the Master Senior Indenture and the Master Subordinate Indenture.
2 Does not include grants which are otherwise included in the definition of Revenues. Grants which are not otherwise restricted by their terms to the payment of debt service on Senior Bonds and/or Subordinate Obligations are included in the definition of Revenues.
3 Includes principal of and interest paid on the Senior Series 2013 Bonds (which were fully defeased on December 8, 2021) and the Senior Series 2023 Bonds.
4 Net of interest paid with proceeds of the Senior Series 2023 Bonds.
5 Includes principal of and interest paid on the Airport Authority's Subordinate Airport Revenue Bonds, Series 2010A, Series 2010B and Series 2010C (which were defeased in whole in Fiscal Year 2020), the Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2020 Bonds and the Subordinate Series 2021 Bonds.
6 Net of interest paid with proceeds of the Subordinate Series 2017 Bonds through January 1, 2019, proceeds of the Subordinate Series 2019 Bonds through January 1, 2021, proceeds of the Subordinate Series 2021A Bonds and the Subordinate Series 2021B Bonds and the Federal Direct Payments received by the Airport Authority with respect to the Subordinate Series 2010C Bonds.
7 Includes principal and interest paid on certain Subordinate revolving obligations and commitment fees paid to the providers of certain Subordinate revolving lines of credit and purchasers of certain Subordinate drawdown bonds.

Source: San Diego County Regional Airport Authority

Historical Airline Cost Per Enplaned Passenger

The following table sets forth historical airline costs (landing fees, terminal building rentals, airport police/security reimbursement fees and fuel and other franchise fees) of operating at SAN for the past five Fiscal Years.

TABLE 18
San Diego International Airport
Airline Derived Revenue Per Passenger

Airline Revenues	2020	2021	2022	2023	2024
Joint Use Fees	$ 49,426,560	$ 55,229,873	$ 62,362,974	$ 77,976,937	$ 88,440,800
Landing Fees[1]	31,605,811	30,942,421	33,343,343	42,828,143	51,903,963
Terminal Rentals	28,107,630	25,372,323	30,773,369	45,985,824	50,203,857
Common Use Fees	7,627,629	7,369,019	8,230,945	10,950,913	10,094,442
Aircraft Parking Fees[2]	6,800,018	6,859,419	6,885,847	9,064,226	10,995,326
Incentive Program	–	(62,080)	(2,078,912)	(2,078,912)	(1,780,592)
Total Airline Revenue	$126,829,468	$126,695,834	$141,718,856	$187,936,432	$213,289,927
Enplaned Passengers	9,235,459	4,860,931	9,953,162	11,868,000	12,467,000
Airline Derived Revenue Per Passenger	$13.73	$26.06	$14.24	$15.84	$17.11

[1] Does not include landing fees paid by the cargo carriers operating at SAN.
[2] Amount excludes general aviation remote overnight parking.
Source: San Diego County Regional Airport Authority

Liquidity and Available Funds

As of June 30, 2024 and March 31, 2025 the Airport Authority had the following unrestricted funds and investments on hand that could be used for all operating expenses of the Airport Authority and to pay debt service on the Senior Bonds and the Subordinate Obligations.

	June 30, 2024	March 31, 2025
Unrestricted Cash and Investments[1]		
Cash and investments	$59,324,139	$ 36,900,111
Cash designated for capital projects and other	104,857,796	46,092,119
Major Maintenance Fund	134,402,197	173,060,388
Operation and Maintenance Reserve Subaccount	47,991,378	47,991,378
Operation and Maintenance Subaccount	22,879,023	22,879,023
Renewal and Replacement Account	5,400,000	5,400,000
Small Business Bond Guarantee	2,222,300	2,222,300
Investments – long-term portion	262,648,802	405,622,173
Total Unrestricted Cash and Investments	$639,725,634	$740,167,492
Discretionary Cash[2]	$563,455,233	$663,897,091

[1] Based on unaudited results.
[2] Excludes Operation and Maintenance Reserve Subaccount, Operation and Maintenance Subaccount, and Renewal and Replacement Account.

As of March 31, 2025, the Airport Authority's "days-cash-on-hand" was 971 days, which was calculated using Total Unrestricted Cash and Investments ($740.1 million) (minus the deposits to the Major Maintenance Fund ($173.1 million) and minus the Small Business Bond Guarantee ($2.2 million)) set forth in the table above and the estimated Operation and Maintenance Expenses of the Airport System for Fiscal Year 2025 ($213.0 million).

As of June 30, 2024, the Airport Authority's "days-cash-on-hand" was 970 days, which was calculated using Total Unrestricted Cash and Investments of $639.7 million (minus the deposits to the Major Maintenance Fund ($134.4 million) and minus the Small Business Bond Guarantee ($2.2 million)) and the Operation and Maintenance Expenses of the Airport System for Fiscal Year 2024 ($189.3 million).

Pursuant to the provisions of the Airline Lease Agreements, the Airport Authority has agreed to use any available cash over 600 "days-cash-on-hand" to either (a) reduce the amount of bonds outstanding in a subsequent Fiscal Year or (b) fund future capital projects. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Projected Funding Sources of Capital Program" and APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT."

In addition to the unrestricted funds and investments, the Airport Authority had the following restricted funds and investments on hand (or held by the Senior Trustee and the Subordinate Trustee) as of June 30, 2024 and March 31, 2025:

	June 30, 2024	March 31, 2025
Restricted Cash and Investments (excluding CFCs)[1]		
Bond proceeds held by Trustee – Construction	$1,195,937,403	$ 764,598,163
Debt Service Reserve Funds held by Trustee – Subordinate Bonds	190,193,712	194,427,059
Passenger Facility Charges	158,418,961	193,748,026
Debt Service Reserve Funds held by Trustee – Senior Bonds	74,032,088	77,110,635
Bond proceeds held by Trustee – Capitalized Interest	184,953,853	66,297,690
Debt Service Funds held by Trustee	75,439,168	52,158,516
Total Restricted Cash and Investments	$1,878,975,184	$1,348,340,089

[1] Based on unaudited results.

Pension and Retirement Plans

Airport Authority Pension Plan. All full-time employees hired prior to January 1, 2024, and all represented employees of the Airport Authority are required to participate in the Airport Authority's defined-benefit pension plan, the Amended and Restated San Diego County Regional Airport Authority Retirement Plan and Trust of 2013 (the "**Airport Authority Pension Plan**"), which provides retirement and disability benefits, annual cost-of-living adjustments, a deferred retirement option plan for eligible employees, and death benefits to plan members and beneficiaries. The Airport Authority Pension Plan is administered by the San Diego City Employees' Retirement System ("**SDCERS**"), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for the City, the Port District and the Airport Authority, and is administered by the Retirement Board of Administration (the "**Retirement Board**"). Each of the Airport Authority, the City and the Port District has a separate plan and each employer's contributions are held in trust, although all contributions to SDCERS are pooled for investment purposes, managed and invested by the Retirement Board.

SDCERS uses actuarial developed methods and assumptions to determine the level of contributions required to achieve and maintain an appropriate funded status for the Airport Authority Pension Plan. Member contribution rates, as a percentage of salary, vary according to age at entry, benefit tier level, and certain negotiated contracts which provide for the Airport Authority to pay a portion of the employees' contributions. For Fiscal Year 2024, the Airport Authority's contribution rate as a percentage of covered payroll was 21.3%, as compared to 23.6% for Fiscal Year 2023. For Fiscal Year 2024 the Airport Authority contributed approximately $7.9 million to the Airport Authority Pension Fund, and for Fiscal Year 2023, the Airport Authority contributed approximately $7.7 million to the Airport Authority Pension Fund. For Fiscal Year 2025, the Airport Authority budgeted approximately $[8.0] million to the Airport Authority Pension Fund. These contribution rates were greater than the actuarially determined contribution rates. The Airport Authority has always made its full required contributions to the Airport Authority Pension Plan. The Airport Authority cannot predict the levels of funding that will be required in the future.

See "NOTE 7. DEFINED BENEFIT PLAN" and "REQUIRED SUPPLEMENTARY INFORMATION" in the Airport Authority's financial statements for the year ended June 30, 2024 attached hereto as "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023" for more information on the Airport Authority's Pension Plan, including funding levels. As of the June 30, 2024 actuarial valuation, the funding ratio of the Airport Authority's Pension Plan was 94.0%, compared to 93.3% as of June 30, 2023. Additionally, complete copies of SDCERS' comprehensive annual financial reports and the actuarial reports with respect to the Airport Authority Pension Plan can be obtained from

SDCERS by writing to the San Diego City Employees' Retirement System, Suite 400, 401 West A Street, San Diego, California 92101 and from the SDCERS website at www.sdcers.org. No information contained on such website is incorporated into this Official Statement.

Airport Authority Defined Contribution Plan. On September 7, 2023, the Board authorized changes to the Airport Authority Pension Plan that allows Airport Authority employees hired on or after January 1, 2024, that are not represented by the Teamsters Local 911, to make a one-time, irrevocable election to participate in a defined contribution plan, rather than participate in the Airport Authority Pension Plan. Effective January 1, 2024, the Authority established the San Diego County Regional Airport Authority 401(a) Plan (the "**401(a) Plan**"). The Authority is required to contribute 8% of eligible annual salary for those employees who elect to participate in the 401(a) Plan. For Fiscal Year 2024, the Airport Authority contributed approximately $17,500 to the 401(a) Plan. For Fiscal Year 2025, the Airport Authority budgeted approximately $[264,000] thousand to the 401(a) Plan Fund.

See "NOTE 9. DEFINED CONTRIBUTION PENSION PLAN" in the Airport Authority's financial statements for the year ended June 30, 2024 attached hereto as "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023" for more information on the Airport Authority's Defined Contribution Plan.

Postemployment Health Benefits. In addition to the pension benefits provided under the Airport Authority Pension Plan, the Airport Authority provides medical, dental, vision and life insurance postretirement benefits ("**Postemployment Health Benefits**") for nonunion employees hired prior to May 1, 2006, and union employees hired prior to October 1, 2008. The employees are eligible for these benefits if they retire from active employment after age 55 with 20 years of service or age 62 with five years of service. In May 2009, the Board approved an agreement with the California Employers' Retiree Benefit Trust ("**CERBT**") fund, which is managed by the California Public Employees Retirement System ("**CalPERS**"), to administer the Airport Authority's Postemployment Health Benefits.

For Fiscal Year 2024, the Airport Authority contributed approximately $1.1 million for Postemployment Health Benefits, and for Fiscal Year 2023, the Airport Authority contributed approximately $1.0 million for Postemployment Health Benefits. For Fiscal Year 2025, the Airport Authority has budgeted approximately $[1.0] million for Postemployment Health Benefits. As of the June 30, 2023 actuarial valuation, the Airport Authority's funding ratio for the Postemployment Health Benefits was 98.8% as compared to 98.5% as of June 30, 2022.

Nonunion employees hired after May 1, 2006 and union employees hired after October 1, 2008 are not eligible to receive the Postemployment Health Benefits described above, but they are eligible to participate in a retiree funded health reimbursement arrangement ("**R-FHRA**"). Currently, approximately 348 employees of the Airport Authority participate in R-FHRA. The Airport Authority contributes approximately $600 per year to R-FHRA for each eligible employee, and each eligible employee can irrevocably elect within the first 30 days of employment, to contribute an additional $300 per year. Upon their separation of employment from the Airport Authority, participants in R-FHRA may use the amounts deposited to R-FHRA by the Airport Authority and the participant to pay for eligible medical expenses.

See "NOTE 11. OTHER POSTEMPLOYMENT BENEFITS" and "REQUIRED SUPPLEMENTARY INFORMATION" in the Airport Authority's financial statements for the year ended June 30, 2024 attached hereto as "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023" for more information on the Airport Authority's Postemployment Health Benefits.

Risk Management and Insurance

Pursuant to the Senior Indenture and the Subordinate Indenture the Airport Authority is required to procure and maintain commercial insurance with respect to the facilities constituting the Airport System and public liability insurance in the form of commercial insurance if such insurance is obtainable at reasonable rates and upon reasonable terms and conditions. The amounts and risks required to be insured under the Senior Indenture and the Subordinate Indenture are subject to the Airport Authority's prudent judgment taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar airports. The Airport Authority may satisfy some of these insurance requirements through qualified self-insurance or self-insured retentions.

The Airport Authority maintains a robust insurance program, including insurance for commercial general liability, property, public officials and employment practices, privacy and cyber network security, crime, fiduciary, automobile, and workers compensation. Construction activity is insured through Owner Controlled Insurance Programs ("**OCIPs**") that provide general liability coverage. This is achieved either by placing a stand-alone OCIP for large projects or a flexible or "rolling" OCIP program designed to encompass all the smaller capital improvement projects together.

The Airport Authority maintains airport owners and operators primary general liability insurance with coverage of $500 million for losses arising out of liability for airport operations.

The Airport Authority maintains a property insurance policy with limits of $750 million providing all risk and flood coverage on physical assets. The cost of earthquake insurance coverage for the Airport remains cost prohibitive and is not available in significant amounts. Effective July 1, 2007, the Airport Authority removed the purchase of commercial earthquake insurance from its Risk Management program and increased reliance on the laws designed to assist public entities through the Federal Emergency Management Agency ("**FEMA**") and the California Disaster Assistance Act ("**CDDA**"). As of July 1, 2024, the Airport Authority had designated approximately $14.6 million from its net position as an insurance contingency in the event of damage caused to the Airport by an earthquake. In the future, the Airport Authority could decide to increase or decrease the amount of this reserve.

Additionally, a $2 million contingency reserve has been established, within unrestricted net position, by the Airport Authority's management to respond to uninsured and underinsured catastrophic losses. This fund is maintained pursuant to Board action only; there is no other requirement that it be maintained. Management considers this contingency reserve to be designated to cover the cost of future retentions, deductibles and uninsured claims.

The overall insurance portfolio as well as each individual line of coverage renews annually. Prior to renewal, the Airport Authority works with its team of insurance brokers, currently Willis Towers Watson, to analyze adequacy of coverage, limits, terms and conditions, market conditions and new market offerings. During Fiscal Year 2024, except for the property insurance policy, there were no reductions in insurance coverage from the prior year.

For the New T1 program, the Airport Authority maintains an OCIP for general liability coverage in an amount not to exceed $23 million. Additionally, the Airport Authority maintains a "builders risk" insurance policy in an amount not to exceed $13 million for the New T1 program.

The Airport Authority also has an active loss prevention program staffed by a Director of Finance and Risk, a Risk Manager, a Risk Analyst and an Administrative Assistant. Loss control engineers from the Airport Authority's property and casualty insurers conduct annual safety survey and site inspections.

Claims are monitored and administered by Willis Towers Watson, with Airport Authority oversight and control.

DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT

Master Plan

In 2008, the Board approved the first-ever Airport Master Plan for San Diego International Airport (the "**Master Plan**"). The Master Plan identified four primary airport components to be improved at SAN: airfield, terminal, ground transportation and airport support. The airfield component included improved efficient aircraft movement areas such as the existing single runway, taxiways and aircraft parking apron. The terminal component included passenger processing areas including ticket counters, security facilities, hold rooms and baggage claim. The ground transportation component included the roadway/transit circulation system, parking areas and rental car facilities. The airport support component included the Airport/airline maintenance, cargo and general aviation facilities.

Over the past 17 years, the Airport has constructed and implemented major projects that improve the primary four components identified in the Master Plan. The improvements included a 10-gate expansion of Terminal 2 West, an elevated departure roadway, a three-level parking plaza at Terminal 2, an expanded FIS facility at Terminal 2 West and an airline support/belly cargo facility. Additional improvements constructed and placed into operations on the north side of SAN include a new general aviation facility, the RDC, a new on-airport circulation road, the Rental Car Center and an expansion of aircraft fuel storage tanks.

In January 2020, the Board approved and adopted the New T1, which guides the next phase of master planning at SAN including a replacement of the aged Terminal 1 with a new 30-gate Terminal 1, a dual taxiway for improved aircraft circulation, a three-lane vehicle entry road and elevated departure roadway, and a second 5-level parking plaza serving Terminal 1. See "—Capital Program—New T1" below.

By the end of 2025, the Airport Authority is expected to complete the Northside Study. The purpose of the study is to develop a long-term plan for future development north of the runway. This includes the potential consolidation of air cargo operations, improvements to the taxiway system and a review of other landside and airside facilities.

Capital Program

The Airport Authority maintains the Capital Program, which is a rolling five-year program that provides for critical improvements and asset preservation for the Airport Authority. The current Capital Program contains two main components: (1) the New T1 program that consists of the replacement of the current Terminal 1 with a larger, more efficient facility, certain airfield enhancements and roadway and parking improvements and a new administration building for the Airport Authority (which has been completed), and (2) the CIP, that addresses airfield safety and capacity, environmental protection, terminal enhancements, landside infrastructure and access improvements. The New T1 is expected to be designed and constructed through Fiscal Year 2028, and all approved open projects of the CIP are anticipated to be completed between Fiscal Years 2026 through 2030. The Capital Program has a budgeted cost of $4.523 billion (as of March 31, 2025, $2.5 billion of this cost had been incurred), of which approximately $3.834 billion is the approved budgeted cost of the New T1.

New T1. In 2012, the Airport Authority embarked on a new master-planning effort for SAN to identify the facilities needed to meet the Airport's anticipated passenger demand through 2035. Between

Fiscal Years 2015 and 2019, SAN had record-breaking passenger growth with approximately 24.7 million passengers being served in Fiscal Year 2019, along with approximately 228,000 operations in Fiscal Year 2019. Activity levels at the Airport are estimated to surpass 34 million passengers and 287,000 aircraft operations in 2035, based on the aviation planning forecast expected to be included in the Northside Study.

The cornerstone of the New T1 is the replacement of Terminal 1, which is over 50 years old, with a more modern, comfortable, and efficient terminal facility. The new terminal will be approximately 1.2 million square feet (more than three times larger than the existing Terminal 1 which is approximately 336,000 square feet), and will have 30 gates (11 more gates than the existing Terminal 1) that will be able to accommodate both narrow-body and wide-body aircraft. The terminal building layout design was developed to accommodate existing and projected airline fleet mix requirements, including additional "Airplane Design Group" III (i.e., Boeing 737-700), IV (i.e., Boeing 767) and V (i.e., Boeing 777) gates. The new Terminal 1 also will include an expanded 13 lane security checkpoint, up to two airline or common-use lounges, and a post-security outdoor patio area with views of the San Diego Bay and downtown San Diego. The new Terminal 1 will be served by a dual-level curbside, a new close-in parking structure (approximately 5,200 parking spaces), and new entry and circulation roadways. Other components that are part of the New T1 include a new Airport Authority administration building and multiple airfield improvements, such as a new apron area for the new terminal, a new Taxiway A, relocation of Taxiway B and reconfigured remain-overnight aircraft parking positions. Additional mobility-focused project components include new pedestrian and bicycle infrastructure, a dedicated airport shuttle service between the Old Town Transit Center and SAN, and designation of a "transit-ready" area adjacent to the new parking structure for a potential future connection to the region's transit system. The New T1 also includes the relocation of the shuttle lot. The New T1 will improve the customer experience for all passengers and provide improved aircraft circulation and facilities for SAN's airline tenants. See "APPENDIX A—FINANCIAL FEASIBILITY REPORT" for additional details on various components of the New T1.

The New T1 consists of three main components: (1) Terminal and Roadways (the "**Terminal and Roadways Component**"), (2) Airside Improvements (the "**Airside Component**") and (3) Administration Building (the "**Administration Building Component**"). The approved budgets (including owners allowances and contingencies) for the three main components are (a) approximately $3.241 billion for the Terminal and Roadways Component, (b) approximately $354.1 million for the Airside Component, and (c) approximately $106.8 million for the Administration Building Component. The Administration Building Component is in close-out and the final cost is expected to be $106.8 million. Additionally, the approved budget for the New T1 includes the costs for the shuttle lot relocation project (approximately $18.2 million) and program contingencies of $113.7 million.

Design and Construction of the New T1. The New T1 is being procured utilizing "progressive design-build" and "design-bid-build" delivery methods. The Terminal and Roadways Component is being undertaken pursuant to a Progressive Design-Build Agreement (the "**Terminal and Roadway Agreement**") between the Airport Authority and the Terminal and Roadway Contractor (Turner-Flatiron, A Joint Venture). In January 2024, the Board authorized Airport Authority staff to execute a guaranteed maximum price ("**GMP**") contract not to exceed $3.008 billion for the design and construction of the Terminal and Roadways Component. The GMP contract was executed in February 2025 for $2.989 billion.

Design of the Airside Component was undertaken pursuant to a design contract between the Airport Authority and Jacobs. The design of the Airside Component has been completed. Construction of the Airside Component is being undertaken pursuant to a construction contract (the "**Airside Construction Agreement**") between the Airport Authority and the Airside Contractor (Griffith Company). On October 7, 2021, the Board approved a contract price of $251,671,315 under the Airside Construction Agreement for the construction of the Airside Component.

The Administration Building Component was undertaken pursuant to a design-build contract (as amended, the "**Administration Building Agreement**") between the Airport Authority and the Administration Building Contractor (Sundt Construction, Inc.). On July 1, 2021, the Board approved a maximum guaranteed contract price of $91,379,967 under the Administration Building Agreement for the design and construction of the Administration Building Component. After the approval of the maximum contract price, the Administration Building Contractor and the Airport Authority agreed to several change orders which increased the maximum guaranteed contract price to $97,630,002. The Administration Building was completed in October 2023, for a final contract price of $97,579,729. The Administration Building Component is in close-out and the final cost is expected to be $106.8 million, which consists of the $97.6 million paid under the Administration Building Agreement and $9.2 million of indirect costs of the Airport Authority, including costs for Airport Authority staff and project consultants, insurance, public art, environmental remediation and scope enhancements approved after the agreement was executed.

As of March 1, 2025, the design for all components of the New T1 was 100% complete. Construction activities for the New T1 began in November 2021. As of March 1, 2025 (i) construction of the first 19 gates of the new Terminal 1 (which are expected to open in September 2025) was 85% complete and construction of the other parts of the Terminal and Roadway Component (roadways and parking structure) was 90% complete, and (ii) construction of the Airside Component (which is expected to be completed by November 2028) was 67% complete. The remaining 11 gates of the Terminal and Roadway Component Construction are expected to begin construction in October 2025, and are expected to be completed by January 2028. Construction of the Administration Building Component was completed in September 2023, with Airport Authority staff commencing utilization of the building in October 2023.

Environmental Approvals. In March 2017, the Board approved the development of environmental review documents for the New T1. A draft Environmental Impact Report ("**EIR**") for the proposed project was subsequently released in the summer of 2018 for public review, as required under the California Environmental Quality Act. The Airport Authority received numerous comment letters, and between October 2018 and July 2019, the Airport Authority participated in over 100 meetings with key stakeholders to further refine the proposed project and its associated environmental review documents. As result of this additional stakeholder engagement, the Airport Authority recirculated a draft EIR in September 2019 for public review. On January 9, 2020, the Board certified the Final EIR for the New T1. Additionally, in September 2021, the California Coastal Commission (the "**Coastal Commission**") approved the New T1, subject to certain conditions, including, among others, implementation of a shuttle system between the Old Town Transit Center and the Airport, providing a comprehensive transit and roadway improvement status report to the Coastal Commission documenting the Airport Authority's efforts to add or improve mass transit linkages to the Airport for Airport employees and the public and roadway mitigation for traffic impacts, provide a plan to the Coastal Commission that will identify, evaluate and development greenhouse gas emissions reduction measures for incorporation into the design, construction and operation of the New T1, and provide the Coastal Commission with a revised stormwater pollution prevention plan. The Airport Authority also has coordinated with the FAA to conduct the federal environmental review in accordance with the National Environmental Policy Act ("**NEPA**"). The Airport Authority prepared a draft Environmental Assessment that was available for public review and comment through August 2, 2021. On October 22, 2021, the Airport Authority received a "Finding of No Significant Impact" from the United States Environmental Protection Agency ("**EPA**") pursuant to NEPA with respect to the New T1. The Airport Authority has received all material environmental approvals for the New T1.

Seismic Resiliency. A Fault Hazard Study that was prepared in support of the New T1 development identified and surveyed a seismic fault line that runs east of the new Terminal 1 project site. Based on the findings of the study, the new Terminal 1 has been located outside of the zone of active faulting, with an additional structural setback of 25 feet. To address the new Terminal 1's proximity to the fault zone, the new Terminal 1 has been designed and constructed to meet the Airport Authority's Design and Construction

Standards and the structural codes and standards identified by the California Building Code and the City of San Diego that address seismic resiliency. These codes and standards include, among others:

- guidelines for the design, fabrication, erection, and quality of structural steel members and connections in seismic force-resisting systems.

- standards to help ensure the reliability and safety of steel moment frames in seismic events.

- guidelines for welding steel structures in seismic applications to ensure their performance during seismic events.

- addresses the necessary seismic performance for support piping capable of withstanding the effects of seismic events.

In addition to the codes and standards followed during terminal development, Caltrans Seismic Design Criteria were followed to address the connected bridging system's seismic resiliency.

CIP. In addition to the Master Plan and the New T1, the Board has adopted a capital improvements program policy (the "**CIP Policy**"), which requires the Airport Authority to establish a CIP for the orderly maintenance and development of SAN. Pursuant to the CIP Policy, each year the Airport Authority's President and CEO is required to submit to the Board a development program of desirable capital improvements that are within the Airport Authority's financial funding capability. The Airport Authority's current CIP sets forth projects that were completed and are anticipated to be completed at SAN between Fiscal Years 2026 and 2030. Projects in the CIP, include, among others, the T2E Connector (described in the following paragraph), the purchase of new rental car center buses, renovations to one of the airline lounges in Terminal 2 East, planning and design for remodeling of Terminal 2 East, offsite roadway improvements, solid and liquid waste facilities, replacement of baggage handling system and makeup units in Terminal 2 East and various other airfield, terminal and landside projects. The CIP has an estimated cost of approximately $688.5 million.

One of the projects in the CIP is a connection between the new Terminal 1 and Terminal 2 East (the "**T2E Connector**"). The T2E Connector is budgeted within the existing CIP at $180 million and involves the design and construction of a building that provides a post-security connection between the new Terminal 1 and Terminal 2 East. At the concourse level, this project will provide a secure connection corridor between the new Terminal 1 and Terminal 2 East, along with two gate holdrooms and passenger boarding bridges to serve Group 3 and smaller aircraft. The concourse level will also include art, restrooms, and infrastructure for a small concessions area. At the apron level, the project will include an employee security checkpoint, infrastructure for a landside concession, aircraft apron for two gates and parking for ground support equipment. The project will include minor landside improvements including sidewalk, bus stop area, and miscellaneous landscaping. The T2E Connector will be implemented using a progressive design-build delivery method. The project is currently in procurement and the Board is expected to authorize a contract in September 2025. Should the contractor and the Airport Authority agree on a maximum contract price, the contractor will begin designing the project. Construction is expected to begin in early 2028 with the facility expected to be operational in early 2030.

Projected Funding Sources for Capital Program

General. The Airport Authority anticipates financing the design, construction and equipping of the New T1 and the CIP with a combination of proceeds of the Senior Series 2025 Bonds (approximately $720.0 million); proceeds of the Subordinate Series 2019 Bonds, the Subordinate Series 2021A/B Bonds and the Senior Series 2023 Bonds (approximately $2.6 billion); proceeds of Additional Senior Bonds and/or Additional Subordinate Obligations (approximately $157.2 million); internally generated cash of the Airport Authority (approximately $557.7 million); moneys on deposit in the Major Maintenance Fund (approximately $84.8 million); PFC revenues on a pay-as-you-go basis (approximately $185,000); federal grants (approximately $371.0 million), including federal Airport Improvement Program grants, federal Airport Infrastructure Grants and federal Airport Terminal Program grants; and other sources (approximately $18.5 million). As of March 31, 2025, approximately $2.4 billion had been spent on the New T1 and approximately $96.7 million had been spent on the CIP projects. The following table sets forth the anticipated sources of funding for the Capital Program. Also see "Table 1: Estimated Capital Program Costs and Funding Plan" in "APPENDIX A—FINANCIAL FEASIBILITY REPORT" for additional information on the projected funding sources of the Capital Program.

TABLE 19
San Diego County Regional Airport Authority
Projected Funding Sources for Capital Program
($000)*

	Estimated Cost	Series 2025 Bonds[1]	Series 2019/ 2021A/B/ 2023A/B Bonds[1]	Future Senior/Sub. Bonds	Federal Grants[2]	Airport Authority Funds	Major Maintenance Fund	PFCs	Other
New T1									
Total New T1	$3,834,300	$719,990	$2,478,305	–	$310,490	$312,023	–	–	$13,491
CIP									
T2E Connector	$180,000	–	–	$157,194	$22,806	–	–	–	–
Acquire Rental Car Center Buses	36,000	–	–	–	6,000	$30,000	–	–	–
Solid & Liquid Waste Facilities	35,000	–	$25,450	–	–	9,550	–	–	–
CIP Support	34,044	–	–	–	–	34,044	–	–	–
Offsite Intersection/ Roadway Segment Improvements	33,600	–	33,600	–	–	–	–	–	–
Rehabilitate Taxiways	31,200	–	–	–	17,981	13,219	–	–	–
Expand/Remodel T2E-Program Level Scope Definition/Design	29,100	–	–	–	–	23,260	5,840	–	–
Modernize Baggage Handling Sys. & Mus in T2E	27,370	–	1,248	–	–	4,450	21,672	–	–
Terminal 2E Lounge	24,000	–	–	–	–	–	24,000	–	–
Perimeter Fencing Enhancements and PIDS Realignment	23,473	–	–	–	–	23,473	–	–	–
FY26 Capital Allowance	20,000	–	–	–	–	20,000	–	–	–
Airport Electrical Infrastructure Expansion	18,200	–	–	–	–	18,200	–	–	–
Northside Apron Improvements	15,200	–	9,015	–	–	6,024	161	–	–
T2W Restroom Upgrades	11,600	–	–	–	–	11,600	–	–	–
Replace Passenger Boarding Bridges	10,369	–	5,152	–	–	–	5,031	185	–
Other Projects	159,391	–	60,764	–	13,732	51,813	28,081	–	5,000
Total CIP	$688,547	–	$135,229	$157,194	$60,519	$245,633	$84,786	$185	$5,000
Total Capital Program	$4,522,847	$719,990	$2,613,535	$157,194	$371,009	$557,657	$84,786	$185	$18,491

* Totals may not add due to rounding.
[1] Includes earnings on proceeds deposited to the construction funds.
[2] Includes federal Airport Improvement Program grants, federal Airport Infrastructure Grants and federal Airport Terminal Program grants.
Source: San Diego County Regional Airport Authority

Senior Bonds and Subordinate Obligations. The Airport Authority will use approximately $720.0 million of the proceeds of the Senior Series 2025 Bonds and earnings on such proceeds deposited to the construction funds related to the Senior Series 2025 Bonds, and approximately $2.614 billion of the proceeds of previously issued Senior Bonds and Subordinate Obligations and the earnings on such proceeds deposited to the construction funds related to such Senior Bonds and Subordinate Obligations to finance the New T1 and the CIP. [Based on the various current estimates and assumptions related to the New T1 and the CIP and the Airport Authority's operations, the Airport Authority currently anticipates that, after the issuance of the Senior Series 2025 Bonds, it will issue approximately $189.9 million of Additional Senior Bonds and/or Additional Subordinate Obligations between Fiscal Years 20[28] and 20[30] to finance additional costs of the CIP. The dates of issuance of the Additional Senior Bonds and/or Additional Subordinate Obligations to finance additional costs of the CIP will be dependent on when the Airport Authority needs additional funds to finance the design and construction of the CIP. Following the issuance of the Senior Series 2025 Bonds, the Airport Authority does not expect to issue any Additional Senior Bonds or Additional Subordinate Obligations to fund costs of the New T1.

Airport Authority Funds and Other Sources. The Airport Authority will use approximately \$557.6 million of available funds of the Airport Authority, approximately \$84.8 million of moneys on deposit in the Major Maintenance Fund and approximately \$18.5 million of other moneys to finance a portion of the costs of the New T1 and the CIP.

Passenger Facility Charges. The PFC Act, as implemented by the FAA pursuant to the PFC Regulations, permits public agencies controlling certain commercial service airports (those with regularly scheduled service and enplaning 2,500 or more passengers annually) to charge enplaning passengers using the airport a \$1.00, \$2.00 or \$3.00 PFC with certain qualifying airports permitted to charge a maximum PFC of \$4.50. Regardless of the number of PFC applications which have been approved by the FAA, an airport can only collect a maximum of \$4.50 on each enplaning passenger. Public agencies wishing to impose and use these PFCs must apply to the FAA for such authority and satisfy the requirements of the PFC Act.

The purpose of the PFC is to develop an additional capital funding source to provide for the expansion of the national airport system. Under the PFC Act, the proceeds from PFCs are required to be used to finance eligible airport-related projects that serve or enhance safety, capacity or security of the national air transportation system, reduce noise from an airport that is part of such system or furnish opportunities for enhanced competition between or among air carriers.

The Port District initially received approval from the FAA to impose a \$3.00 PFC at SAN. The approval for the PFC was transferred by the FAA to the Airport Authority, effective January 1, 2003. On May 20, 2003, the FAA approved the Airport Authority's PFC application to increase the charge per enplaned passenger from \$3.00 to \$4.50 beginning August 1, 2003. The Airport Authority has received approval from the FAA, pursuant to 11 separate applications, to collect, and use, a PFC on each enplaning passenger at SAN totaling approximately \$1.6 billion. The Airport Authority has closed nine of the PFC Applications; these applications having been fully funded and the projects they financed having been completed. As of March 31, 2025, there were two active PFC Applications.

As of March 31, 2025, the Airport Authority had recorded the receipt of approximately \$1.0 billion of PFCs (consisting of \$972.3 million of PFCs collections and \$31.4 million of interest). As of March 31, 2025, the Airport Authority had disbursed a total of \$806.2 million of PFCs on approved capital projects expenditures.

The following table sets forth a summary of the Airport Authority's approved PFC applications through March 31, 2025.

TABLE 20
San Diego County Regional Airport Authority
Approved PFC Applications

PFC Applications	Approval Date	Amended Approval Amount[1,2]
1-5, 7, 10, 11 and 13[3,4]	Various	$ 438,030,936
8	2010	1,118,567,229
12	2016	43,795,768
Total		$1,600,393,933

[1] Includes the amount of PFCs the FAA has authorized the Airport Authority to collect and use at SAN.
[2] Authorization to collect PFCs under all of the applications and amendments expires on November 1, 2039, however, such authorization to collect PFCs could expire earlier if the total authorized amount is collected prior to November 1, 2039.
[3] The Airport Authority withdrew PFC Application #6 and PFC Application #9 was skipped due to internal FAA system processing.
[4] The Airport Authority has closed PFC Applications 1-5, 7, 10, 11 and 13; these applications having been fully funded and the projects they financed having been completed.
Source: San Diego County Regional Airport Authority

The PFCs collected pursuant to the PFC Applications have been and will be used to finance all or a portion of certain capital improvements at SAN including, among other things, the Airport Authority's noise mitigation program, and projects associated with the New T1 and the CIP. As described in additional detail in the Feasibility Report, between Fiscal Years 2026 and 2031, the Airport Authority expects to use approximately $12.1 million of PFCs on a pay-as-you-go basis to finance costs of the "Quieter Home Program" (as described under "AIRPORT ENVIRONMENTAL MATTERS—Airport Noise—Community Sound Attenuation Program"). Additionally, as described in additional detail in the Feasibility Report, in Fiscal Years 2026 through 2031, the Airport Authority expects to use approximately $368.3 million of PFCs to pay debt service on PFC Eligible Bonds (including a portion of the Subordinate Series 2019A Bonds, a portion of the Subordinate Series 2020 Bonds, a portion of the Subordinate Series 2021 Bonds, a portion of the Senior Series 2023 Bonds and a portion of the Senior Series 2025 Bonds). Pursuant to the Airline Lease Agreements, the Airport Authority has agreed to set aside $30 million of PFCs each Fiscal Year during the three Fiscal Years prior to the opening of Phase 1A of the new Terminal 1 (expected to open in September 2025), and to use those PFCs in the three Fiscal Years following the opening of Phase 1A of the new Terminal 1 to pay debt service on Senior Bonds and/or Subordinate Obligations the proceeds of which are expected to be used to finance the construction of the new Terminal 1. The Airport Authority has agreed to consult with the Signatory Airlines on an annual basis regarding the use of the PFCs set aside, but the Airport Authority, at its discretion, may adjust the schedule for their use.

The following table sets forth the amount of PFCs received by the Airport Authority in Fiscal Years 2020 through 2024.

TABLE 21
San Diego County Regional Airport Authority
Annual Receipt of PFCs[1]

Fiscal Year	PFCs Collected
2020	$34,392,981
2021	22,109,906
2022	40,394,092
2023	46,754,727
2024	49,199,510

[1] The information in this table is presented on an accrual basis. Does not include interest earnings.
Source: San Diego County Regional Airport Authority

Airport Improvement Program and Bipartisan Infrastructure Law Grants. The Airport Authority receives federal grants from the FAA each year. The Airport and Airway Improvement Act of 1982, as amended, created the Airport Improvement Program ("**AIP**"), which is administered by the FAA and funded by the Airport and Airway Trust Fund. Under AIP, the FAA awards grant moneys to airports around the country for capital improvement projects. The Airport and Airway Trust Fund is financed by federal aviation user taxes. Additionally, in November 2021, Congress passed, and President Biden signed into law, the Infrastructure Investment and Jobs Act (Public Law 117-58, commonly referred to as the "**Bipartisan Infrastructure Law**" or "**BIL**"). Title VIII of BIL makes available $20 billion, over five years, for the FAA to administer the newly created Airport Infrastructure Grants ("**AIG**"), and the Airport Terminal Program ("**ATP**"). Both AIP and BIL provide grants to public agencies for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems. AIP and BIL grants are available to airport operators in the form of "entitlement" funds and "discretionary" funds. AIP and BIL (through AIG) entitlement funds are apportioned annually based upon the number of enplaned passengers and the aggregate landed weight of all-cargo aircraft. AIP discretionary funds are available at the discretion of the FAA based upon a national priority system. BIL discretionary funds, through ATP, are awarded annually to projects that address the aging infrastructure of the nation's airports through a competitive process. Before federal approval of any AIP or BIL grants can be given, eligible airports must provide written assurances that they will comply with a variety of statutorily specified conditions. See "CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources—Availability of Federal Grants."

The Airport Authority anticipates receiving both entitlement and discretionary grants to fund certain capital projects in the CIP (approximately $60.5 million; of which $47.6 million of these grants were awarded prior to Fiscal Year 2025). Additionally, the Airport Authority has received grants to fund certain portions of the New T1 (approximately $310.5 million). A significant portion of these grants include a multi-year AIP grant commitment of $118.4 million for the airfield improvements that are part of the New T1. The $118.4 million is comprised of $8.4 million of entitlement funds, and $110.0 million of discretionary funds. As described above, the FAA has granted the Airport Authority approval to collect PFCs at SAN. In accordance with the PFC Act and the PFC Regulations, since the Airport Authority imposes a $4.50 PFC, the amount of AIP entitlement grants which the Airport Authority is permitted to receive annually may be reduced up to 75%.

The Airport Authority's financial plan for funding the Capital Program assumes that AIP entitlement and discretionary grant funds will be available to fund the grant eligible portion of certain projects. In the event the Airport Authority does not receive AIP or BIL grants in the amounts expected, it would need to use alternative sources of funding for such projects, including the issuance of Additional Senior Bonds and/or Additional Subordinate Obligations. See "CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources."

Third-Party Financed Projects

In addition to projects financed by the Airport Authority, certain projects at SAN are expected to be financed and constructed by outside third parties, which will be identified in the Northside Study. Any projects identified in the study are not anticipated to start until the New T1 and the Terminal 2 East renovations are completed.

Airport Land Use Commission

State law requires counties in which there is a commercial and/or a public use airport to have an airport land use commission. Pursuant to the Act, the Airport Authority is vested with responsibility, among other things, to serve as the region's Airport Land Use Commission ("**ALUC**"). The purpose of the ALUC is to protect public health, safety, and welfare by ensuring the orderly development of land in the vicinity of airports and the adoption of land use measures that minimize the public's exposure to excessive noise and safety hazards within areas around public airports, to the extent that these areas are not already devoted to incompatible uses. The ALUC prepares and adopts Airport Land Use Compatibility Plans ("**ALUCPs**") and reviews certain local agency land use actions and airport plans for consistency with the compatibility plans.

The ALUCP contains compatibility criteria and ALUC review procedures for projects proposed within delineated Airport Influence Areas ("**AIA**") and addresses land use compatibility around airports in terms of noise, overflight, safety and airspace protection for all 16 public-use and military airports in the County. The ALUCP is not a plan for airport development and does not require any changes to existing land uses, but rather, State law requires future land use near airports to be consistent with compatibility criteria included in an ALUCP. Land use actions, including adoption or amendment of general plans, specific plans, zoning ordinances, and building regulations affecting land within an AIA, must be referred to the ALUC for review. Referral and review by the ALUC of other local actions, primarily individual development projects, is required in some instances, but voluntary in others.

In addition to an ALUCP for SAN, the Airport Authority, acting as the region's ALUC, has developed and adopted ALUCPs for six rural general aviation airports (Agua Caliente, Borrego Valley, Fallbrook Airpark, Jacumba Airport, Ocotillo Airport, and Ramona Airport) and five urban commercial and general aviation airports (Brown Field Municipal Airport, Gillespie Field, McClellan-Palomar Airport, Montgomery-Gibbs Executive Airport, and Oceanside Municipal Airport). ALUCPs also have been adopted for military airports located within the County (Naval Air Station North Island, Marine Corps Base Camp Pendleton, Marine Corps Air Station Miramar, and Naval Outlying Landing Field Imperial Beach).

FINANCIAL FEASIBILITY REPORT

General

The Airport Authority has retained Unison Consulting, Inc., which is recognized as an expert in its field, to prepare a report in connection with the issuance of the Senior Series 2025 Bonds. The Financial Feasibility Report is included as Appendix A hereto, with the Feasibility Consultant's consent. The information regarding the analyses and conclusions contained in the Financial Feasibility Report is included in the Official Statement in reliance upon the expertise of the Feasibility Consultant.

The financial forecasts in the Financial Feasibility Report are based on certain information and assumptions that were provided by, or reviewed and agreed to by, the Airport Authority's management. In the opinion of the Feasibility Consultant, these assumptions provide a reasonable basis for the forecasts.

The Financial Feasibility Report should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that these or any of the other assumptions contained in the Financial Feasibility Report will occur. As noted in the Financial Feasibility Report, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material. See also "INTRODUCTION—Forward-Looking Statements," and "CERTAIN INVESTMENT CONSIDERATIONS—Financial Feasibility Report."

Projected Net Revenues, Debt Service Coverage and Cost Per Enplanement

The following table sets forth the projected Net Revenues, debt service requirements for the Senior Bonds and the Subordinate Obligations, the coverage of such debt service requirements based upon the Net Revenues and the cost per enplanement, as forecast by the Feasibility Consultant, for Fiscal Years 2026 through 2031.

The debt service numbers provided in the following table exclude the debt service on the Senior Bonds and the Subordinate Obligations projected to be paid with capitalized interest and PFCs. For a discussion of the calculation of debt service on the Senior Bonds and the Subordinate Obligations paid with capitalized interest and PFCs, see "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Senior Rate Covenant" and "—Use of PFCs to Pay Debt Service." Additionally, see the Feasibility Consultant's cover letter and "Section 3.10 - Forecast Commercial Aviation Activity" in "APPENDIX A—FINANCIAL FEASIBILITY REPORT" for a discussion of the assumptions used by the Feasibility Consultant to develop its passenger forecast and its forecasted financial results.

The projected financial information in the following table was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to forecasted financial information, but, in the view of the Airport Authority's management, was prepared on a reasonable basis, to reflect the best currently available estimates and judgments and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Airport Authority. However, this information is not fact and should not be relied upon as necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the forecasted financial information.

Neither the Airport Authority's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the projected financial information contained herein, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the projected financial information.

The assumptions and estimates underlying the projected financial information are inherently uncertain and, though considered reasonable by the management of the Airport Authority as of the date of this Official Statement, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the forecasted financial information, including, among others, the risks and uncertainties described under "CERTAIN INVESTMENT CONSIDERATIONS" below. Accordingly, there can be no assurance that the projected results are indicative of the future performance of the Airport Authority or SAN or that actual results will not be materially higher or lower than those contained in the projected financial information. Inclusion of the projected financial information in this Official Statement should not be regarded as a representation by any person that the results contained in the projected financial information will be achieved.

TABLE 22
San Diego County Regional Airport Authority
Projected Debt Service Coverage and Cost Per Enplanement

Fiscal Year	Net Revenues	Senior Debt Service Requirements[1]	Senior Debt Service Coverage	Subordinate Debt Service Requirements[2]	Total Debt Service Coverage[3]	Cost Per Enplanement
2026						
2027						
2028						
2029						
2030						
2031						

[1] Includes debt service on the Senior Series 2025 Bonds, the Senior Series 2023 Bonds [and the Additional Senior Bonds assumed to be issued in Fiscal Year 20[•]. [For purposes of the table only, the Additional Senior Bonds expected to be issued in Fiscal Year 20[•] are assumed to be issued in the aggregate principal amount of $[•] million and with an all-in true interest cost of [•]%.] The Senior Debt Service Requirement numbers exclude the debt service on Senior Bonds which the Airport Authority expects to pay with capitalized interest and PFCs. [The Feasibility Report assumes that the additional bonds to be issued in the future to finance the CIP will be issued as Additional Senior Bonds. However, as of the date of this Official Statement, the Airport Authority has not made a final decision whether such bonds will be issued as Additional Senior Bonds and/or Additional Subordinate Obligations.]

[2] Includes debt service on the Existing Subordinate Bonds. Does not include any debt service on the Subordinate Revolving Obligations. The Subordinate Debt Service Requirement numbers exclude the debt service on Subordinate Obligations which the Airport Authority expects to pay with capitalized interest and PFCs.

[3] Calculated by dividing Net Revenues by the sum of Senior Debt Service Requirements and Subordinate Debt Service Requirements.

Source: Unison Consulting, Inc.

AIRPORT ENVIRONMENTAL MATTERS

There are several significant environmental matters that have direct and indirect impacts on the Airport Authority and SAN, some of which are described below. These include aircraft noise reduction, clean air requirements, and hazardous substance cleanup. SAN is heavily regulated, in part due to its proximity to San Diego Bay, and its location within the California Coastal Zone and the San Diego Air Basin. The Airport Authority holds numerous regulatory permits, including permits for storm water, air quality, hazardous materials, industrial waste, landfill remediation and wildlife.

Environmental Stewardship

General. The Airport Authority has made environmental stewardship a hallmark of operations at SAN. The Airport Authority instituted one of the first sustainability policies for a major airport in the U.S. The Planning, Noise, and Environment Department of the Airport Authority (the "**Environment Department**") manages all environmental-related programs, including airport planning and environmental review, regulatory compliance, water and air quality, site remediation, hazardous material handling, and natural resources protection. The Environment Department interfaces with other Airport Authority departments to assess potential environmental impacts of all proposed projects.

As part of its ongoing commitment to sustainability, in 2011, SAN was the first airport in the U.S. to issue a sustainability report based on the internationally recognized criteria of the Global Reporting Initiative. In 2024, the Airport Authority transitioned from an annual sustainability report to an Environmental, Social, and Governance ("**ESG**") report, entitled "Sustainability Matters." The ESG report is available at https://www.san.org/esg (the information on such site is not part of this Official Statement, and has not and is not incorporated by reference herein). The Airport Authority has developed a Sustainability Management Program (the "**Sustainability Program**") that sets forth the Airport Authority's framework for advancing and measuring its environmental sustainability progress. The Sustainability Program comprises seven overarching elements including the areas of water stewardship, sustainable energy, carbon neutrality, clean transportation, zero waste, climate resilience, and biodiversity. The Airport Authority sets goals and stand-alone strategies that it aims to achieve by 2035 in each of these programmatic areas. The seven elements of the Sustainability Program are described in more detail below:

<u>Water Stewardship Plan</u> - Establishes the Airport Authority's vision for the stewardship of water resources and provides a framework for rethinking how the Airport Authority manages its water resources while it prepares to accommodate passenger growth, new airport developments, and a changing climate. Specifically, the plan addresses issues of water conservation, water quality, and flood-risk considerations.

<u>Strategic Energy Plan</u> - Establishes the Airport Authority's approach to the provision of cost-effective, energy resilience strategies that are environmentally responsible and fully aligned with airport operations and development. It addresses key issues of energy efficiency and conservation including on-site energy generation and storage, enhanced monitoring of key energy metrics, and mechanisms through which to actively engage the broad spectrum of Airport stakeholders.

<u>Carbon Neutrality Plan</u> - Establishes the strategy for managing air quality and greenhouse gas emissions over which the Airport Authority has control and provides a framework for the Airport to achieve carbon neutrality under the ACI-Airport Carbon Accreditation program. In 2025, SAN is on track to maintain the second-highest level of certification under ACI's Airport Carbon Accreditation program, which is Level 4+ "Transition."

<u>Clean Transportation Plan</u> - Provides the Airport Authority's strategy and plan for managing various ground transportation issues at SAN. It covers all ground transportation emission sources, including all vehicles and equipment accessing and operating at the Airport, whether owned and operated by the Airport Authority or by third parties.

<u>Zero Waste Plan ("**ZWP**")</u> - This plan serves as the Airport Authority's strategy and plan for managing various waste issues and covers all waste generated at SAN. It provides an organized framework for eliminating or reducing waste generation and responsibly managing materials produced at SAN. The Airport Authority sees zero waste as addressing five primary focus areas, including sustainable materials management, infrastructure and development, training and education, metrics and reporting, and leadership and influence.

<u>Climate Resilience Plan</u> - Provides the Airport Authority's strategy for achieving uninterrupted business continuity in future climate conditions. The Airport Authority is proactively working toward long-term solutions that would allow for improvements in areas related to climate resilience that go beyond complying with existing regulations. This plan builds off existing initiatives ranging from improving storm drainage capacity in low-lying areas to collaborating with regional stakeholders to explore large-scale coastal flood protection strategies. The Airport Authority now designs 100% of its capital projects to ensure that they can adapt to climate change stressors, such as coastal flooding and extreme heat events. For example, the building pad elevation for SAN's new Airline Support Building, new Administration Building, and new Terminal 1 were purposely raised to withstand sea level conditions that are expected in 2100.

Resiliency design features being considered for the new Terminal 1 include dual-plumbing restrooms to utilize non-potable water for toilet flushing, upsized HVAC systems to accommodate higher-than-normal cooling demands, and additional onsite solar photovoltaic and battery energy storage systems. The new Terminal 1 and the associated airfield improvements will also drain to an expanded cistern system, which will eventually be able to annually divert nearly 40 million gallons of rainwater away from the City's stormwater conveyance system, which can be negatively impacted by above-average tidal levels in San Diego Bay. See "INVESTMENT CONSIDERATIONS—Climate Change—Possible Sea-Level Rise."

Biodiversity Plan - Establishes the Airport Authority's vision for the stewardship of plants and wildlife. It also provides a framework for how the Airport Authority manages onsite habitat for the endangered California Least Tern (a species of bird), reduces the use of biocides through the Airport Authority's Integrated Pest Management program, and identifies robust drought-tolerant plant species for its campus-wide xeriscape landscape program.

The development and implementation of the Sustainability Program is a cornerstone of the Airport Authority's work to achieve an enduring and resilient enterprise while considering its environmental, financial, and social obligations, risks, and opportunities. Each year, the Airport Authority reports its progress toward its Sustainability Program goals through its ESG report.

Sustainability of New T1. The New T1 construction and design will reflect a strong commitment to sustainability through energy and water conservation, as well as clean-air and zero-waste initiatives. The Airport Authority's goal is to achieve "Leadership in Energy and Environmental Design" ("**LEED**") Gold certification for the new Terminal 1, Parksmart Gold certification for the new Terminal 1 parking structure and Envision infrastructure certification. Sustainable features of the New T1 are expected to include:

Aircraft Operations

- Hydrant fueling system, eliminating the need for tanker trucks, thereby reducing emissions and potential for accidents
- Linear Terminal Design - avoids need for airfield alleyways which leads to more efficient operations and reduces potential for accidents
- New Taxiway A - allows bi-directional aircraft flow of traffic which leads to more efficient operations
- All gates equipped with ground power & pre-conditioned air, which minimizes the use of airplane fuel use while at gates
- Five charging ports per gate (on average) for electric ground support equipment

Energy Efficiency

- Established an Energy Use Intensity target of 45 kBtu/square foot for the new Terminal 1
- Installing a highly efficient heat recovery chiller to capture otherwise wasted heat and reduce energy usage at the Central Utility Plant
- Reduced embodied carbon by 30% by using steel bracing systems in new Terminal 1 and less cementitious material in the new Terminal 1 Parking Plaza

Renewable Energy

- New Terminal 1 designed to accommodate approximately four megawatts of new photovoltaic solar and a 4 megawatt-hour battery energy storage system

- Receiving grid-delivered, carbon-free renewable electricity (solar and wind) through San Diego Community Power (a provider of affordable clean energy in the San Diego region)

Expanded electric vehicle alternatives

- Approximately 190 Level 2 charging ports in new Terminal 1 Parking Plaza (with another 353 pre-wired for future use)

- Approximately six direct current fast charging ports to support the conversion of taxis and TNCs to electric vehicles

- Conversion of all airport shuttles to electric

- Complimentary all-electric shuttle service from Old Town to the terminals

Water Quality & Conservation

- Installing an additional large capacity cistern on the south side of the Airport

- Capturing storm water from 150+ acres captured from airfield, terminal, and landside/roadway components (e.g., Terminal 1 Parking Plaza) for reuse

- A/C condensate from passenger boarding bridges also plumbed to reuse system

- Water reused in Central Utility Plant and to flush toilets in the new Terminal 1

Resiliency

- New Terminal 1, the new Terminal 1 Parking Plaza and roadways designed to be resilient to sea level rise conditions in Year 2100

- New Terminal 1 designed to be compatible with future Pure Water San Diego reclamation facility to receive recycled water

Future Fixed-Rail Connection

- Preserved transit station area at the Airport terminals

Bicycle Infrastructure

- Approximately 250 bicycle parking racks and 32 bicycle lockers

- Multi-use path for bicycles and pedestrians to terminals (Project Component): A new muti-use path to allow pedestrians and bicyclists to travel on a dedicated route from Anchor Island to the new Terminal 1 along the north side of North Harbor Drive, with connections to Laurel and North Harbor Drive/Embarcadero across Anchor Island with a hawk-signal crossing at Laurel

- Install bicycle lane on Grape Street from North Harbor Drive to Kettner (Mitigation Measure): Consistent with the Downtown Mobility Plan to replace parking with bicycle lanes

- Install cycle track on Pacific Highway (airport side) from Laurel to Washington (Mitigation Measure): Consistent with the Downtown Mobility Plan to install a cycle track on Pacific Highway and extend to the north

Airport Noise

Airport Noise and Capacity Act of 1990. In 1990, Congress adopted the Airport Noise and Capacity Act of 1990 (the "**ANCA**"), which provided, among other things, for a phase-out of Stage 2 aircraft by December 31, 1999, and which also limited the scope of an airport operator's regulatory discretion for adopting new aircraft operational restrictions for noise purposes. The FAA subsequently adopted regulations implementing ANCA under Part 161 of the Federal Aviation Regulations ("**Part 161**"). From 1990 forward, airport proprietors considering the adoption of restrictions or prohibitions on the operation of Stage 2 and Stage 3 aircraft are required to conduct studies which detail the economic costs and benefits of proposed restrictions, as well as seeking affirmative approval of the FAA under defined statutory criteria before they may legally be implemented. ANCA and Part 161 make the adoption of many traditional aircraft operating restrictions by local airport proprietors on the operation of Stage 3 aircraft infeasible without the concurrence of the FAA, the air carriers or other operators affected by the restrictions. Nonetheless, the Airport Authority has various rules and regulations to address aircraft noise, including a prohibition on the operation at SAN of any air carrier commercial aircraft not complying with Stage 3 noise levels.

There also are direct restrictions on aircraft departures at SAN, primarily relating to noise abatement. Specifically, departures from SAN between 11:30 p.m. and 6:30 a.m. (the "**Curfew**") may be subject to penalty. No airline may schedule or advertise for a departure between 11:15 p.m. and 6:15 a.m. These restrictions are subject only to limited exceptions including emergency and mercy flights. Landings at SAN are not prohibited during the Curfew.

California Noise Standards. SAN operates under a variance pursuant to the California Noise Standards (CCR Title 21, Division 2.5, Subchapter 6). The California Noise Standards identify an exterior 65 decibel ("**dB**") Community Noise Equivalent Level ("**CNEL**") contour at an airport as the "Noise Impact Area." Within the Noise Impact Area, the airport proprietor is required to ensure that all land uses are compatible with the California Noise Standards, or the airport proprietor must secure variances from the Division of Aeronautics of the California Department of Transportation ("**Caltrans**"), under the California Noise Standards until full compatibility is accomplished. Under California Noise Standards, residential land uses may be deemed compatible through land acquisition, sound insulation sufficient to achieve an interior noise level of 45 dB CNEL, or by obtaining an avigation easement for the incompatible land use.

To obtain a variance, an airport must demonstrate to the State of California that it is making good faith efforts to achieve compliance with the state noise standards. The most recent variance for SAN was issued by Caltrans in September 2019 and was valid for three years. The Airport Authority submitted a new variance application for SAN with Caltrans in June 2022, which is currently under review. SAN continues to operate under the expired variance until Caltrans issues a new variance. During the term of the variance, the Airport Authority is required to continue the facilitation of an Airport Noise Advisory Committee, staffing of an Airport Noise Management Office, maintaining a noise monitoring system, submittal of a quarterly noise report, and implementation of its residential sound attenuation program, among other requirements.

Community Sound Attenuation Program. In 1997, the Port District initiated a residential sound attenuation program (the "**RSAP**") with respect to eligible residences surrounding SAN that are located within the approved 65 CNEL contour. In connection with the renewal of its noise variance in 2001, the Port District agreed to enhance its then current RSAP. The Airport Authority's current sound insulation program (the "**Quieter Home Program**"), which includes both residential and non-residential properties, is an ongoing program that provides acoustical insulation to all eligible single- and multi-family dwellings and certain other non-residential properties located in SAN's noise impact area. In 2020, the Airport Authority expanded its sound insulation program to include noise-sensitive, non-residential land uses, such as schools and places of worship, within the 65 CNEL contour. The Airport Authority mainly uses AIP grant revenues and PFC revenues to pay for the Quieter Home Program. To date, the Quieter Home Program has sound-attenuated approximately 6,122 residences. From its inception through May 31, 2025, the Airport Authority has spent approximately $312 million ($257 million of which has been paid with AIP grant revenues and $55 million of PFC revenues) on the Quieter Home Program.

Fuel Storage Tanks

Underground fuel storage tanks are present on the property occupied by the Rental Car Center. The On-Airport Rental Car Companies have agreed in the Rental Car Center Lease Agreements to pay for remediation costs associated with any leakage of the underground fuel storage tanks.

The Airport Authority owns the above-ground tanks that store airline fuel, which is transported to the airfield via underground fuel lines. The fuel lines that supply fuel to the storage tanks are owned by a third party. Airlines operating at SAN that use these storage tanks and the fuel lines to the airfield have entered into a lease agreement pursuant to which they are required to indemnify the Airport Authority against any liability associated therewith.

Air Quality and Carbon Management Planning

New T1. See "—Environmental Stewardship—Sustainability of New T1" above for a description of certain of the air quality measures the Airport Authority is undertaking with respect to the New T1.

Continuing Efforts to Reduce Carbon Footprint. The Airport Authority continues to pursue opportunities for reducing its carbon footprint and particulate emissions. Notable examples include encouraging contractors to use renewable diesel and Tier 4 equipment on construction projects to reduce greenhouse gas and particulate emissions. In 2022, a significant portion (96%) of construction equipment were classified as Tier 4. Approximately 98% of nonroad vehicle emissions from the construction of the Airside Component of the New T1 was from renewable diesel consumption, which can reduce emissions by up to 75% or more compared to petroleum diesel.

Ground Transportation Vehicle Conversion Incentive-Based Program. In 2010, the Board adopted a Ground Transportation Vehicle Conversion Incentive-Based Program (the "**Incentive Program**"). For various eligible ground transportation providers at SAN, the Incentive Program provides incentive payments, reduced permit fees, and/or reduced trip fees for Alternative Fuel Vehicles ("**AFVs**") and Clean Air Vehicles ("**CAVs**"), and increased user fees for non-AFVs and non-CAVs. The Incentive Program cost approximately $150,000 in Fiscal Year 2023. The Incentive Program has been carried forward with the same vehicle categories through the current operating year. The fees and any incentives are determined in the budget process each year and approved by the Board.

TNC GHG Emissions Reduction Program. Additionally, in June 2018, a TNC greenhouse gas ("**GHG**") emissions reduction program was implemented to target cleaner fuel vehicles, higher efficiency vehicles, and carpooling of passengers. The program is based on performance parameters to measure grams of CO_2 emissions generated from TNC trips to lower carbon emissions. Pursuant to the provisions of the TNC Permits, the TNCs are required to pay additional fees to the Airport Authority if the TNC's drivers' cars emit excessive grams of CO_2. If the TNC driver's car meets certain CO_2 limits set forth in the TNC Permit they do not owe these extra fees, but if they do not meet the limits, they are required to pay the Airport Authority the additional fees. The TNCs, in general, have met the Airport Authority's GHG goals resulting in no significant GHG penalties. It is expected that the TNCs will continue to meet GHG goals to minimize any future GHG penalties.

State Legislation. In 2016, the California legislature passed Senate Bill 32 that codifies the State's commitment to reduce GHG emissions 40% below 1990 levels by 2030. In July 2016, the California Air Resources Board ("**CARB**") released two policy documents, the Sustainable Freight Action Plan and the Mobile Source Strategy, to assist with achieving this carbon reduction goal. In October 2021, CARB held a public hearing to receive public comment on an update to the plan. These documents identify emissions from airport shuttles and GSE as priority action areas. The Airport Authority is now complying with requirements of CARB's ZEV Shuttle Bus regulation, and with a fleet of 33 electric buses and shuttles, the Airport Authority is ahead of the conversion compliance timeline. On the airside, the Airport Authority is working with airline and ground handling business partners to convert GSE to alternative fuels (e.g., electric, propane, and renewable diesel). These initiatives are part of the Airport Authority's "**Carbon Neutrality Plan**", that was developed in 2019, and proactively addresses GHG-emission sources at SAN. In addition to inventorying baseline conditions, the Carbon Neutrality Plan identifies a variety of potential climate mitigation initiatives and tactics within five primary focus areas:

- *Airlines & Aircraft*: Potential action items include forming a biofuel task force to engage airlines about options to increase onsite biofuel (also known as Sustainable Aviation Fuel) use; leveraging gate optimization software; and installing an underground fuel hydrant system at all aircraft gates.

- *Transportation*: Potential action items include reducing emissions from construction equipment; converting Airport Authority fleet and encouraging third parties to use zero or low emission vehicles; and strengthening inter-agency collaboration regarding regional transit and ground access to the Airport.

- *Energy*: Potential action items include participating in direct access or community choice energy programs; installing renewable energy systems in a cost-effective manner; and evaluating alternative fuel options for stationary sources.

- *Other Emissions*: Potential action items include updating tenant improvement guidelines to emphasize water conservation and resilient design; applying best practices for preventing refrigerant leaks; and expanding the food recovery program to include all applicable tenants and airlines.

- *Carbon Leadership*: Potential action items include prioritizing LEED/Envision credits related to carbon and air emissions; expanding passenger participation in "The Good Traveler" carbon offset program; and leveraging the implementation of aviation-specific offset programs (such as the Carbon Offsetting and Reduction Scheme for International Aviation).

Local Regulations. Additionally, the Airport Authority worked with the San Diego Air Pollution Control District to include the projects in the Capital Program (including the New T1) and certain other projects that may be undertaken at the Airport over the next 20 years into the region's updated State Implementation Plan ("**SIP**") for ozone. The SIP outlines the measures that will be implemented in the region to attain and maintain air quality standards as required by the federal Clean Air Act and is used by the Airport Authority to demonstrate general conformity for future improvements at SAN.

See "CERTAIN INVESTMENT CONSIDERATIONS—Climate Change Issues."

Storm Water Management

General. Under the Federal Clean Water Act and EPA regulations, the Airport Authority is required to obtain certain storm water runoff discharge permits. The Airport Authority has received permits from the San Diego Regional Water Quality Control Board ("**SDRWQCB**") and the State Water Resources Control Board ("**SWRCB**"). The Airport Authority is currently in compliance with all of its storm water runoff discharge permits.

Certain portions of the SAN fueling, maintenance and wash areas, are regulated under California's Industrial General Permit, adopted on July 1, 2015 by SWRCB. As part of the new permit, industrial facilities' storm water discharges need to be below certain "numeric action levels" for water quality parameters. SAN is currently categorized as a Level 2 facility for copper and zinc, meaning that the Airport Authority has had to develop exceedance response action plans to identify varying levels of additional best management practices that will be implemented to reduce concentrations of these heavy metals in storm water runoff. Similarly, the Airport Authority's compliance with the Municipal Separate Storm Sewer System (MS4) permit is focused on reducing the frequency of heavy metals exceedances during wet weather events. As such, the Airport Authority has expanded its own requirements to prioritize storm water infiltration and/or capture and reuse systems within new development projects. For example, the Terminal 2 Parking Plaza includes a 100,000-gallon storage system that can collect, treat, and reuse over 2 million gallons of storm water annually, and the new FIS facility utilizes modular wetlands to bio-filtrate its runoff. A 3-million gallon storm water cistern has been installed on SAN's north side and an approximately 900,000 gallon cistern has recently been constructed on the south side as part of the New T1, which greatly expands the Airport Authority's storm water harvesting opportunities. The New T1 also has been designed with infiltration basins and detention pipes to capture stormwater runoff.

Boat Channel Litigation. The Airport Authority was recently a party to litigation in the United States District Court for the Southern District of California, Case No. 3:23-CV-541-LL-VET (the "***Action***"), concerning the clean-up of contaminated sediments by the United States in the former Naval Training Center San Diego Boat Channel ("***Boat Channel***") located just west of SAN. Both the United States and the City asserted claims against the Airport Authority and the Port District for declaratory relief and cost recovery under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) for response costs incurred in cleaning up the Boat Channel. The United States claimed cleanup costs incurred in the amount of $16,229,804.41. The Airport Authority and the Port District reached a settlement with the United States whereby the Airport Authority and the Port District collectively agreed to pay the United States 15% of its recoverable costs plus statutory interest, amounting to $2,462,848.59. The Airport Authority and the Port District executed a consent decree to effectuate the settlement, which was duly published and lodged by the United States Department of Justice and ultimately entered by the United States District Court on June 18, 2024. On July 16, 2024, the Airport Authority made final payment to the United States in the amount of $1,232,424.30.

The City also alleged claims against the Airport Authority and the Port District for response costs it incurred separate and apart from those sought by the United States. The Airport Authority, the Port District and United States challenged the sufficiency of the City's pleadings for these alleged response costs and the City ultimately agreed to voluntarily dismiss its claims against the Airport Authority and the Port District.

The Airport Authority and the Port District are no longer parties to the Action.

Per- and Polyfluoroalkyl Substances

Per- and Polyfluoroalkyl Substances ("**PFAS**") are a group of more than 3,000 synthetic chemicals that have been in use since the 1940s. PFAS are found in many products such as dental floss, food packaging materials, non-stick products, water repellant textiles, and fire-fighting foams. PFAS are used in the aerospace, automotive, chemical, electronics, metal coatings and plating, and textiles industries. In 2024, the FAA approved the use for airport operators to use Florine Free Foam (F3) instead of Aqueous Film Forming Foam ("**AFFF**") containing PFAS in their aircraft rescue and firefighting vehicles and fire suppression operating systems. The Airport Authority made this transition in 2024 and is now only using F3 in all aircraft rescue and fire fighting vehicles.

The EPA has determined that, due to the widespread use and persistence in the environment of PFAS, most people in the United States have been exposed to PFAS. The EPA also found evidence that continued exposure above specific levels to certain PFAS may lead to adverse health effects. Currently, the key PFAS classes of concern are perfluoroalkyl sulfonic acids, such as perfluorooctanesulfonate ("**PFOS**") and perfluorooctanoic acid ("**PFOA**"). The EPA released a statement in November 2016 summarizing available peer-reviewed studies on laboratory animals and epidemiological evidence in human populations as indicating that exposure to PFOA and PFOS over certain levels may result in adverse health effects including cancer, reproductive and developmental effects, liver effects, immune effects and other effects. In February 2019, the EPA issued a PFAS Action Plan. The PFAS Action Plan outlines EPA's strategy to better understand the health risks associated with PFAS and to develop tools for characterizing PFAS in the environment, cleanup approaches, and enforcement mechanisms.

On October 18, 2021, the EPA announced a comprehensive Strategic Roadmap as part of a broader White House initiative on the topic. The EPA is developing a Notice of Proposed Rulemaking to designate PFOA and PFOS as hazardous substances under the Resources Conservation and Recovery Act. Such designations would require facilities across the country to report on PFOA and PFOS releases that meet or exceed the reportable quantity assigned to these substances. The hazardous substance designations would also enhance the ability of federal, Tribal, state, and local authorities to obtain information regarding the location and extent of releases. The EPA or other agencies could also seek cost recovery or contributions for costs incurred for the cleanup.

On March 20, 2019, SWRCB issued "Water Code Section 13267 Order WQ-2019-0005-DWQ for the Determination of the Presence of PFAS" (the "**Airport Order**") to numerous airports in California, including SAN. The Airport Order identifies SAN as a facility that accepted, stored, or used materials that may contain PFAS. SAN previously used AFFF containing PFAS, as required by the FAA. The Airport Order required the Airport Authority to test soil and groundwater for 23 PFAS analytes, including PFOA and PFOS. The Airport Authority completed sampling at 12 different locations on SAN and submitted a formal completion report to SWRCB on December 10, 2019, noting that PFAS analytes were detectable in all of the collected groundwater samples, but were only detectable in soil samples at 8 of 12 locations. On June 10, 2021, SDRWQCB issued an additional Investigative Order requiring the Airport Authority to submit a Supplemental Work Plan to further delineate the vertical and lateral extents of PFAS-impacted media (soil, groundwater, and surface water). The Supplemental Work Plan was subsequently approved by the SDRWQCB and the Airport Authority filed its Supplemental Per- And PolyFluoroalkyl Substances Investigation Report with the SDRWQCB on August 1, 2023. SDRWQCB submitted additional comments on January 5, 2024, and a Revised Supplemental Report and response to comments were provided to

SDRWQCB on April 15, 2024. On August 19, 2024, SDRWQCB provided a letter to the Airport Authority confirming the completion of site investigations and issuing no further action.

Additionally, in October 2019, SWRCB issued "Water Code Sections 13267 and 13383 Order for the Determination of the Presence of PFAS Substances at Chrome Plating Facilities Order WQ-2019-0045-DWQ" (the "**Chrome-Plating Order**") in connection with chrome plating facilities located throughout the State. The Chrome-Plating Order identifies the former General Dynamics property on Pacific Highway, which the Airport Authority leases from the Port District, as a site of a previous chrome-plating facility. PFAS are used in the chrome-plating processes. [As of the date of this Official Statement, the Chrome-Plating Order has not been officially served on the Airport Authority, but it may eventually require the Airport Authority to respond to a questionnaire or, similar to the Airport Order, it may require testing of the affected site for the presence of PFAS.]

At this time, SDRWQCB has not established cleanup standards for PFAS or otherwise indicated what actions will be required for PFAS found in soil and groundwater at the Airport. Further, the extent to which PFAS poses a risk to human health and the environment is not yet well understood.

AIRPORT AUTHORITY SOCIAL AND GOVERNANCE EFFORTS

Central to the Airport Authority's purpose is to promote equality, belonging, connectedness, and a good quality of life for its employees and the community at-large. The Airport Authority strives to exceed its customers' expectations by introducing innovative service and facility enhancements and aims to achieve the highest level of internal and external customer satisfaction. The Airport Authority also endeavors to develop leaders and a workforce that reflects the community and assures the highest level of commitment and productivity. As a responsive member of the community, the Airport Authority works with surrounding neighborhoods and key groups to address the impacts from aircraft noise, traffic congestion, and other impacts.

Small and Disadvantaged Business

The Airport Authority is committed to the growth of the San Diego region and works to ensure that local, small, disadvantaged, disabled veteran and emerging businesses have every opportunity to work with the Airport Authority. The Airport Authority established Policy 5.12 in April 2009 which allows for preference to small businesses, veteran owned small businesses and local businesses in the award of Airport Authority contracts. In addition to make certain that small businesses have everything they need to compete, the Airport Authority has a strategy to build relationships with the business community that encourages conversation and participation, and provides education, training, and outreach both in person and online. This strategy includes:

The Airport Authority, in partnership with Turner Construction, hosts the Turner School of Construction Management. This seven-week program is a community outreach and education program offered twice a year to businesses. Participants gain needed technical, administrative and managerial skills to help develop new and strategic business relationships and target their business for quality growth.

The Airport Authority launched a Bonding and Contract Financing Assistance Program in December 2007 that assists small, disadvantaged contractors in establishing first-time bonding or increasing their current bonding capacity and financing for airport contract work. The Airport Authority focuses on developing the contractors enrolled in the program by encouraging enrollees to attend the Airport Authority's educational contractor workshops. Examples of topics covered are procurement 101, prevailing wage and labor compliance, and many more.

The Airport Authority has a Disadvantaged Business Enterprise Program ("**DBE**") and Airport Concession Disadvantaged Business Enterprise ("**ACDBE**") Program. It is a goal of the Airport Authority to ensure DBEs and ACDBEs have an equal opportunity to receive and participate in construction, professional services and concession opportunities through the implementation of race-neutral and gender-neutral measures to meet overall DBE and ACDBE goals. Such measures include community outreach, attending pre-submittal meetings, unbundling large projects into smaller contractors, maintaining a directory of ACDBE and DBEs, hosting training seminars, hosting a Supplier Outreach Day, webinars and panels on important topics such as Concessionaire and ACDBE Panel, ACDBE and DBE certifications, ACDBE joint venture compliance, and other important topics.

In furthering outreach to assist small, disadvantaged, local and veteran owned small businesses and maximize their participation on Airport Authority contracts, the Airport Authority requires prime contractors to submit an Outreach Plan. The approach is a plan that describes a prime contractor's specific efforts toward small, local, and veteran owned business outreach and participation, and is primarily applied to large projects where subcontracting opportunities exist. All respondents bidding on a contract must put together an outreach plan to include, commitments and goals participation for small, disadvantaged, local and veteran owned small businesses.

The Airport Authority introduced an outreach initiative by hosting "Meet the Primes," which is an event for businesses to connect with and learn from the Airport Authority, prime contractors and concessionaires, San Diego's small business support service centers and public agencies. Businesses learn about the Airport Authority's Small Business Development Program, upcoming contract opportunities, and need-to-know topics that can help their business.

The Airport Authority hosts a Veteran Appreciation Panel that provides information about new opportunities and programs for veteran businesses and helps the Airport Authority explore how to work together with the veteran-business community.

Employee Development

The Airport Authority is committed to employee development. The Airport Authority not only believes in but acts on the core value of learning which states, "We believe that continuous learning and personal involvement are job responsibilities." Examples of learning opportunities include: robust learning management system with over 1200 eLearning courses; monthly one hour career development sessions; creating and reviewing performance management and coaching plans every four months; job shadow and mentorship programs and frequent wellness and health and safety activities. In addition to these activities, the Airport Authority provides specific training to the Airport Traffic Officers ("**ATO**") known as ATO University. The ATO University program is designed to coordinate specific lessons with activities in the field such as customer interactions, citations, and taxi hold lot operations. The Facilities Maintenance Department ("**FMD**") offers specific training for plumbing, electrical, mechanical and carpentry skills that has enabled FMD to empower the employees hired on as maintenance workers to understand that other opportunities within the department are possible if training and educational requirements are met. The Airport Authority also offers a Tuition Reimbursement Program that is available to all employees who are working towards a college degree or are upgrading their skill set in an accredited program.

Airport Authority Governance

See "THE AIRPORT AUTHORITY" above for a discussion of governance at the Airport Authority.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Senior Series 2025 Bonds involve investment risk and may not be suitable for all investors. The factors set forth below, among others, may affect the security of the Senior Series 2025 Bonds. Prospective investors are urged to read this Official Statement, including its appendices, in its entirety. The factors set forth in this Official Statement, among others, may affect the security for and/or trading value of the Senior Series 2025 Bonds. The information contained in this Official Statement relates solely to the Senior Series 2025 Bonds and speaks only as of the date of this Official Statement. The information in this Official Statement does not purport to be a comprehensive or complete discussion of all risks or other considerations that may be relevant to an investment in the Senior Series 2025 Bonds. Other factors may exist which may be material to investors based on their respective individual characteristics. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. Additional risk factors relating to the purchase of Senior Series 2025 Bonds are described throughout this Official Statement, whether or not specifically designated as risk factors. Additional risks and uncertainties not presently known, or currently believed to be immaterial, may also materially and adversely affect, among other things, Revenues, Net Revenues and Subordinate Net Revenues or individual investors. In addition, although the various risks discussed in this Official Statement are generally described separately, prospective investors of the Senior Series 2025 Bonds should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased. There can be no assurance that other risks or considerations not discussed in this Official Statement are or will not become material in the future.

Senior Series 2025 Bonds Are Special Obligations

The Senior Series 2025 Bonds are special obligations of the Airport Authority, payable solely from and secured by a pledge of and first lien on (a) Net Revenues, which include certain income and revenue received by the Airport Authority from the operation of the Airport System less all amounts that are required to pay the Operation and Maintenance Expenses of the Airport System; and (b) certain funds and accounts held by the Senior Trustee under the Senior Indenture. None of the properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Senior Series 2025 Bonds, and neither the full faith and credit nor the taxing power of the Airport Authority, the City, the County, the State or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Senior Series 2025 Bonds.

Factors Affecting the Airline Industry

General. Key factors that affect airline traffic at SAN and the financial condition of the airlines, and, therefore, the amount of Net Revenues available for payment of the Senior Series 2025 Bonds, include: local, regional, national and international economic and political conditions; international hostilities; world health concerns; aviation security concerns; accidents involving commercial passenger aircraft; changes in law, local, State and federal regulations and the application thereof; airline service and routes; airline airfares and competition; airline industry economics, including labor relations and costs; availability and price of aviation fuel (including the ability of airlines to hedge fuel costs); regional, national and international environmental regulations; airline consolidation and mergers; capacity of the national air traffic control and airport systems; capacity of SAN and competition from other airports for connecting traffic; and business travel substitutes, including teleconferencing, videoconferencing and web-casting.

The airline industry is highly cyclical and is characterized by intense competition, high operating and capital costs and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. The profitability of the airline industry can fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the terrorist attacks of September 11, 2001, the economic recession that occurred between 2008 and 2009 and the COVID-19 pandemic. Other business decisions by airlines, such as the reduction, or elimination, of service to unprofitable markets, increasing the use of smaller, regional jets and changing hubbing strategies have also affected air traffic at SAN and could have a more pronounced effect in the future.

In addition to revenues received from the airlines, the Airport Authority derives a substantial portion of its revenues from concessionaires including parking operations, food and beverage concessions, retail concessions, car rental companies, and others. See "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES" and "FINANCIAL INFORMATION." Declines in passenger traffic at SAN may adversely affect the commercial operations of many of these concessionaires. While the Airport Authority's agreements with concessionaires require the concessionaires to pay a MAG, severe financial difficulties could lead to a failure by a concessionaire to make the required payments or could lead to the cessation of operations of such concessionaire. At the beginning of the COVID-19 pandemic, in order to provide financial assistance to the concessionaires, the Airport Authority abated certain fees and rents payable by the concessionaires. The new concession agreements for the new Terminal 1 include a provision that allows for a temporary MAG suspension due to a severe decline in enplanements.

Many of these factors are outside the Airport Authority's control. Changes in demand, decreases in aviation activity and their potential effect on enplaned passenger traffic at SAN may result in reduced Revenues and PFCs. Following are just a few of the factors affecting the airline industry including, regional and national economic conditions, threats of terrorism, costs of aviation fuel, and airline concentration. See also "—Aviation Security Concerns" below for additional discussion on the costs of security.

Economic Conditions. Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economies. See "APPENDIX A—FINANCIAL FEASIBILITY REPORT—3.11 Sources of Forecast Risk and Uncertainty."

Threats of Terrorism. Recent and ongoing terrorist attacks and threats of terrorism have had, and may continue to have, a negative impact on air travel. The Airport Authority cannot predict the likelihood of future incidents similar to the terrorist attacks of September 11, 2001 or the terrorist attacks that occurred in Nice, Munich, Paris, Brussels and Istanbul in 2015 and 2016, the likelihood of future air transportation disruptions or the impact on the Airport Authority or the airlines operating at SAN from such incidents or disruptions.

Cost of Aviation Fuel. Airline earnings are significantly affected by changes in the price of aviation fuel. According to Airlines for America, fuel, along with labor costs, is one of the largest cost components of airline operations, and continues to be an important and uncertain determinate of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world, including the war between Ukraine and Russia and the conflict between Israel and Hamas in the Gaza Strip, and historically, in the oil-producing nations in the Middle East and North Africa, Organization of Petroleum Exporting Countries policy, the growth of economies around the world, the levels of inventory carried by industries, the amounts of reserves maintained by governments, disruptions to production and refining facilities and weather. The price of aviation fuel rose to an all-time high of approximately $4.04 per gallon in June 2022. According to the U.S. Bureau of Transportation Statistics, the price of aviation fuel averaged approximately $[•] per gallon during 2024. For comparison purposes, according to the U.S. Bureau of Transportation Statistics, between 2018 and 2022, the price of aviation fuel averaged approximately $2.18 per gallon per year. Significant and prolonged increases in the cost of aviation fuel are likely to have an adverse impact on air transportation industry profitability and hamper the recovery plans and cost-cutting efforts of certain airlines..

Airline Concentration; Effect of Airline Industry Consolidation. The airline industry continues to evolve as a result of competition and changing demand patterns and it is possible the airlines serving SAN could consolidate operations through acquisition, merger, alliances and code share sales strategies. Examples of airlines mergers occurring over the last several years include: (a) in 2008, Delta acquired Northwest and its affiliated Air Carriers, Mesaba, Pinnacle (now known as Endeavor) and Compass Airlines; (b) on October 1, 2010, United Airlines and Continental Airlines merged and United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012; (c) on May 2, 2011, Southwest acquired Air Tran, and Southwest and Air Tran began operating as a single airline (under the Southwest brand) in March 2012; (d) on December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc., and American and US Airways began operating as a single airline (under the American brand) in October 2015; (e) in December 2016, Alaska Air Group acquired Virgin America; and (f) in September 2024, Alaska Air Group acquired Hawaiian Airlines. To date none of these mergers have had any material impact on airline service or enplanements at SAN. While these prior mergers have not had any material impact on airline service or enplanements at SAN or on Revenues, future mergers or alliances among airlines operating at SAN may result in fewer flights or decreases in gate utilization by one or more airlines. Such decreases could result in reduced Revenues, reduced PFC collections and/or increased costs for the other airlines serving SAN.

Industry Workforce Shortages. Workforce and labor shortages are an aviation industry-wide issue. For example, a shortage in pilots have especially affected smaller regional airlines. There are several causes for such shortage. Congress changed duty time rules in 2010 to mitigate pilot fatigue, which required airlines to increase pilot staff. Beginning in 2013, first officers flying for commercial airlines were required to have at least 1,500 hours of flight time, instead of the 250 hours previously required. Additionally, at the onset of the COVID-19 pandemic, airlines were faced with a surplus of personnel resulting from the sudden and dramatic decline in traffic. As a result, airlines offered their employees buyouts and early retirement packages and, according to certain media reports, approximately 10% of pilots took early retirement. Other factors include an aging pilot workforce and fewer new pilots coming out of the military. Further, as passenger demand increases as air traffic demand returns, the major air carriers are anticipated to need additional pilots, and are generally able to hire pilots away from regional airlines. As a result, small regional airlines have a particularly difficult time hiring qualified new pilots, despite increased incentives. The shortage of pilots available to regional airlines may result in reduced service to some smaller U.S. markets. An additional concern regarding the pilot workforce has recently come to light due to the COVID-19 pandemic. Pilots have self-reported increased errors to NASA's Aviation Safety Reporting System and attributed their errors to the reduction in flights, which has meant less time for pilots in the cockpit. Such reports raise the possible need for retraining opportunities as the airline industry recovers.

In addition to the pilot shortage, over the next decade there could be a shortage of qualified mechanics to maintain the airlines' fleet of planes. This potential shortage is a result of an aging pool of mechanics, a large portion of which are expected to retire in the next decade, and a lack of younger people joining the ranks of the mechanics. A shortage of mechanics could raise the cost of maintenance, require airlines to maintain more spare planes and/or result in increased flight cancellations and delays.

Additionally, the national air traffic control system has been affected by a shortage of air traffic controllers. These labor shortages are ongoing and could have an impact on the airline system generally and on operations at SAN and the Airport Authority's revenues and financial condition.

Aircraft Shortages. After retiring numerous aircraft during the COVID-19 pandemic, airlines are struggling to acquire sufficient aircraft to meet growing demand for air service in the United States and abroad. Those challenges are compounded because aircraft manufacturers, including Airbus and Boeing, have experienced delays in producing and delivering aircraft. Such delays result from several factors, including supply-chain disruptions, staffing shortages and FAA certification delays. Delays in aircraft delivery may hamper airlines' ability to increase capacity to meet travel demand. If such aircraft-delivery delays persist, airlines could reduce service domestically and internationally, including from SAN.

Bankruptcy by Airlines and Concessionaires

A bankruptcy of an airline or of another tenant or tenants operating from SAN could result in delays or reductions in payments on the Senior Series 2025 Bonds.

Since December 2000, several airlines that currently operate at SAN, including, among others, United Airlines, Delta Air Lines, American Airlines, Frontier Airlines and Spirit Airlines, have filed for and reorganized under bankruptcy protection. Certain concessionaires and rental car companies also have filed for bankruptcy protection over the last several years, including Hertz Corporation in 2020. Additional bankruptcy filings may occur in the future. The bankruptcy of an airline with significant operations at SAN could have a material adverse effect on operations of SAN, Revenues, and the cost to the other airlines operating at SAN.

In the event of a bankruptcy by an airline or other tenant operating from SAN, the automatic stay provisions of the United States Bankruptcy Code (the "**Bankruptcy Code**") could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by an airline or other tenant to the Airport Authority or any action to enforce any obligation of an airline or other tenant to the Airport Authority. With the authorization of the bankruptcy court, an airline or other tenant may be able to repudiate some or all of its agreements with the Airport Authority and stop performing its obligations (including payment obligations) under such agreements. Such a repudiation also could excuse the other parties to such agreements from performing any of their obligations. An airline or other tenant may be able, without the consent and over the objection of the Airport Authority to alter the terms, including the payment terms, of its agreements with the Airport Authority, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, with the authorization of the bankruptcy court, an airline or other tenant may be able to assign its rights and obligations under any of its agreements with the Airport Authority to another entity, despite any contractual provisions prohibiting such an assignment. The Senior Trustee and the holders of the Senior Series 2025 Bonds may be required to return to an airline or other tenant as preferential transfers any money that was used to make payments on the Senior Series 2025 Bonds and that was received by the Airport Authority or the Senior Trustee from such airline or other tenant during the 90 days immediately preceding the filing of the bankruptcy petition. Claims by the Airport Authority under any lease with an airline or agreement with another tenant may be subject to limitations.

As described under "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program—Passenger Facility Charges," the airlines serving SAN also are required to pay to the Airport Authority PFCs collected from enplaned passengers at SAN. The PFC Act provides that PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (i.e., the Airport Authority) imposing the PFCs, except for any handling or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds in their respective financial statements. However, the airlines, provided they are not under bankruptcy protection, are permitted to commingle PFC collections with other revenues. The bankruptcy courts have not fully addressed such trust arrangements. Therefore, the Airport Authority cannot predict how a bankruptcy court might rule on this matter in the event of a bankruptcy filing by one of the airlines operating at SAN. The PFC Act requires an airline in bankruptcy protection to segregate PFC collections from all of its other revenues. It is possible that the Airport Authority could be held to be an unsecured creditor with respect to unremitted PFCs held by an airline that has filed for bankruptcy protection. Additionally, the Airport Authority cannot predict whether an airline operating at SAN that files for bankruptcy protection would have properly accounted for the PFCs owed to the Airport Authority or whether the bankruptcy estate would have sufficient moneys to pay the Airport Authority in full for the PFCs owed by such airline. PFCs are not pledged to the repayment of any Senior Bonds (including the Senior Series 2025 Bonds) or Subordinate Obligations, however, the Airport Authority has in the past and expects to in the future use PFCs to pay debt service on PFC Eligible Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Use of PFCs to Pay Debt Service."

Each Non-Signatory Airline operating at SAN is required to provide the Airport Authority with a letter of credit equal to approximately three months of estimated obligations payable by the airline to the Airport Authority. In the event of bankruptcy of a Non-Signatory Airline, the Airport Authority would be able to draw on any such letter of credit to pay obligations owed by the bankrupt airline. Payments under any letter of credit may not be sufficient to pay the Airport Authority all amounts owed by the bankrupt airline. Signatory Airlines are not required to provide a letter of credit or any other form of security deposit with the Airport Authority. However, in the event a Signatory Airlines were to file for bankruptcy protection and subsequently failed to pay any obligations owed to the Airport Authority, pursuant to the terms of the Airline Lease Agreement, the Airport Authority would be allowed to collect those unpaid obligations from the Signatory Airlines that continue to operate from the Airport as part of the landing fees and terminal rentals charged to the Signatory Airlines.

There may be delays in payments to the Airport Authority and resulting delays in the payment of principal of and interest on the Senior Series 2025 Bonds while the court considers any of the issues described above. There may be other possible effects of a bankruptcy of an airline or other tenant that could result in delays or reductions in payments on the Senior Series 2025 Bonds. Regardless of any specific adverse determinations in an airline or other tenant bankruptcy proceeding, the fact of an airline or other tenant bankruptcy proceeding could have an adverse effect on the liquidity and value of the Senior Series 2025 Bonds.

Southwest Airlines – SAN's Largest Carrier

In Fiscal Year 2025, Southwest Airlines accounted for approximately 34.4% of the total enplaned passengers at SAN. Where an airport has a sizable market share accounted for by a single airline, there is risk associated with the potential for that airline to reduce or discontinue service. However, in the case of Southwest Airlines at SAN, this risk is mitigated by the following factors: (a) except during the COVID-19 pandemic, Southwest Airlines has been generally a profitable airline; and (b) the development of service by Southwest Airlines at SAN has demonstrated a large O&D passenger demand that could be served by other airlines at SAN in the unlikely event Southwest Airlines were to reduce service at SAN.

Over the last several months, Southwest Airlines has implemented several significant policy changes, including, among others, assigned seating and fees for most checked baggage. The Airport Authority cannot predict if these changes or any additional policy changes will result in reduced passengers flying on Southwest Airlines to San Diego, or what effect a reduction or discontinuation of service by Southwest Airlines would have on the Airport Authority or Revenues, or whether another airline would absorb the service provided by Southwest Airlines.

Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of international hostilities (such as those that have occurred and continue to occur in the Middle East), terrorist attacks (see "—Factors Affecting the Airline Industry—Threats of Terrorism" above), increased threat levels declared by the Department of Homeland Security may influence passenger travel behavior and air travel demand. The Airport Authority cannot predict whether SAN will be a target of terrorists in the future. Additionally, the Airport Authority cannot predict the effect of any future government-required security measures on passenger activity at SAN.

Additionally, since 2018 several airline crashes and mid-air incidents have occurred around the world, including, among others (a) a Boeing 737 MAX aircraft operated by Lion Air crashed off the coast of Indonesia killing all onboard, (b) a Boeing 737 MAX aircraft operated by Ethiopian Airlines crashed in Ethiopia killing all onboard, (c) a panel in the aircraft fuselage of a Boeing 737 MAX aircraft blew out mid-flight (all passengers survived), (d) a PSA Airlines Bombardier CRJ700 regional jet operated by American Airlines collided with a helicopter on final approach to Reagan Washington National Airport killing all on board the plane and the helicopter, and (e) a CRJ regional jet operated by Endeavor Air crashed while landing at Toronto Pearson International Airport (all passengers survived).

Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Regulations and Restrictions Affecting SAN

The operations of SAN are affected by a variety of contractual, statutory and regulatory restrictions and limitations including, without limitation, the provisions of the Airline Lease Agreements, the federal acts authorizing the imposition, collection and use of PFCs and extensive federal legislation and regulations applicable to all airports in the United States. In the aftermath of the terrorist attacks of September 11, 2001, SAN also has been required to implement enhanced security measures mandated by the FAA, the Department of Homeland Security and Airport management.

It is not possible to predict whether future restrictions or limitations on operations at SAN will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for SAN, whether additional requirements will be funded by the federal government or require funding by the Airport Authority, or whether such restrictions or legislation or regulations would adversely affect Revenues. See "—Aviation Security Concerns" above.

State Tidelands Trusts

Nearly all of the land on which SAN's facilities are located is held in trust by the Port District pursuant to tidelands grants from the State. Generally, the use of lands subject to the trust is limited under the terms of the grants to harbor and airport uses and other uses of statewide interest, such as fishing, public recreation and enjoyment of the waterfront. Pursuant to the Act, the Port District has leased the land on which SAN is located to the Airport Authority until 2069. There also are certain limitations on the use of funds generated from facilities located on this land. However, none of the various restrictions are expected to affect the operations of SAN or the finances of the Airport Authority. The grants may be subject to amendment or revocation by the State legislature, as grantor of the trust and as representative of the beneficiaries (the people of the State). Under the law, any such amendment or revocation could not impair the accomplishment of trust purposes, or abrogate the existing covenants and agreements between the Port District, as trustee, the Airport Authority, as lessee, and the Airport Authority's bondholders. The Airport Authority does not anticipate that the State will revoke the tidelands grants.

Federal Law Affecting Airport Rates and Charges

In general, federal aviation law requires that airport fees charged to airlines and other aeronautical users be reasonable and that in order to receive federal grant funding, all airport generated revenues must be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner that are directly and substantially related to air transportation of passengers or property. The Airport Authority is not aware of any formal dispute involving SAN over any existing rates and charges. The Airport Authority believes that the rates and charges methodology it utilizes and the rates and charges it imposes upon air carriers, foreign air carriers and other aeronautical users are reasonable and consistent with applicable law. However, there can be no assurance that a complaint will not be brought against the Airport Authority in the near-term or in the future, challenging such methodology and the rates and charges established by the Airport Authority, and if a judgment is rendered against the Airport Authority, there can be no assurance that rates and charges paid by aeronautical users of SAN will not be reduced. An adverse determination in a future challenge could limit the ability of the Airport Authority to charge airlines rates sufficient to meet the rate covenants in the Master Senior Indenture and the Master Subordinate Indenture and could have a material adverse impact on the receipt of Revenues.

Additionally, the policies of the FAA prohibit an airport from making direct or indirect payments that exceed the fair and reasonable value of the respective services and facilities provided to the airport. The Port District provides certain services to the Airport Authority and leases several parcels of land to the Airport Authority. If the FAA were to rule that the Airport Authority's payments to the Port District for the services provided by the Port District and/or for the lease of the several parcels of land to the Airport Authority violate the policies of the FAA, the Airport Authority would be solely responsible for correcting any such violations. If the Airport Authority violates the policies of the FAA, the FAA may withhold payment of AIP grants or rescind the Airport Authority's ability to collect PFCs until the Airport Authority corrects such violation. The Airport Authority is not aware of any challenges by the FAA to the payments being made by the Airport Authority to the Port District.

Restrictions on Airport Facilities and Operations

There are restrictions on the Airport Authority's ability to expand and develop facilities at SAN. Current conditions at SAN make the addition of a runway difficult. Obstacles to runway expansion include significant geographic obstructions, major land acquisition requirements, extensive infrastructure impacts, increased noise impacts and community resistance. Geographic obstructions include high terrain to the northeast and southwest of SAN and manmade obstructions, such as office buildings, to the northeast, east and southeast of SAN. See "SAN DIEGO INTERNATIONAL AIRPORT—Existing Facilities."

There also are direct restrictions on aircraft departures at SAN, primarily relating to noise abatement. Specifically, departures from SAN between 11:30 p.m. and 6:30 a.m. (known as Curfew) may be subject to penalty, and no airline may schedule or advertise for a departure between 11:15 p.m. and 6:15 a.m. These restrictions are subject only to limited exceptions including emergency and mercy flights. Landings at SAN are not prohibited during the Curfew. See "AIRPORT ENVIRONMENTAL MATTERS—Airport Noise."

These restrictions on facilities and operations may limit the number of passengers and flights which SAN can accommodate in the future which, in turn, may limit the amount of Revenues the Airport Authority can generate.

Factors Affecting Capital Program

As described herein, the Airport Authority is undertaking a significant capital development program at SAN. The Airport Authority has entered into and will enter into agreements for the construction of such capital improvements. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT." The Airport Authority anticipates that such contracts will be subject to adjustment for a variety of circumstances, including higher than anticipated costs of labor and materials or subcontractor bids, changes in scope, unforeseen site conditions and force majeure events. The estimated costs of, and the projected schedule for, the capital development program are subject to a number of uncertainties. The ability of the Airport Authority to complete the New T1 may be adversely affected by various factors including: (a) estimating errors; (b) design and engineering errors; (c) changes to the scope of the projects, including changes to federal security regulations; (d) delays in contract awards; (e) material and/or labor shortages; (f) unforeseen site conditions; (g) adverse weather conditions and other force majeure events; (h) contractor defaults; (i) labor disputes; (j) unanticipated levels of inflation and tariffs on construction materials; and (k) environmental issues. No assurance can be made that the New T1 will not cost more than the current budget. Any schedule delays or cost increases could result in the need to issue additional indebtedness and may result in increased costs per enplaned passenger to the airlines, thereby making SAN less economically competitive. There can be no assurances that significant increases in costs over the amounts projected by the Airport Authority will not materially adversely affect the financial condition or operations of SAN.

Some of the risks described in the prior paragraph have been mitigated by the Airport Authority. For example, the GMP for the Terminal and Roadways Component secures the price for design and construction and includes allocations for known and unknown risks including cost escalation. As of March 31, 2025, the Terminal and Roadways Component was over 65% complete and over 98% of trade packages were under contract. Additionally, the Airport Authority has the full $113.7 million remaining in the New T1 program to cover any contingencies related to the construction of the projects included in the New T1.

Unavailability of, or Delay in, Anticipated Funding Sources

As described herein, the Airport Authority anticipates that funding for the New T1 and the CIP has been and will be provided through a combination of proceeds of the Senior Series 2025 Bonds, the previously issued Subordinate Series 2019 Bonds, Subordinate Series 2021A/B Bonds and Senior Series 2023 Bonds, Additional Senior Bonds and/or Additional Subordinate Obligations, internally generated cash of the Airport Authority, PFC revenues on a pay-as-you-go basis, AIP and BIL grants, and other sources. See "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program" and "APPENDIX A—FINANCIAL FEASIBILITY REPORT" for a description of the financing plan for the New T1 and the CIP. In the event that any of such sources are unavailable for any reason, including unavailability of internally generated cash flow; reduction in the amount of PFCs or AIP or BIL grants available to the Airport Authority; non-appropriation of, or delay in payment of, federal funds or grants; the inability of the Airport Authority to issue or sell Additional Senior Bonds and/or Additional Subordinate Obligations; or any other reason, the completion of the New T1 and the projects included in the CIP could be substantially delayed and financing costs could be higher than projected. There can be no assurances that such circumstances will not materially adversely affect the financial condition or operations of SAN and the Airport Authority.

Availability of PFCs. In Fiscal Years 2026 through 2031, the Airport Authority expects to use approximately $19.0 million of PFCs on a pay-as-you-go basis to finance costs of the Quieter Home Program. Additionally, in Fiscal Years 2026 through 2031, the Airport Authority expects to use approximately $368.3 million of PFCs to pay debt service on PFC Eligible Bonds (including a portion of the Subordinate Series 2019A Bonds, a portion of the Subordinate Series 2020 Bonds, a portion of the Subordinate Series 2021 Bonds, a portion of the Senior Series 2023 Bonds, [and a portion of the Senior

Series 2025 Bonds). See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Use of PFCs to Pay Debt Service" and "APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT."

The amount of PFCs received by the Airport Authority in future years will vary based upon the actual number of PFC-eligible passenger enplanements at SAN. No assurance can be given that any level of enplanements will be realized. See "—Factors Affecting the Airline Industry" above. Additionally, the FAA may terminate the Airport Authority's ability to impose the PFC, subject to informal and formal procedural safeguards, if (a) PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the PFC Regulations; or (b) the Airport Authority otherwise violates the PFC Act or the PFC Regulations. Its authority to impose the PFC may also be terminated if the Airport Authority violates certain provisions of ANCA and its implementing regulations. The regulations under ANCA also contain procedural safeguards to ensure that the Airport Authority's ability to impose a PFC would not be summarily terminated. No assurance can be given that the Airport Authority's ability to impose the PFC will not be terminated by Congress or the FAA, that the PFC program will not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the Airport Authority or that the Airport Authority will not seek to decrease the amount of the PFC to be collected.

A shortfall in PFC revenues, as a result of the FAA or Congress reducing or terminating the Airport Authority's ability to collect PFCs or as a result of any other actions, may cause the Airport Authority to increase rates and charges at SAN to meet the debt service requirements on the PFC Eligible Bonds that the Airport Authority plans to pay with PFCs, and/or require the Airport Authority to identify other sources of funding to pay for the costs of the Capital Program projects currently expected to be paid with PFC revenues, including issuing Additional Senior Bonds and/or Additional Subordinate Obligations.

Availability of Federal Funds. See also "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program—Federal Funding," for a discussion of the assumptions with respect to AIP and BIL grant funding. Although the Airport Authority considers these assumptions to be reasonable, assumptions are inherently subject to certain uncertainties and contingencies. Actual AIP and BIL funding levels and the timing of the receipt of such funds vary and such differences may be material. Funds obligated for the AIP are drawn from SAN and Airway Trust Fund that is supported by user fees, fuel taxes, and other similar revenue sources that must be authorized and approved by Congress.

If there is a reduction in the amount of AIP or BIL grants awarded to the Airport Authority, such reduction could (i) increase by a corresponding amount the capital expenditures that the Airport Authority would need to fund from other sources (including operating revenues, Additional Senior Bonds or Additional Subordinate Obligations), (ii) result in cancellation of certain Capital Program projects or (iii) extend the timing for completion of certain projects.

[Additionally, on January 27, 2025, the Office of Management and Budget ("**OMB**") issued a memorandum (the "**OMB Memorandum**"), pausing funding for financial assistance programs that "may be implicated" by President Trump's recent Executive Orders. On January 28, 2025, advocacy groups filed a lawsuit in U.S. District Court for the District of Columbia, challenging the pause under the Administrative Procedure Act, and the judge issued an administrative stay the same day. On January 28, 2025, a group of State Attorneys General filed another lawsuit in U.S. District Court in Rhode Island. On January 29, 2025, OMB rescinded the OMB Memorandum, but stated the federal funding freeze is still in effect. On January 31, 2025, in response to the Trump Administration stating the funding freeze is still in effect, the judge in the U.S. District Court in Rhode Island, issued a temporary restraining order stating, "agencies shall not pause, freeze, impede, block, cancel, or terminate compliance with awards and obligations to provide federal financial assistance "to the States," and agencies shall not impede the States' access to such awards and obligations…". This temporary restraining order will be in effect until the District Court rules on the request for preliminary injunction. – update]

The loss of state and/or federal funds in any significant amount could negatively impact certain of the projects financed with the Senior Series 2025 Bonds, SAN's overall financial position, and potentially its rating.

Cyber and Data Security

Airport Authority. The Airport Authority, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Airport Authority faces multiple cyber threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computers and other sensitive digital networks and systems (collectively, "**Systems Technology**"). There have been cyber-attack attempts on the Airport Authority's computer systems, but none have resulted in widespread compromise of the systems, data loss or breach that the Airport Authority has identified.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Airport Authority's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

The Airport Authority has taken extensive measures to safeguard its Systems Technology against cybersecurity threats. To name a few, the Airport Authority has obtained PCI (Payment Card Industry) compliance for all systems processing, storing, or transmitting credit card data; the Airport Authority has implemented the NIST (National Institute of Standards Technology) framework consisting of standards, guidelines, and best practices to manage cybersecurity related risk; the Airport Authority has engaged the Department of Homeland Security to conduct risk and vulnerability assessments of its Systems Technology; annually, the Airport Authority conducts incident response table top exercises to simulate a data breech provide Airport Authority wide training to staff and contractors on cybersecurity best practices; the Airport Authority has implemented TSA amendments for aircraft operators to develop plans that describe measures to improve cybersecurity resilience; and the Airport Authority develops TSA directive cyber incident response plans to reduce the risk of operational disruption should information or operational technology systems be impacted by a cyber incident.

No assurances can be given that the Airport Authority's security and operational control measures will ensure against any and all cybersecurity threats and attacks. A cybersecurity incident or breach could damage the Airport Authority's Systems Technology and cause disruption to Airport Authority and/or Airport services, operations and finances. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the Airport Authority to material litigation and other legal risks, which could cause the Airport Authority to incur material costs related to such legal claims or proceedings. The Airport Authority will continue to assess cyber threats and protect its data and systems.

Airlines, Concessionaires and Other Entities Operating at the Airport. Computer networks and data transmission and collection are vital to the efficient operation of the airline industry. Air travel industry participants, including the airlines, the FAA, the TSA, the concessionaires and others collect and store sensitive data, including intellectual property, proprietary business information, information regarding customers, suppliers and business partners, and personally identifiable information of customers and employees. The secure processing, maintenance and transmission of this information is critical to air travel industry operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in the efficiency of the air travel industry, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, operations and the services provided, and cause a loss of confidence in the air travel industry, which could ultimately adversely affect the airline industry and operations at the Airport System.

Federal Funding; Impact of Federal Sequestration

The Airport Authority receives certain federal funds including from the AIP fund. Additionally, certain operations at the Airport are supported by federal agencies including flight traffic controllers, FAA, TSA, FBI, Customs and Border Security, among others. Federal agencies also have regulatory and review authority over, among other things, certain Airport operations, construction at the Airport and the airlines operating at the Airport.

From time to time, the federal government has, and may in the future, come to an impasse regarding, among other things, reauthorization of the FAA (which has historically included funding for AIP) and other federal appropriations and spending. The current FAA reauthorization became effective on May 16, 2024, with the passage of the "FAA Reauthorization Act of 2024" (the "**2024 FAA Act**"). The 2024 FAA Act provides funding for the FAA and AIP through September 30, 2028.

Failure to adopt such legislation may have a material, adverse impact on, among other things, (i) federal funding received by the Airport Authority, including under the AIP; (ii) federal agency budgets, hiring, furloughs, operations and availability of Federal employees to support certain operations at the Airport, provide regulatory and other oversight, review and provide required approvals, in each case at the Airport and over the airlines serving the Airport; (iii) flight schedules, consumer confidence, operational efficiency at the Airport and in the air transportation system generally. In addition, the anticipated federal spending could be affected by, among other things, the automatic across-the-board spending cuts, known as sequestration.

There can be no assurance that the Congress will enact and the President will sign federal appropriation legislation or future FAA reauthorization which may require the Airport Authority to fund capital expenditures forecast to come from such federal funds and from other sources (including operating revenues, Additional Senior Bonds and/or Additional Subordinate Obligations), result in decreases to the CIP or extend the timing for completion of certain projects and the Airport Authority is also unable to predict future impact of any federal spending cuts or appropriation impasses or the impact of such actions on airline traffic at the Airport or the Airport Authority's revenues.

Technological Innovations in Ground Transportation

One significant category of non-airline revenues for the Airport Authority is generated from ground transportation activity, including use of on-Airport parking garages; fees paid by taxis, limousines and TNCs, such as Uber and Lyft; and rental car transactions by Airport passengers. Prior to the COVID-19 pandemic, passenger levels were increasing but the relative market share of these sources of revenue were shifting. As one example, the popularity of TNCs increased because of the increasing number of cities where TNCs operate, convenience of requesting a ride through a mobile application, the ability to pay for this service without providing cash or other payment to the hired driver, and competitive pricing. See "AGREEMENTS FOR THE USE OF AIRPORT FACILITIES—TNC Permits."

New technologies (such as autonomous vehicles and connected vehicles) and innovative business strategies in established markets such as commercial ground transportation and car rental may continue to occur and may result in further changes in Airport passengers' choice of ground transportation mode. While the Airport Authority makes every effort to anticipate demand shifts, there may be times when the Airport Authority's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The Airport Authority cannot predict with certainty what impact these innovations in ground transportation will have over time on revenues from parking, other ground transportation services or rental cars. The Airport Authority also cannot predict with certainty whether or to what extent it will collect non-airline revenues in connection with such new technologies or innovative business strategies.

Financial Feasibility Report

The Financial Feasibility Report included as Appendix A to this Official Statement contains certain assumptions and forecasts. The Financial Feasibility Report should be read in its entirety for a discussion of historical and forecasted results of enplanements, operations and debt service coverage and the assumptions and rationale underlying the forecasts. As noted in the Financial Feasibility Report, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material.

Accordingly, the projections contained in the Financial Feasibility Report or that may be contained in any future certificate of the Airport Authority or a consultant are not necessarily indicative of future performance, and neither the Feasibility Consultant nor the Airport Authority assumes any responsibility for the failure to meet such projections. In addition, certain assumptions with respect to future business and financing decisions of the Airport Authority are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the Senior Series 2025 Bonds are cautioned not to place undue reliance upon the Financial Feasibility Report or upon any projections or requirements for projections. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the amount of Revenues, Net Revenues, Subordinate Net Revenues, PFCs and federal funds and grants may be materially less than expected and consequently, the ability of the Airport Authority to make timely payment of the principal of and interest on the Senior Series 2025 Bonds may be materially adversely affected.

Neither the Airport Authority's independent auditors, nor any other independent accountants have compiled, examined or performed any procedures with respect to the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Net Revenues forecast.

Impact of Potential Earthquakes

Although the San Diego area has not experienced any significant damage from seismic activities, the geographical area in which SAN is located is subject to unpredictable seismic activity. Southern California is characterized by a number of geotechnical conditions which represent potential safety hazards, including expansive soils and areas of potential liquefaction. The San Andreas, Rose Canyon, Elsinore and San Jacinto fault zones are all capable of producing earthquakes in the San Diego area. SAN has not experienced any significant losses of facilities or services as a result of earthquakes.

The main terminal buildings of SAN were seismically upgraded in the mid-1990s and comply with applicable building codes. However, SAN's facilities could sustain extensive damage in a major seismic event, ranging from total destruction of SAN, to destabilization or liquefaction of the soils, to little or no damage at all. There can be no assurances that damage resulting from an earthquake will not materially adversely affect the financial condition or operations of SAN or the ability of the Airport Authority to generate Net Revenues and Subordinate Net Revenues in the amounts required by the Senior Indenture and the Subordinate Indenture, as applicable. The Airport Authority does not currently maintain earthquake insurance, but as of June 30, 2024, the Airport Authority had designated approximately $14.6 million from its net position as an insurance contingency, which could be used in the event of damage to the Airport from an earthquake, among other things. Additionally, the Trump administration may reduce or cut FEMA fundings, which SAN intends to use in absence of earthquake insurance. See "FINANCIAL INFORMATION—Risk Management and Insurance." In addition to damage to the Airport facilities, an earthquake also could cause damage to the infrastructure surrounding the Airport (i.e., roads), which could make going to and leaving the Airport difficult for travelers wanting to use the Airport.

The Airport Authority is unable to predict when another earthquake may occur and what impact, if any, it may have on SAN or the finances of the Airport Authority or whether the Airport Authority will have sufficient resources to rebuild or repair damaged facilities following a major earthquake.

Climate Change

Possible Increased Regulations. Climate change concerns are leading to new laws and regulations at the federal and state levels that could have a material adverse effect on airlines operating at SAN and also could affect ground operations at SAN.

According to the EPA, aircraft account for 12% of all U.S. transportation GHG emissions and approximately 3% of total U.S. GHG emissions. On January 11, 2021, the EPA issued a final rule entitled "Control of Air Pollution from Airplanes and Airplane Engines: GHG Emission Standards and Test Procedures, 86 Fed. Reg. 2136 (Jan. 11, 2021)." The rule adopts GHG standards equivalent to those adopted by the International Civil Aviation Organization ("**ICAO**") in 2017 for certain civil subsonic jet airplanes and larger subsonic propeller-driven airplanes with turboprop engines. The standards generally apply to new type design airplanes with certification applications submitted on or after January 11, 2021 (January 1, 2023 for certain, smaller new designs) and in-production airplanes starting on January 1, 2028 — but not to existing airplanes already in service. In its analysis of costs and benefits in the preamble to the rule, the EPA explained that many airplanes manufactured in the United States "already met the ICAO standards at the time of their adoption" or would be expected to do so by 2028. The impact to the Airport is not expected to be significant, and the rule does not require modifications to airports.

In January 2021, a coalition of states including California filed a petition to review, challenging the final rule as unlawful and requesting remand to the EPA. The petitioners argued that the rule will not reduce aircraft emissions and cause no action by aircraft manufacturers. The EPA reviewed the rule pursuant to President Biden's Executive Order 13990, which directed agency review of regulations promulgated, issued or adopted between January 20, 2017 and January 20, 2021, and announced in November 2021 that it did not propose any changes to the rule. The petition to review the rule is pending.

In March 2017, ICAO, a specialized agency within the United Nations, adopted GHG carbon neutral growth targets applicable to (i) new aircraft type designs as of 2020 and (ii) new deliveries of current in-production aircraft models from 2023. The global standard includes a cutoff date of 2028 for production of non-compliant aircraft. Separate from the ICAO standards discussed above, in October 2016, the ICAO also passed a global market-based mechanism to achieve carbon-neutral growth for international aviation after 2020, the Carbon Offsetting and Reduction Scheme for International Aviation ("**CORSIA**"), which can be achieved through airline purchases of carbon offset credits.

Originally, 2019 and 2020 were modeled to be the baseline years for the CORSIA emissions reductions; however, in July 2020, the ICAO decided to implement a change to the CORSIA emissions baseline, disregarding 2020 emissions, to account for the significant impact of the COVID-19 pandemic artificially reducing emissions compared to the 2016 levels. While the change in baseline did not change the timeline for the above implementation phases, the altered baseline could delay until 2026 the effectiveness of the requirement for airlines to purchase carbon offset credits. The United States is participating in the CORSIA pilot, which did commence in 2021 as scheduled, and covers approximately 36% of international flights. Alongside the country's commitment, virtually all U.S.-based airlines agreed to participate in CORSIA. Additionally, participating nations are developing a monitoring, reporting and verification system for GHG emissions from international flights. It remains unclear whether CORSIA will have any impact, economically or on climate.

In addition to these regulatory actions, other laws and regulations limiting GHG emissions have been adopted by a number of states, including California, and have been proposed on the federal level. California passed Assembly Bill 32, the California Global Warming Solutions Act of 2006 ("**AB 32**"), which required the statewide level of GHGs to be reduced to 1990 levels by 2020. On October 20, 2011, CARB made the final adjustments to its implementation of AB 32: the California cap-and-trade program (the "**California Cap-and-Trade Program**"). In August 2016, Senate Bill 32 was enacted and extends the California Cap-and-Trade Program and requires a reduction of California-wide GHG emissions to 40% below 1990 levels by December 31, 2030. CARB released its 2022 Scoping Plan Update, which is intended to achieve carbon neutrality by 2045 and cut statewide GHG emissions by 85% below 1990 levels. The California Cap-and-Trade Program was implemented for certain entities emitting 25,000 metric tons of carbon dioxide equivalent per year or more, with non-covered entities allowed to voluntarily participate. Entities emitting between 10,000 and 25,000 metric tons (including the Airport) are required to report stationary source emissions, but are not required to participate in the program. The California Cap-and-Trade Program, and additional State and local regulations related to climate change (including CARB's Low Carbon Fuel Standard, California's State Implementation Plan, the Sustainable Freight Action Plan, and regional GHG Emissions Reduction Targets) may require the airlines serving the Airport, other Airport tenants, and on-Airport operations to meet new compliance obligations that increase operational, utility and fuel costs (such as CARB's adoption of a requirement for all airport shuttles to be zero emission by 2035 and its similar proposed regulations regarding ground support equipment). In some cases, these policies provide financial incentives for GHG reduction or air quality improvements through expanded or improved infrastructure and/or vehicle electrification or alternative fuels replacement. In other cases, they prevent the airport, equipment owner, or operator from accessing grants where a key eligibility requirement is that an investment must be voluntary. Additional regulations on a State and local level are pending and foreseeable (including expanding emissions mitigation measures aimed at commercial airports).

See "AIRPORT ENVIRONMENTAL MATTERS—Air Quality and Carbon Management Plan" for a discussion of the Airport Authority's plans to reduce GHG emissions at SAN.

The Airport Authority is unable to predict what federal and/or state laws and regulations with respect to GHG emissions will be adopted, or what effects such laws and regulations will have on airlines serving SAN or on SAN operations. The effects, however, could be material.

Possible Sea-Level Rise. SAN is located less than 100 yards from San Diego Bay, which is located approximately two miles from the Pacific Ocean. It is anticipated that the San Diego area, including SAN, will be exposed to rising sea levels as a result of climate change. In April 2017, the California Ocean Protection Council released an update on sea level rise science entitled "*Rising Seas in California: An*

Update on Sea-level Rise Science." The paper posits that sea level increases in the San Diego region by 2050 will likely be between 0.7 – 2.0 feet above historical levels. The paper was updated in March 2018 and expanded to include various sea level rise scenarios (coupled with 100-year storm surge events) through 2100 and their relative probability. These estimates guided additional flood modeling that was included in a new Climate Resilience Plan for SAN.

In 2015, the Airport Authority conducted a hydrologic and hydraulic base model of runoff and discharges from Airport watersheds for both existing and future conditions in multiple storm scenarios. The assessment concluded that certain of the Airport's most critical infrastructure, such as the runway, the majority of the taxiways and the air traffic control tower, did not appear to face major risk of flooding, even in scenarios that account for future sea level rise. This assessment was expanded with the development of a Climate Resilience Plan in 2019. The plan formally evaluated SAN's vulnerability to potentially higher sea levels, more intense rainfall, and more extreme heat and identifies strategies to address predicted climate conditions through the end of the century. The plan's strategies are generally grouped around the following goals: (1) reduce risks associated with climate change to ensure business continuity, and to maintain a quality passenger experience; (2) integrate climate resilience into airport operations and development decisions; and (3) provide regional and industry leadership in climate resilience. The Airport Authority also is a member of the San Diego Regional Climate Collaborative, providing interagency coordination on how to address and implement actions to address the impacts of climate change in the region.

The Airport Authority now requires all new development projects to be screened for potential impacts created by climate change. It has already raised the elevation of new facilities (the new Administration Building and the Airline Support Building) where modeling had indicated the potential for future coastal flooding, and the New Terminal 1, the new Terminal 1 Parking Plaza and roadways being constructed as part of the New T1 have been sited and designed to be resilient to potential sea level rise conditions in Year 2100.

The Airport Authority is unable to predict whether sea-level rise or other impacts of climate change will occur while the Senior Series 2025 Bonds are outstanding, and if any such events occur, whether there will be an adverse impact, material or otherwise, on Revenues.

Ability To Meet Rate Covenant

As discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Senior Rate Covenant," the Airport Authority has covenanted in the Master Senior Indenture to establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System and for services rendered in connection therewith, so that during each Fiscal Year the rate covenant set forth in the Master Senior Indenture is met. In addition to Net Revenues, the Airport Authority has in the past, and expects to in the future, to use PFCs to pay debt service on the PFC Eligible Bonds. Additionally, the Airport Authority also has used other non-Revenues to pay the Operation and Maintenance Expenses of the Airport System and the debt service on the Senior Bonds and the Subordinate Obligations. If PFCs or other non-Revenues are used to pay principal of and/or interest on Senior Bonds and/or Subordinate Obligations or Operation and Maintenance Expenses of the Airport System, such amounts are excluded from the calculation of debt service on such Senior Bonds and Subordinate Obligations and the Operation and Maintenance Expenses of the Airport System; thus decreasing debt service and Operation and Maintenance Expenses of the Airport System and increasing debt service coverage for purposes of the rate covenants under the Master Senior Indenture and the Master Subordinate Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Use of PFCs to Pay Debt Service." Also see "—Availability of PFCs" above.

If Net Revenues were to fall below the levels necessary to meet the rate covenant set forth in the Master Senior Indenture, the Master Senior Indenture provides for procedures under which the Airport Authority would retain and direct a Consultant to make recommendations as to the revision of the Airport Authority's business operations and its schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Airport Authority in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the Airport Authority is required to take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to meet the rate covenant. Increasing the schedule of rentals, rates, fees and charges for the use of the Airport System and for services rendered by the Airport Authority in connection with the Airport System is subject to contractual, statutory and regulatory restrictions (see "—Regulations and Restrictions Affecting SAN" above). Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of SAN could have a detrimental impact on the operation of SAN by making the cost of operating at SAN unattractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of SAN.

Enforceability of Remedies; Limitation on Remedies

As discussed above under "SECURITY AND SOURCES OF PAYMENT FOR THE SENIOR SERIES 2025 BONDS—Senior Events of Default and Remedies; No Acceleration," there is no right to acceleration of payments to bondholders under the Senior Indenture, and bondholders may be required to make a separate claim for each semiannual payment not paid. Enforceability of the rights and remedies of the owners of the Senior Series 2025 Bonds, and the obligations incurred by the Airport Authority, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against State entities similar to the Airport Authority. Bankruptcy proceedings, or the exercise of powers by the Federal or State government, if initiated, could subject the owners of the Senior Series 2025 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Legal opinions to be delivered concurrently with the delivery of the Senior Series 2025 Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Senior Series 2025 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditors' rights generally and by equitable remedies and proceedings generally.

Potential Limitation of Tax Exemption of Interest on Senior Series 2025 Bonds

From time to time, the President of the United States, the United States Congress and/or state legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on the Senior Series 2025 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Clarifications of the Internal Revenue Code of 1986, as amended (the "**Code**"), or court decisions may also cause interest on the Senior Series 2025 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Code or court decisions may also affect the market price for, or marketability of, the Senior Series 2025

Bonds. Prospective purchasers of the Senior Series 2025 Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. See "TAX MATTERS—Changes in Federal and State Tax Law."

Pending Federal Tax Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in Congress that could, if enacted, alter or amend one or more of the federal tax matters described herein in certain respects or would adversely affect the market value of the Senior Series 2025 Bonds or otherwise prevent holders of the Senior Series 2025 Bonds from realizing the full benefit of the tax exemption of interest on the Senior Series 2025 Bonds. Further such proposals may impact the marketability or market value of the Senior Series 2025 Bonds simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Senior Series 2025 Bonds. In addition, regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Senior Series 2025 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Senior Series 2025 Bonds would be impacted thereby.

Risk of Tax Audit

The Internal Revenue Service (the "**IRS**") includes a subdivision that is specifically devoted to tax-exempt bond compliance. If the IRS undertook an examination of the Senior Series 2025A Bonds and/or the Senior Series 2025B Bonds or other bonds issued by the Airport Authority as tax-exempt bonds, it may have a material adverse effect on the marketability or the market value of the Senior Series 2025 Bonds.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements". When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect," and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. See "INTRODUCTION—Forward-Looking Statements."

Any financial projections set forth in this Official Statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to the prospective financial information. The Airport Authority's independent auditors have not compiled, examined, or performed any procedures with respect to the prospective financial information contained in this Official Statement, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The Airport Authority's independent auditors have not been consulted in connection with the preparation of any financial projections contained in this Official Statement and the Airport Authority's independent auditors assume no responsibility for its content.

AIRLINE INDUSTRY INFORMATION

Certain of the airlines or their parent corporations operating at SAN are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and, as such are required to file periodic reports, including financial and operational data, with the SEC. All such reports and statements can be inspected and copies obtained at prescribed rates in the Public Reference

Room of the SEC at 100 F Street, NE, Room 1580, Washington, DC 20549. The SEC maintains a website at http://www.sec.gov containing reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. In addition, each domestic airline is required to file periodic reports of financial and operating statistics with the DOT. Such reports can be inspected at the following location: Bureau of Transportation Statistics, Research and Innovation Technology Administration, Department of Transportation, 1200 New Jersey Avenue, SE, Washington, DC 20590, and copies of such reports can be obtained from the DOT at prescribed rates.

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

The Airport Authority undertakes no responsibility for and makes no representations as to the accuracy or completeness of the content of information available from the SEC or the DOT as discussed in the preceding paragraphs, including, but not limited to, updates of such information on the SEC's website or links to other Internet sites accessed through the SEC's website.

See also "CERTAIN INVESTMENT CONSIDERATIONS" for discussions regarding the financial condition of the airlines and the effects of airline bankruptcies on the Airport Authority.

LITIGATION AND EXAMINATIONS

No Litigation Relating to Senior Series 2025 Bonds

There is no litigation now pending or, to the best of the Airport Authority's knowledge, threatened which seeks to restrain or enjoin the sale, issuance or delivery of the Senior Series 2025 Bonds or in any way contests the validity of the Senior Series 2025 Bonds or any proceedings of the Board taken with respect to the authorization, sale or issuance of the Senior Series 2025 Bonds, the pledge or application of any moneys provided for the payment of or security for the Senior Series 2025 Bonds, or the use of the proceeds of the Senior Series 2025 Bonds.

Litigation Relating to the Airport Authority and SAN

There are a number of litigation matters pending against the Airport Authority for incidents at SAN. These claims and suits are of a nature usually incident to the operation of SAN and, in the aggregate, in the opinion of Airport Authority management, based upon the advice of the General Counsel to the Airport Authority, will not have a material adverse effect on the Revenues or financial condition of SAN. It should be noted that a portion of the claims relating to personal injuries and property damage are covered by a comprehensive insurance program maintained by the Airport Authority for SAN.

There are no material claims or litigation arising out of or challenging any federal fund or grants held by the Airport Authority to date.

See also "APPENDIX B—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023—NOTE 12. COMMITMENTS AND CONTINGENCIES."

TAX MATTERS

General

In the opinion of Kutak Rock LLP, Bond Counsel to the Airport Authority, under existing laws, regulations, rulings and judicial decisions, interest on the Senior Series 2025 Bonds is excluded from gross income for federal income tax purposes, except for interest on any Senior Series 2025B Bond for any period during which such Series Senior 2025B Bond is held by a "substantial user" of the facilities financed by the Series Senior 2025B Bonds or a "related person" within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that (a) interest on the Senior Series 2025A Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals, and (b) interest on the Senior Series 2025B Bonds is a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinions described above assume the accuracy of certain representations and compliance by the Airport Authority with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Senior Series 2025 Bonds. Failure to comply with such requirements could cause interest on the Senior Series 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Senior Series 2025 Bonds. The Airport Authority has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Senior Series 2025 Bonds. Interest on the Senior Series 2025 Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the Senior Series 2025 Bonds may otherwise affect the federal income tax liability of the owners of the Senior Series 2025 Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Senior Series 2025 Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Senior Series 2025 Bonds.

Bond Counsel is further of the opinion that, under the existing laws of the State, as presently enacted and construed, interest on the Senior Series 2025 Bonds is exempt from State individual income taxes.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix E.

Tax Treatment of Original Issue Premium

The Senior Series 2025 Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "***Premium Series 2025 Bonds***"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Series 2025 Bond over its stated redemption price at maturity constitutes premium on such Premium Series 2025 Bond. A purchaser of a Premium Series 2025 Bond must amortize any premium over such Premium Series 2025 Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Series 2025 Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Series 2025 Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Series 2025 Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Series 2025 Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Series 2025 Bond.

Tax Treatment of Original Issue Discount

The Senior Series 2025 Bonds that have an original yield above their respective interest rates as shown on the inside cover of this Official Statement (collectively, the "***Discount Series 2025 Bonds***") are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Series 2025 Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Series 2025 Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Series 2025 Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Series 2025 Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Series 2025 Bond, on days that are determined by reference to the maturity date of such Discount Series 2025 Bond. The amount treated as original issue discount on such Discount Series 2025 Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Series 2025 Bond (determined by compounding at the close of each accrual period); and (ii) the amount that would have been the tax basis of such Discount Series 2025 Bond at the beginning of the particular accrual period if held by the original purchaser; less (b) the amount of any interest payable for such Discount Series 2025 Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Series 2025 Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Series 2025 Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Series 2025 Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Series 2025 Bond. Subsequent purchasers of Discount Series 2025 Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Backup Withholding

An owner of a Senior Series 2025 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Senior Series 2025 Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Changes in Federal and State Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Senior Series 2025 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Senior Series 2025 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Senior Series 2025 Bonds or the market value thereof would be impacted thereby. Purchasers of the Senior Series 2025 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Senior Series 2025 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Senior Series 2025 Bonds are advised to consult their own tax advisors prior to any purchase of the Senior Series 2025 Bonds as to the impact of the Code upon their acquisition, holding or disposition of the Senior Series 2025 Bonds.

RATINGS

Fitch Ratings and Moody's Investors Service, Inc. have assigned ratings of "[•]" ([•] outlook) and "[•]" ([•] outlook), respectively, to the Senior Series 2025 Bonds. Such ratings reflect only the views of such organizations and any explanation of the meaning and significance of such ratings, including the methodology used and any outlook thereon, should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, 33 Whitehall Street, New York, NY 10004; and Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The respective ratings are not a recommendation to buy, sell or hold the Senior Series 2025 Bonds. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Senior Series 2025 Bonds.

LEGAL MATTERS

The validity of the Senior Series 2025 Bonds and certain other legal matters are subject to the approving opinions of Kutak Rock LLP, Bond Counsel to the Airport Authority. A complete copy of the proposed form of Bond Counsel's opinion is contained in Appendix E attached hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain matters will be passed upon for the Airport Authority by the General Counsel to the Airport Authority. Certain legal matters with respect to this Official Statement will be passed upon by Kutak Rock LLP, Disclosure Counsel to the Airport Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Squire Patton Boggs (US) LLP. All of the fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel with respect to the issuance of the Senior Series 2025 Bonds are contingent upon the issuance and delivery of the Senior Series 2025 Bonds. Bond Counsel, Disclosure Counsel and Underwriters' Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

UNDERWRITING

The Senior Series 2025A Bonds will be purchased by BofA Securities, Inc., Samuel A. Ramirez & Co., Inc., Academy Securities, Inc., Jefferies LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Siebert Williams Shank & Co., LLC, and Stern Brothers & Co. (collectively, the "**Underwriters**"), from the Airport Authority at a price of $____________ (which consists of the par amount of the Senior Series 2025A Bonds, plus an original issue premium of $____________, less an underwriters' discount of $____________), subject to the terms of the purchase contract (the "**Purchase Contract**"), between BofA Securities, Inc., as representative of the Underwriters, and the Airport Authority.

The Senior Series 2025B Bonds will be purchased by the Underwriters, from the Airport Authority at a price of $____________ (which consists of the par amount of the Senior Series 2025B Bonds, plus an original issue premium of $____________, less an underwriters' discount of $____________), subject to the terms of the Purchase Contract.

The Purchase Contract provides that the Underwriters will purchase all of the Senior Series 2025 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel, and certain other conditions. The initial public offering prices of the Senior Series 2025 Bonds set forth on the inside of the front cover hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Senior Series 2025 Bonds into unit investment trusts or money market funds at prices lower than the public offering prices stated on the cover hereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Airport Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Airport Authority.

The following [•] paragraphs have been provided by [______] respectively for inclusion in this Official Statement and the Airport Authority does not make any representation as to their accuracy or completeness.

BofA Securities, Inc., an underwriter of the Senior Series 2025 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("***MLPF&S***"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Senior Series 2025 Bonds.

[Underwriters to provide language]

RELATED PARTIES

BofA Securities, Inc., one of the Underwriters of the Senior Series 2025 Bonds, and Bank of America, N.A., which is the provider of the revolving line of credit under the Subordinate Credit Agreement and the holder of the Subordinate Revolving Obligations, are both wholly-owned, indirect subsidiaries of Bank of America Corporation.

MUNICIPAL ADVISOR

The Airport Authority has retained the services of Frasca & Associates, LLC, New York, New York, as Municipal Advisor in connection with the issuance of the Senior Series 2025 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

At the time of issuance of the Senior Series 2025 Bonds, the Airport Authority will execute and deliver a Continuing Disclosure Certificate (the "**Continuing Disclosure Certificate**"), substantially in the form set forth in Appendix F of this Official Statement. Pursuant to the Continuing Disclosure Certificate, the Airport Authority will covenant to provide, or cause to be provided, to the MSRB, through the EMMA System, in an electronic format as prescribed by the MSRB, for purposes of Rule 15c2-12 adopted by the SEC ("**Rule 15c2-12**"), certain annual financial information and operating data relating to the Airport Authority and the Airport System and, in a timely manner, notice of certain enumerated events. See "APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

FINANCIAL STATEMENTS

The audited financial statements of the Airport Authority for Fiscal Years 2024 and 2023 are included as Appendix B attached hereto. The financial statements referred to in the preceding sentence have been audited by Plante & Moran PLLC, the Airport Authority's independent auditor, as stated in its Independent Auditor's Report, dated October 31, 2024, included in Appendix B. Plante & Moran PLLC has not been engaged to perform, and has not performed, since the date of its Independent Auditor's Report, any procedures on the financial statements addressed in its report. Plante & Moran PLLC also has not performed any procedures relating to this Official Statement.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly stated, are set forth as such and not representations of fact. No representation is made that any of such opinions or estimates will be realized.

All references to the Act, the Senior Indenture, the Subordinate Indenture, the Airline Lease Agreements and agreements with any other parties herein and in the Appendices hereto are made subject to the detailed provisions of such documents, and reference is made to such documents and agreements for full and complete statements of the contents thereof. Copies of such documents are available for review at the offices of the Airport Authority which are located at [], San Diego, California 92101. This Official Statement is not to be construed as a contract or agreement between the Airport Authority and the owners of any of the Senior Series 2025 Bonds.

AUTHORIZATION

The Board has authorized the distribution of this Official Statement. This Official Statement has been duly executed and delivered by the President and CEO on behalf of the Airport Authority.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By ____
President/CEO

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APPENDIX A

FINANCIAL FEASIBILITY REPORT

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

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APPENDIX C-1

CERTAIN DEFINITIONS

APPENDIX C-2

SUMMARY OF THE MASTER SENIOR INDENTURE

APPENDIX C-3

SUMMARY OF THE SIXTH SUPPLEMENTAL SENIOR INDENTURE

APPENDIX C-4

SUMMARY OF THE MASTER SUBORDINATE INDENTURE

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT

APPENDIX E

PROPOSED FORM OF BOND COUNSEL'S OPINION

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APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "***Certificate***") is executed and delivered by the San Diego County Regional Airport Authority (the "***Airport Authority***") in connection with the issuance of its (a) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the "***Senior Series 2025A Bonds***"), and (b) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the "***Senior Series 2025B Bonds***," and together with the Senior Series 2025A Bonds, the "***Senior Series 2025 Bonds***"). The Senior Series 2025 Bonds are being issued pursuant to the Master Trust Indenture, dated as of November 1, 2005, as amended (the "***Master Senior Indenture***"), by and between the Airport 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 (the "***Senior Trustee***"), and the Sixth Supplemental Trust Indenture, dated as of [•] 1, 2025 (the "***Sixth Supplemental Senior Indenture***," and collectively with the Master Senior Indenture and all supplements thereto, the "***Senior Indenture***"), by and between the Airport Authority and the Senior Trustee. Additionally, the Senior Series 2025 Bonds have been authorized by Resolution No. 2025-[•] adopted by the board of directors of the Airport Authority on [•], 2025 (the "***Resolution***"). The Senior Series 2025 Bonds are being issued pursuant to Section 170000 et seq. of the California Public Utilities Code (the "***Act***"), and in accordance with 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.

In consideration of the purchase of the Senior Series 2025 Bonds by the Participating Underwriter (as defined below), the Airport Authority covenants and agrees as follows:

Section 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Airport Authority for the benefit of the Holders and Beneficial Owners of the Senior Series 2025 Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Senior Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the Airport Authority pursuant to, and as described in, Sections 3 and 4 hereof.

"*Beneficial Owner*" means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Senior Series 2025 Bonds (including persons holding Senior Series 2025 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Senior Series 2025 Bonds for federal income tax purposes.

"*Dissemination Agent*" means the Airport Authority, or any successor Dissemination Agent designated in writing by the Airport Authority and which has filed with the Airport Authority a written acceptance of such designation.

"*EMMA System*" means the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"*Financial Obligation*" shall mean, for purposes of the Listed Events set forth in Sections 5(a)(10) and (5)(b)(8) hereof, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"*Holders*" means either the registered owners of the Senior Series 2025 Bonds, or if the Senior Series 2025 Bonds are registered in the name of The Depository Trust Company or other recognized securities depository, any applicable participant in its depository system.

"*Listed Events*" means any of the events listed in Sections 5(a) and 5(b) hereof.

"*MSRB*" means the Municipal Securities Rulemaking Board, or any successor thereto.

"*Obligated Person*" means the Airport Authority and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Revenues of the Airport System for the prior two Fiscal Years of the Airport Authority. At the time of issuance of the Senior Series 2025 Bonds, the Airport Authority is the only Obligated Person.

"*Official Statement*" means the Official Statement, dated [•] ___, 2025, prepared and distributed in connection with the initial sale of the Senior Series 2025 Bonds.

"*Participating Underwriter*" means any of the original underwriters of the Senior Series 2025 Bonds required to comply with the Rule in connection with the offering of the Senior Series 2025 Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State*" means the State of California.

Section 3. Provision of Annual Reports.

(a) The Airport Authority shall provide, or shall cause the Dissemination Agent to provide, to the MSRB through the EMMA System (in an electronic format and accompanied by identifying information all as prescribed by the MSRB) an Annual Report which is consistent with the requirements of Section 4 hereof by not later than 181 days after the end of the Airport Authority's fiscal year in each fiscal year. The Airport Authority's first Annual Report shall be due December 28, 2025. Not later than 15 Business Days prior to said date, the Airport Authority shall provide the Annual Report to the Dissemination Agent (if other than the Airport Authority). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 hereof. The audited financial statements of the Airport Authority may be submitted separately from the balance of the Annual Report if they are not available by the date of submission, provided such financial statements are submitted within 210 days after the end of the Airport Authority's fiscal year. If the Airport Authority's fiscal year changes, the Airport Authority, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent (if other than the Airport Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Airport Authority to determine if the Airport Authority is in compliance with subsection (a).

(c) If the Airport Authority is unable to provide to the MSRB or the Dissemination Agent (if other than the Airport Authority), an Annual Report by the date required in subsection (a), the Airport Authority shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent (if other than the Airport Authority) shall confirm in writing to the Airport Authority that the Annual Report has been filed as required hereunder, stating the date filed.

Section 4. Content of Annual Reports.

(a) The Airport Authority's Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Senior Series 2025 Bonds, unless otherwise noted):

(i) Audited financial statements of the Airport Authority, updated to incorporate information for the most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Airport Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Airport Authority, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

(ii) Outstanding principal amounts of the Senior Bonds (including the Senior Series 2025 Bonds) and the Subordinate Obligations (including the Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2020 Bonds and the Senior Series 2021 Bonds);

(iii) Table 6 — San Diego County Regional Airport Authority, Future Rental Commitments;

(iv) Table 7 — San Diego International Airport, Air Carriers Serving San Diego International Airport;

(v) Table 8 — San Diego International Airport, Total Enplanements and Deplanements;

(vi) Table 9 — San Diego International Airport, Revenue Operations;

(vii) Table 10 — San Diego International Airport, Historical Enplaned and Deplaned Freight and U.S. Mail Cargo;

(viii) Table 11 — San Diego International Airport, Enplanements by Air Carriers;

(ix) Table 12 — San Diego International Airport, Total Revenue Landed Weight;

(x) Table 15 — San Diego County Regional Airport Authority, Investments;

(xi) Table 16 — San Diego County Regional Airport Authority, Statements of Revenues, Expenses and Change in Net Position;

(xii) Table 17 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Providers;

(xiii) Table 18 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Sources;

(xiv) Table 19 — San Diego County Regional Airport Authority, Historical Senior and Subordinate Debt Service Coverage;

(xv) Table 20 — San Diego International Airport, Airline Derived Revenue Per Passenger;

(xvi) Table 22 — San Diego County Regional Airport Authority, Approved PFC Applications; and

(xvii) Table 23 — San Diego County Regional Airport Authority, Annual Receipt of PFCs.

(b) All or any portion of the information of the Annual Report may be incorporated in the Annual Report by cross reference to any other documents which have been filed with the MSRB.

(c) Information contained in an Annual Report for any fiscal year containing any modified operating data or financial information (as contemplated by Section 8 hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Airport Authority or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Airport Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The Airport Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Senior Series 2025 Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions with respect to the tax status of the Senior Series 2025 Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Senior Series 2025A Bonds and/or the Senior Series 2025B Bonds;

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the Obligated Person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Department, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

(b) The Airport Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Senior Series 2025 Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Senior Series 2025 Bonds or other material events affecting the tax status of the Senior Series 2025 Bonds;

2. Modifications to rights of the Beneficial Owners or Holders of the Senior Series 2025 Bonds;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Senior Series 2025 Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

8. Incurrence of a Financial Obligation of the Airport Authority, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Airport Authority, any of which affect security holders;

(c) The Airport Authority shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Airport Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Airport Authority shall determine if such event would be material under applicable federal securities laws.

(e) If the Airport Authority learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Airport Authority shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in (b)(3) need not be given under this subsection any earlier than the notice of such event is given to Beneficial Owners and Holders of the affected Senior Series 2025 Bonds pursuant to the Senior Indenture.

(f) The Airport Authority intends to comply with the Listed Events described in Sections 5(a)(10) and 5(b)(8) hereof, and the definition of "Financial Obligation" in Section 2 hereof, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the SEC in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the SEC or its staff with respect the amendments to the Rule effected by the 2018 Release.

Section 6. Termination of Reporting Obligation. The Airport Authority's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment of amounts fully sufficient to pay and discharge the Senior Series 2025 Bonds, or upon delivery to the Dissemination Agent (if other than the Airport Authority) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Senior Series 2025 Bonds, the Airport Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

Section 7. Dissemination Agent. From time to time, the Airport Authority may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Airport Authority) shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out of pocket expenses (including, but not limited to, attorneys' fees). The Dissemination Agent (if other than the Airport Authority) shall not be responsible in any manner for the content of any notice or report prepared by the Airport Authority pursuant to this Certificate.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the Airport Authority may amend this Certificate, and any provision of this Certificate may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an Obligated Person with respect to the Senior Series 2025 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Senior Series 2025 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Senior Series 2025 Bonds in the same manner as provided in the Senior Indenture for amendments to the Senior Indenture with the consent of Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners of the Senior Series 2025 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Airport Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Airport Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Airport Authority from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the Airport Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Certificate, the Airport Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Airport Authority to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Senior Series 2025 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Airport Authority or the Dissemination Agent (if other than the Airport Authority), as the case may be, to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Senior Indenture and the sole remedy under this Certificate in the event of any failure of the Airport Authority or the Dissemination Agent (if other than the Airport Authority) to comply with this Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the Airport Authority) shall have only such duties as are expressly and specifically set forth in this Certificate, and the Airport Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any claims, losses, expenses and liabilities which such Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties given to the Dissemination Agent hereunder, including the costs and expenses (including attorneys' fees) of defending, in any manner or forum, against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, subject to the Senior Indenture. The obligations of the Airport Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Senior Series 2025 Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Airport Authority, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Senior Series 2025 Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the undersigned has hereunto signed and executed this Certificate this [•] day of [•], 2025.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By ______________________________________
Scott M. Brickner
Vice President, Chief Financial Officer

Approved as to form:

By ______________________________________
Amy Gonzalez
General Counsel

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	San Diego County Regional Airport Authority
Name of Bond Issue:	Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT)
	Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT)
Date of Issuance:	[•], 2025
CUSIP:	79739G___

NOTICE IS HEREBY GIVEN that the San Diego County Regional Airport Authority (the "Airport Authority") has not provided an Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated [•], 2025, executed by the Airport Authority for the benefit of the holders and beneficial owners of the above referenced bonds. The Airport Authority anticipates that the Annual Report will be filed by _________, 20__.

Dated:___________________________

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

By ____
Authorized Representative

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APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption "—General" below has been provided by DTC. The Airport Authority makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Senior Series 2025 Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE AIRPORT AUTHORITY NOR THE SENIOR TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SENIOR SERIES 2025 BONDS UNDER THE SENIOR INDENTURE, (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SENIOR SERIES 2025 BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE TO THE OWNERS OF THE SENIOR SERIES 2025 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SENIOR SERIES 2025 BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Senior Series 2025 Bonds. The Senior Series 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Senior Series 2025 Bond certificate will be issued for each maturity of the Senior Series 2025 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct

Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Senior Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Senior Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Senior Series 2025 Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Senior Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Senior Series 2025 Bonds, except in the event that use of the book-entry system for the Senior Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Senior Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Senior Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Senior Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Senior Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Senior Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Senior Series 2025 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Senior Series 2025 Bond documents. For example, Beneficial Owners of Senior Series 2025 Bonds may wish to ascertain that the nominee holding the Senior Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Senior Series 2025 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Senior Series 2025 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Senior Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Airport Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Senior Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Senior Series 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Airport Authority, the Senior Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Senior Trustee or the Airport Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Airport Authority or the Senior Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Senior Series 2025 Bonds at any time by giving reasonable notice to the Airport Authority or the Senior Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Senior Series 2025 Bonds are required to be printed and delivered.

The Airport Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Senior Series 2025 Bonds will be printed and delivered to DTC.

The information in this Appendix G concerning DTC and DTC's book-entry system has been obtained from sources that the Airport Authority believes to be reliable, but neither the Airport Authority nor the Underwriters take any responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SENIOR SERIES 2025 BONDS AND WILL NOT BE RECOGNIZED BY THE TRUSTEE AS OWNERS THEREOF, AND BENEFICIAL OWNERS WILL BE PERMITTED TO EXERCISE THE RIGHTS OF OWNERS ONLY INDIRECTLY THROUGH DTC AND THE DTC PARTICIPANTS.

UNISON CONSULTING

Financial Feasibility Report (Schedule D)

San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025

DRAFT – May 27, 2025

SAN DIEGO
INTERNATIONAL AIRPORT

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SECTION 1 | OVERVIEW OF THE AIRPORT

Financial Feasibility Report (the Report) evaluates the financial feasibility of the issuance of the San Diego County Regional Airport Authority Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the Senior Series 2025A Bonds), and the San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the Senior Series 2025B Bonds, and together with the Senior Series 2025A Bonds, the "Senior Series 2025 Bonds"). The Senior Series 2025 Bonds are being issued to (1) pay and/or reimburse the San Diego County Regional Airport Authority (the Airport Authority) for certain capital improvements at the San Diego International Airport (SAN or the Airport) associated with the New T1 program (as described in Section 1.3.1 below); (2) fund a portion of the interest accruing on the Senior Series 2025 Bonds and prior bonds; (3) make a deposit to the Senior Debt Service Reserve Fund (as defined herein); and (4) pay the costs of issuance of the Senior Series 2025 Bonds.

The Report is organized into the following sections:

- Section 1 describes the Airport Authority, the Airport, the Capital Program, and the funding plan for the Capital Program.
- Section 2 defines the Airport's air service area and discusses relevant demographic and economic trends.
- Section 3 analyzes the historical aviation activity at the Airport and presents forecasts.
- Section 4 reviews the Airline Operating and Lease Agreement (AOLA), which became effective on July 1, 2019 and terminates June 30, 2029, and the airline rates and charges methodology contained therein.
- Section 5 reviews the framework for the financial operations of the Airport Authority. This section also reviews the recent historical financial performance of the Airport Authority. It examines the ability of the Airport Authority to generate sufficient Net Revenues and Subordinate Net Revenues (as defined herein) in each year of the forecast period to meet the obligations of the Master Senior Indenture and the Master Subordinate Indenture (as defined herein).

1.1 | The San Diego County Regional Airport Authority

The San Diego County Regional Airport Authority Act, codified in California Public Utilities Code Section 170000 et seq. (the Act), established the Airport Authority, a local governmental entity of regional government with jurisdiction throughout the County of San Diego (the County). The Airport Authority was created as an independent agency to manage the day-to-day operations of the Airport and to address the region's long-term air transportation needs. Effective January 1, 2003, the operations and assets of the Airport were transferred from the San Diego Unified Port District (the Port District) to the Airport Authority. The legislation that created the Airport Authority mandates the following three main responsibilities for the Airport Authority: (1) operate the Airport; (2) plan for the future air transportation needs of the region; and (3) serve as the region's Airport Land Use Commission, and thereby ensure the adoption of land use plans that protect public health and safety surrounding all 16 of the County's airports.

The Airport Authority is governed by a nine-member board of directors (the Board) representing all areas of the County, and three additional members serving as non-voting, ex-officio board members. Board members serve three-year terms and may be reappointed. The Act specifies the appointment of the members of the Board as follows: the Mayor of the City of San Diego appoints three members (two of which are subject to confirmation by the City Council); the Chair of the County of San Diego Board of Supervisors appoints two members (subject to confirmation by the Board of Supervisors); the mayors of the east county cities (El Cajon, Lemon Grove, La Mesa, and Santee) appoint one member; the mayors of the north county coastal cities (Carlsbad, Del Mar, Encinitas, Oceanside, and Solana Beach) appoint one member; the mayors of the north county inland cities (Poway, Escondido, Vista, and San Marcos) appoint one member; and the mayors of the south county cities (Coronado, Imperial Beach, Chula Vista, and National City) appoint one member. The individuals who are appointed by the Governor of the State of California to occupy the offices of the District Director of the State Department of Transportation for the San Diego region and the State Department of Finance representative for the State Lands Commission are ex-officio non-voting members of the Board. One additional non-voting ex-officio member of the Board is chosen by the United States Navy and the United States Marine Corps.

The Airport Authority holds public meetings of the full Board once a month and periodic meetings of several standing committees. The standing committees, which were formed to better address key policy areas and develop items for consideration by the full Board, include the following: Executive Committee; Executive Personnel and Compensation Committee; Finance Committee; Audit Committee; and Capital Improvement Program Oversight Committee.

Kimberly Becker was appointed Airport Authority President and CEO/Executive Director (President/CEO) effective May 1, 2017. Ms. Becker has overall responsibility for the management, administration, and planning of the Airport Authority. Ms. Becker has an experienced staff to aid her in carrying out the responsibilities of the position, including the vice presidents who head the various Airport Authority divisions. The President/CEO, Chief Auditor, and General Counsel are appointed by the Board.

1.2 | San Diego International Airport

The Airport serves the San Diego-Carlsbad, California, Metropolitan Statistical Area (San Diego MSA), which consists of San Diego County. Covering 661 acres, the Airport is located three miles northwest of downtown San Diego, adjacent to U.S. Interstate 5 and the San Diego Bay.

The Federal Aviation Administration (FAA) classifies SAN as a large-hub airport, a category that includes airports with 1 percent or more of U.S. annual domestic enplanements. During the Airport Authority's Fiscal Year ended June 30, 2024 (FY2024), SAN served approximately 12.5 million enplaned passengers. More details regarding recent trends in economic conditions and air traffic activity at SAN are provided in Sections 2 and 3 of this Report.

The operations and improvements at SAN are funded by airport user charges, concession fees, rents, Passenger Facility Charges (PFCs), bond funds, rental car Customer Facility Charges (CFCs), and funds received from the FAA and the Transportation Security Administration (TSA). No general tax fund revenues are used to operate or maintain the Airport.

1.2.1 | Airfield

SAN is the busiest single-runway commercial airport in the nation, based on passenger levels. The Airport was originally dedicated as the "San Diego Municipal Airport – Lindbergh Field" on August 16, 1928. It became the first federally certified airfield to serve all aircraft types, including seaplanes, in 1934. The Airport's infrastructure was improved after the U.S. Army Air Corps took over the Airport in 1942 to support the military's war efforts during World War II. Improvements included the construction of an 8,750-foot runway, which has since been expanded to 9,401 feet. In addition to the runway, the airfield includes one taxiway on the south side of the runway (Taxiway B) and a series of taxiways on the north side of the runway, including Taxiway C. The airfield also includes ancillary taxiways that provide runway and terminal access, and aprons that provide aircraft parking.

Conditions at SAN make the expansion of the existing runway or the addition of a second runway difficult. Obstacles to runway expansion include significant geographic obstructions, including high terrain to the northeast and southwest of the Airport, as well as manmade obstructions, such as office buildings, to the northeast, east, and southeast of the Airport. Other obstacles to runway expansion include major land acquisition requirements, extensive infrastructure impacts, resident opposition, and increased noise impacts. However, airfield capacity is not expected to be a limiting factor within the forecast period of this Report, as discussed in Section 3. According to the Airport's master planning effort, runway congestion is anticipated to occur when annual commercial aircraft operations reach between 262,000 and 292,000. Annual commercial aircraft operations totaled approximately 199,000 in FY2024 and are projected to reach approximately 223,000 in FY2031 under the base air traffic forecast presented in Section 3, which is well below the level indicated for runway congestion. In addition to the restrictions to the physical capacity of the Airport's airfield, there are direct restrictions on operations relating to a curfew imposed on the Airport. See Section 3 for a further discussion of these constraints.

1.2.2 | Passenger Terminals

The Airport has two passenger terminals (Terminal 1 and Terminal 2), which together contain a total of 51 gates (currently 46 gates are operational due to ongoing construction). Terminal 1, which opened in 1967, contains 19 gates. Terminal 2, which contains 32 gates, consists of Terminal 2 East, with 13 jet gates, and Terminal 2 West, with 19 jet gates. Terminal 2 East opened in July 1979. Terminal 2 West, which originally opened in 1998, was modernized/re-developed in August 2013. The baggage claim for all of Terminal 2 (East and West) is located in Terminal 2 West. Approximately 63 dining and shopping options are available in the passenger terminals.

The Airport Authority's capital program (the Capital Program) includes the construction of a new terminal (the new Terminal 1 building) to replace the existing Terminal 1, along with certain airfield enhancements and roadway and parking improvements, and a new administration building for the Airport Authority, which was completed in October 2023. These planned facilities are described in more detail in Section 1.3 below.

1.2.3 | Landside Facilities

Approximately 6,400 public parking spaces, operated by the Airport Authority, are currently available at the Airport, including (a) 3,216 parking spaces located in the Terminal 2 Parking Plaza that opened in 2018 and two adjacent surface lots, (b) Phase 1 of the New T1 parking structure which opened in August 2024 and contains 2,824 parking spaces (c) 98 spaces in a free cell phone lot located west of Terminal 2 and (d) 265 valet parking spaced are offered with curb-side drop-off in front of Terminals 1 and 2. Phase 2 of the New T1 Parking plaza, which is expected to be completed by the end of June 2025, will add approximately 2,400 spaces. Upon completion of the New T1, there will be approximately 8,800 public parking spaces, operated by the Airport Authority, available at the Airport. The Airport Authority also operates employee lots on Pacific Highway and McCain Road with approximately 1,993 available spaces.

The Capital Program also includes a replacement shuttle hold lot for Rental Car and terminal buses. This will encompass 3.16 acres of property the Airport Authority partially owns and leases from the Port District located to the east of the Airport. It will include a 3,794 sq ft maintenance building Phase 1 opened in Fall 2023 and Phase 2 is expected to open in early 2026.

Roadway access to the Airport is via two independent entrance roadways for Terminal 1 and Terminal 2, both from North Harbor Drive. The Airport terminal roadway system includes a one-level roadway for Terminal 1 and a two-level roadway for Terminal 2, which separates departing and arriving passengers. The Capital Program includes the construction of a two-level roadway for the new Terminal 1 building, a dedicated on-airport roadway, an area set aside for a transit station, and other Airport roadway improvements, as described below.

1.2.4 | Other Facilities

The north airfield area contains various other facilities, including an air traffic control tower; an Airport Rescue and Fire Fighting (ARFF) facility; a cargo ramp; a fuel farm; a receiving and distribution center for food, beverage, retail, and other goods; the Airport Authority's Facilities Maintenance and warehouse facilities; a Rental Car Center (RCC) that houses most of the rental car companies in a single building with a 5,400-space parking garage; a Fixed Base Operator (FBO) facility, which includes a terminal, a ramp, and five hangars; and associated roadways, including a roadway linking the Northside with the passenger terminals, for rental car and parking shuttle buses.

The Airport Authority's administration offices were the first of three components of the New T1 project to be completed in October 2023. The 135,000 square-foot, four-story office building is located on the southwest corner of the Airport's campus. The building has been recognized for its sustainability and energy efficiency and it was recently awarded the Gold certification under the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) rating system.

In July 2021, the Airport Authority opened new belly cargo and airline provisioning facilities at the Airport. This new facility, known as the Airline Support Building (ASB), is located on the south side of the airfield and replaced aging facilities that were demolished to enable the development of the planned new Terminal 1 building.

1.3 | Capital Program Estimated Costs and Funding Plan

The Airport Authority's Capital Program is a rolling five-year program that provides for critical improvements and asset preservation for the Airport Authority. The Capital Program contains two main components: (1) the New T1 program that consists of the replacement of the current Terminal 1 with a larger, more efficient facility, certain airfield enhancements and roadway and parking improvements (see "New T1" in subsection 1.3.1 below), and (2) the Capital Improvement Program (the CIP) that addresses airfield safety and capacity, environmental protection, terminal enhancements, landside infrastructure and access improvements. The New T1 is expected to be designed and constructed through Fiscal Year 2028, and the CIP projects are anticipated to be completed between Fiscal Years 2026 through 2030. The Capital Program was approved by the Board on [June 5, 2025], and has a budgeted cost of $4.523 billion, of which approximately $3.834 billion is the budgeted cost of the New T1.

1.3.1 | The New T1

In 2012, the Authority embarked on a new master-planning effort for SAN known as the "New T1" (previously known as the "Airport Development Plan"), to identify the facilities needed to meet the Airport's anticipated passenger demand through 2035. Between Fiscal Years 2015 and 2019, SAN had record-breaking growth with approximately 24.7 million passengers being served in Fiscal Year 2019, representing a Compound Annual Growth Rate of 6.2% between 2015 and 2019. In FY2024, SAN fully recovered from the global pandemic and recorded approximately 24.6 million passengers. Activity levels at the Airport are estimated to surpass 34 million passengers and 287,000 aircraft operations in 2035, based on the aviation planning forecast completed by the Airport Authority in April 2025 as part of the Northside Airfield and Facility Advanced Planning and Improvements Study. The cornerstone of the New T1 is the replacement of Terminal 1, which is over 50 years old, with a modern, comfortable, and efficient terminal facility. The new T1 will have 30 gates (11 more gates than the existing Terminal 1) and will be able to accommodate both narrow-body and wide-body aircraft. The terminal building layout design was developed to accommodate existing and projected airline fleet mix requirements, including additional Airplane Design Group (ADG) III, IV, and V gates that will support future expansions in the airline fleet mix at SAN. The New T1 will also include three Multi Aircraft Ramping Stands (MARS) gates, each of which will be able to accommodate two aircraft simultaneously, thus improving the management of gate allocations based on peak periods that may involve larger aircraft.

The New T1 will be served by a dual-level curbside, a new close-in parking structure (approximately 5,220 parking spaces), and new entry and circulation roadways. Phase 1 of the parking structure opened in the fall of 2024 and contains 2,824 new parking spaces. Phase 2 of the parking structure is anticipated to be completed by the end of June 2025 with approximately 2,396 additional spaces. Upon completion of the New T1, there will be approximately 8,800 public parking spaces available and operated by the Airport Authority. Other features of the New T1 will include an expansive security checkpoint with 13 lanes for faster passenger throughput; a post-security outdoor patio area with views of the San Diego Bay and downtown San Diego; at least one airline and one common use lounge; and the preservation of space for a future transit station. The New T1 includes multiple airfield improvements, such as a new apron area for the new terminal, a new full-length Taxiway A, relocation of Taxiway B, and reconfigured Remain Overnight (RON) aircraft parking positions. The New T1 also includes the Airport Authority's Administration Building, which was completed in October 2023.

As stated above, the total cost of the New T1 is currently budgeted by the Airport Authority to be $3.834 billion. In January 2024, the Board authorized Staff to execute a Guaranteed Maximum Price (GMP) not to exceed $3.007 billion for the design and construction of the Terminal and Roadways Component. The GMP was executed in February 2025 for $2.989 billion. The GMP secures the price for design and construction and includes allocations for known and unknown risks inclusive of moderate cost escalation. With completion of the project currently at over 65% and with over 98% of trade packages under contract, the risk of cost impacts to the project from future market fluctuations has been significantly mitigated. Additionally, the Airport Authority has $113.7 million remaining in the program contingency, further reducing the risk of any unforeseen conditions.

The New T1 consists of three components: (1) Terminal and Roadways (the Terminal and Roadways Component), (2) Airside Improvements (the Airside Component), and (3) Administration Building (the Administration Building Component). The Approved Budgets (including owners allowances and contingencies) are approximately $3.241 billion for the Terminal and Roadways Component; approximately $354.1 million for the Airside Component ; and approximately $106.8 million for the Administration Building Component. The Administration Building component is in close out, and the final cost is expected to be $106.8 million. In addition to the approved budgets for the Terminal and Roadways Component, the Airside Component, and the Administration Building Component, the adopted budget for the New T1 includes the costs for the shuttle lot relocation project (approximately $18.2 million) and additional program contingencies of $113.7 million.

The New T1 is being procured utilizing "progressive design-build" and "design-bid-build" delivery methods. The Terminal and Roadways Component is being undertaken pursuant to a Progressive Design-Build Agreement (the Terminal and Roadway Agreement) between the Airport Authority and Turner-Flatiron, A Joint Venture (the Terminal and Roadway Contractor). The Airside Component was designed by Jacobs Engineering Group, Inc., and will be built by Griffith Company (the Airside Contractor). The Administration Building Component was designed and built by Sundt Construction, Inc. (the Administration Building Contractor).

A Fault Hazard Study prepared in support of the New T1 development identified and surveyed a seismic fault line that runs east of the New T1 project site. Based on the findings of that study, the terminal has been located outside of the zone of active faulting, with an additional structural setback of 25 ft.

To address the terminal's proximity to the fault zone, the New T1 has been designed and constructed to meet the Airport Authority's Design and Construction Standards and the structural codes and standards identified by the California Building Code (CBC) and City of San Diego that address seismic resiliency. In addition to the codes and standards followed during terminal development, Caltrans Seismic Design Criteria (SDC) were followed to address the connected bridging system's seismic resiliency.

Construction activities for the New T1 began in November 2021. Construction on the administration building was completed in October 2023, and the first phase of the New T1 (19 gates) is expected to open in September 2025. In early 2026, a further three gates are expected to be operational. The full completion of the new facility (30 gates) and associated roadway and airfield improvements is expected in early 2028.

Table 1 summarizes the estimated costs of the Capital Program, including the New T1, as discussed above. The capital projects estimated to cost $10 million or more are listed individually, and all projects that are estimated to cost less than $10 million are grouped together in the line labeled "All Other Projects." A map showing the location of the New T1 on Airport property and sample conceptual diagrams of the New T1 are presented in Figures 1 through 7 at the end of Section 1.

1.3.2 | Capital Funding Program Sources

The Airport Authority expects to finance the costs of the Capital Program from various sources, including, but not limited to, the proceeds of the Senior Series 2025 Bonds; proceeds of the Subordinate Series 2023 Bonds; proceeds of the Subordinate Series 2021A/B Bonds; proceeds of the Subordinate Series 2019 Bonds; proceeds from a future financing; FAA Airport Improvement Program (AIP) grants and Bipartisan Infrastructure Law (BIL) grants; Passenger Facility Charges (PFCs); Airport Authority funds; monies from the Major Maintenance Fund; and Other Funds (other sources, as described below). With the issuance of the Senior Series 2025 Bonds, no future financings will be required to complete the funding of the New T1.

The estimated funding sources of the Capital Program, presented in Table 1, are described below.

The Senior Series 2025 Bonds

The Airport Authority currently estimates that the Senior Series 2025 Bonds will provide approximately $720.0 million in project funding for the Capital Program, all of which will be used to complete the funding of the New T1.

Prior Bond Proceeds

The Airport Authority is applying prior bond proceeds of approximately $2.613 billion to project costs, including approximately $930.0 million in proceeds from the Senior Series 2023A/B Bonds, $1.499 billion in proceeds from the Subordinate Series 2021A/B Bonds and $127.1 million in proceeds from the Subordinate Series 2019 Bonds and the Subordinate Series 2017 Bonds.

Future Bond Proceeds

The Airport Authority plans to apply approximately $157.2 million of future bond proceeds in 2028 to fund the Terminal 2E Connector project. No additional future bond proceeds are anticipated for funding the New T1 after the Senior Series 2025 bonds.

FAA AIP Grants and BIL Grants

Approximately $371.0 million in funding from AIP grants, including AIP Letter of Intent (LOI) grants and BIL grants, is anticipated for the Capital Program. AIP entitlement funds are apportioned by formula each year to individual airports or types of airports. AIP discretionary funds are awarded by the FAA based on eligible projects' priority as determined by the FAA through the application of its National Priority System (NPS), with the highest priority given to projects to enhance airport safety and security. Approximately $118.4 million in LOI grant funds have been awarded to the Airport Authority for airfield projects, including the construction of a new Taxiway A, the relocation of Taxiway B, and apron areas associated with the New T1.

Passenger Facility Charges (PFCs)

The Airport Authority has received approval from the FAA to collect and use a PFC on each eligible enplaning passenger at SAN, totaling approximately $1.2 billion. The Airport Authority's approved PFC authority reflects 13 applications, plus related amendments[1]. The Final Agency Decision received by the Airport Authority from the FAA for the Airport Authority's most recent PFC application estimates the charge expiration date to be April 1, 2040. The Airport Authority's funding plan includes approximately $185,000 in PFCs to be applied on a "pay-as-you-go" basis to eligible project costs in the Capital Program. The Airport Authority plans to apply additional PFCs during the forecast period toward the payment of debt service on bonds, as described in Section 5.

Major Maintenance Fund

The current AOLA, which became effective on July 1, 2019, established a Major Maintenance Fund (MMF), the purpose of which is to fund capital projects in the Airfield Area, Terminal Area, Common Use Systems, and Airline Terminal Support Cost Centers and Capital Projects in Indirect Cost Centers to the extent allocable to such cost centers. The AOLA stipulates that each Fiscal Year, the Airport Authority will deposit $40.0 million into the MMF, from the following revenue sources: $15.0 million from the Airfield Area; $15.0 million from the Terminal Area; and $10.0 million from non-airline revenue. However, to mitigate the effect of this provision on airline rates and charges during the downturn in air traffic in FY2021, the Airport Authority reduced the FY2020 deposit to the MMF to $30.0 million in FY2020, with $10.0 million charged to the Airfield Area, $10.0 million charged to the Terminal Area, and $10.0 million from non-airline revenue sources. The MMF deposit in FY2021 and FY2022 was $10.0 million each year, all from non-airline sources, with no charges to either the Airfield Area or the Terminal Area. Beginning in FY2023, the Airport Authority deposited $50.0 million per year into the MMF, to make up the deposits that were deferred – with $20.0 million charged to each of the Airfield Area and the Terminal Area, and $10.0 million from non-airline revenue sources. The Airport Authority plans to continue this until FY2029. The airlines are required to pay these amounts as part of their landing fee and terminal rent obligations under the AOLA. The funding plan includes approximately $84.8 million in funding from the Major Maintenance Fund.

[1] Source: San Diego County Regional Airport Authority Annual Comprehensive Financial Report for Fiscal Years Ended June 30, 2024 and 2023.

Airport Authority Funds

Airport Authority funds are generated from Airport operations and are available after all the Airport Authority's financial obligations pursuant to the flow of funds specified in the Master Senior Indenture and the Master Subordinate Indenture are satisfied. The AOLA includes amortization charges in the airline rates and charges to reimburse the Airport Authority for capital project costs paid from Airport Authority funds. The financial analysis in Section 4 incorporates the amortization charges projected to be incorporated into the airline rate base, as projects funded with Airport Authority funds are completed. The Airport Authority plans to apply approximately $557.7 million in Airport Authority funds to the Capital Program.

Other Funding Sources

Other funding sources anticipated for the Capital Program funding plan, which totals approximately $18.5 million, are mainly composed of 1.) airline direct funding for the New T1 Terminal & Roadways Program of $13.5 million; and 2.) $3.5 million of airline direct funding from the fuel consortium, which is an airline consortium that operates the aircraft fueling system at the Airport. Pursuant to an agreement between the Airport Authority and the airline fuel consortium, the consortium agreed to fund fuel-related projects at the Airport. A further $1.5 million is expected from 3rd parties.

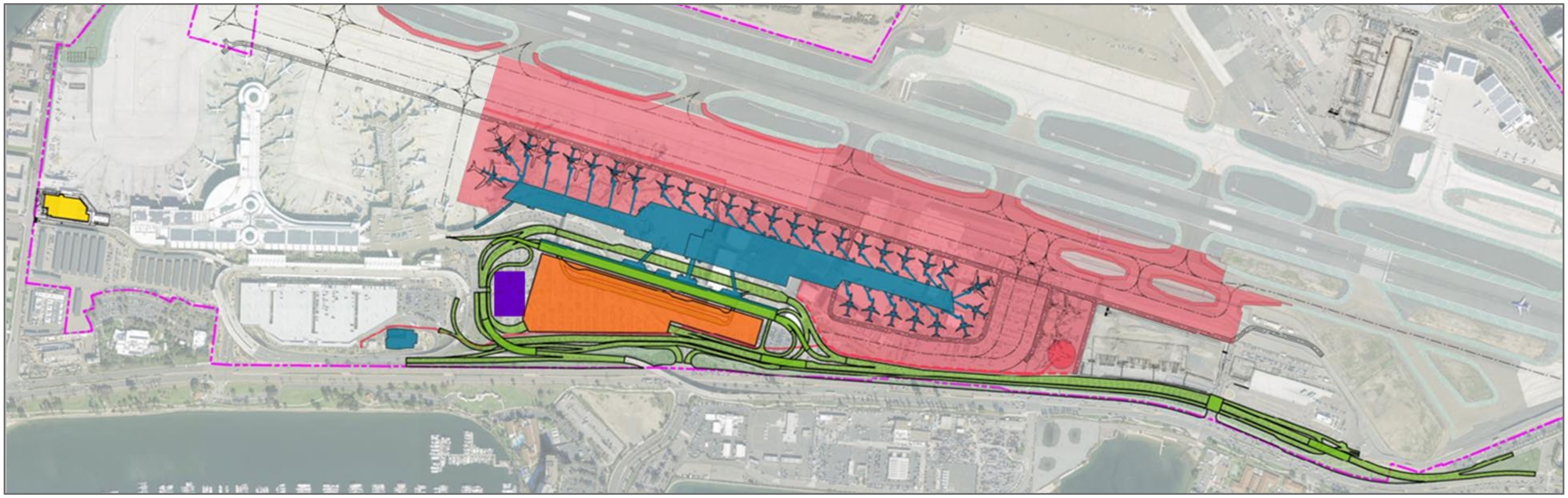
Table 1 | Estimated Capital Program Costs and Funding Plan

Project Name	Total	Series 2025 Bonds [1]	Prior Bonds [1]	Future Bonds	AIP and BIL Grants	PFCs	Major Maintenance Fund	Airport Authority Funds	Other Funding
New T1 Program	**$ 3,834,300,000**	**$ 719,990,070**	**$ 2,478,305,166**	**$ -**	**$ 310,489,829**	**$ -**	**$ -**	**$ 312,023,456**	**$ 13,491,479**
Capital Improvement Program									
Terminal 2E Connector	180,000,000	-	-	157,193,502	22,806,498	-	-	-	-
Acquire RCC Buses	36,000,000	-	-	-	6,000,000	-	-	30,000,000	-
Solid & Liquid Waste Facilities	35,000,540	-	25,450,270	-	-	-	-	9,550,270	-
CIP Support	34,044,236	-	-	-	-	-	-	34,044,236	-
Offsite Intersection/Roadway Segment Improvements	33,600,000	-	33,600,000	-	-	-	-	-	-
Rehabilitate Taxiways	31,200,000	-	-	-	17,980,856	-	-	13,219,144	-
Expand/Remodel T2E- Program Level Scope Definition/Design	29,100,000	-	-	-	-	-	5,839,926	23,260,074	-
Modernize Baggage Handling Sys. & Mus in T2E	27,370,000	-	1,248,000	-	-	-	21,672,000	4,450,000	-
Terminal 2E Lounge	24,000,000	-	-	-	-	-	24,000,000	-	-
Perimeter Fencing Enhancements and PIDS Realignment	23,473,000	-	-	-	-	-	-	23,473,000	-
FY26 Capital Allowance	20,000,000							20,000,000	
Airport Electrical Infrastructure Expansion	18,200,000	-	-	-	-	-	-	18,200,000	-
Northside Apron Improvements	15,200,000	-	9,014,886	-	-	-	161,217	6,023,897	-
T2W Restroom Upgrades	11,600,000	-	-	-	-	-	-	11,600,000	-
Replace Passenger Boarding Bridges	10,368,990	-	5,152,461	-	-	185,001	5,031,528	-	-
Subtotal - Projects over $10 Million Dollars	$ 529,156,766	$ -	$ 74,465,617	$ 157,193,502	$ 46,787,354	$ 185,001	$ 56,704,671	$ 193,820,621	$ -
All Other Projects	159,390,518	-	60,764,015	-	13,732,153	-	28,081,483	51,812,867	5,000,000
Total Capital Improvement Program	**$ 688,547,284**	**$ -**	**$ 135,229,632**	**$ 157,193,502**	**$ 60,519,507**	**$ 185,001**	**$ 84,786,154**	**$ 245,633,488**	**$ 5,000,000**
Total - All Projects	**$ 4,522,847,284**	**$ 719,990,070**	**$ 2,613,534,798**	**$ 157,193,502**	**$ 371,009,336**	**$ 185,001**	**$ 84,786,154**	**$ 557,656,944**	**$ 18,491,479**

Source: The San Diego County Regional Airport Authority.

[1] Includes Construction Fund earnings.

Figure 1 | Map of New T1 on Airport Property



Terminal Roadways
Airside Improvements
Administration Building
Future Transit Station

Figure 2 | New T1 Sitework

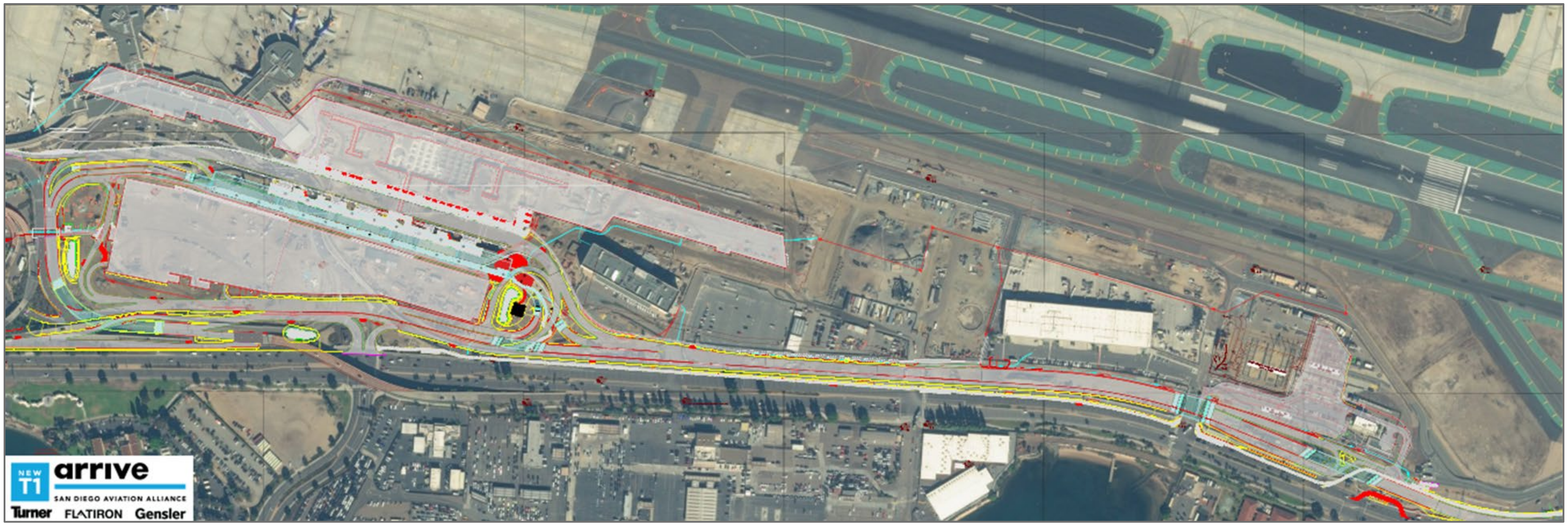


Figure 3 | New T1

Figure 4 | Arrivals Road at T1

Figure 5 | New T1 Ticket Lobby

Figure 6 | New T1 Baggage Claim Lobby

Figure 7 | New T1 Administration Building – Include final picture

SECTION 2 | ECONOMIC ENVIRONMENT

The financial feasibility of the San Diego County Regional Airport Authority's Senior Series 2025 Senior Airport Revenue Bonds is fundamentally tied to the Airport's ability to generate sufficient passenger traffic and associated revenue. This section examines the demographic and economic factors that drive demand for air service at San Diego International Airport.

As a predominantly origin and destination (O&D) airport, the demand for air transportation services at SAN is fundamentally shaped by the economic vitality of its service area and broader macroeconomic trends. This analysis evaluates demographic attributes, economic characteristics, tourism activity, and macroeconomic forecasts to establish a foundation for analyzing and forecasting aviation activity and financial performance. The analysis is structured across three geographic levels—San Diego-Chula Vista-Carlsbad, CA, Metropolitan Statistical Area (San Diego MSA), the state of California, and the United States—to provide comprehensive context for understanding the Airport's market position and growth potential amid evolving economic conditions.

2.1 | Airport Service Area

The Airport's primary air service area is the San Diego MSA, which consists of San Diego County. SAN is adjacent to the City of San Diego's central business district, less than two miles from downtown. While San Diego County encompasses a large area, most of the population lives in the western quarter, in a south-north band from the Mexican border to Camp Pendleton along the Pacific Coast.

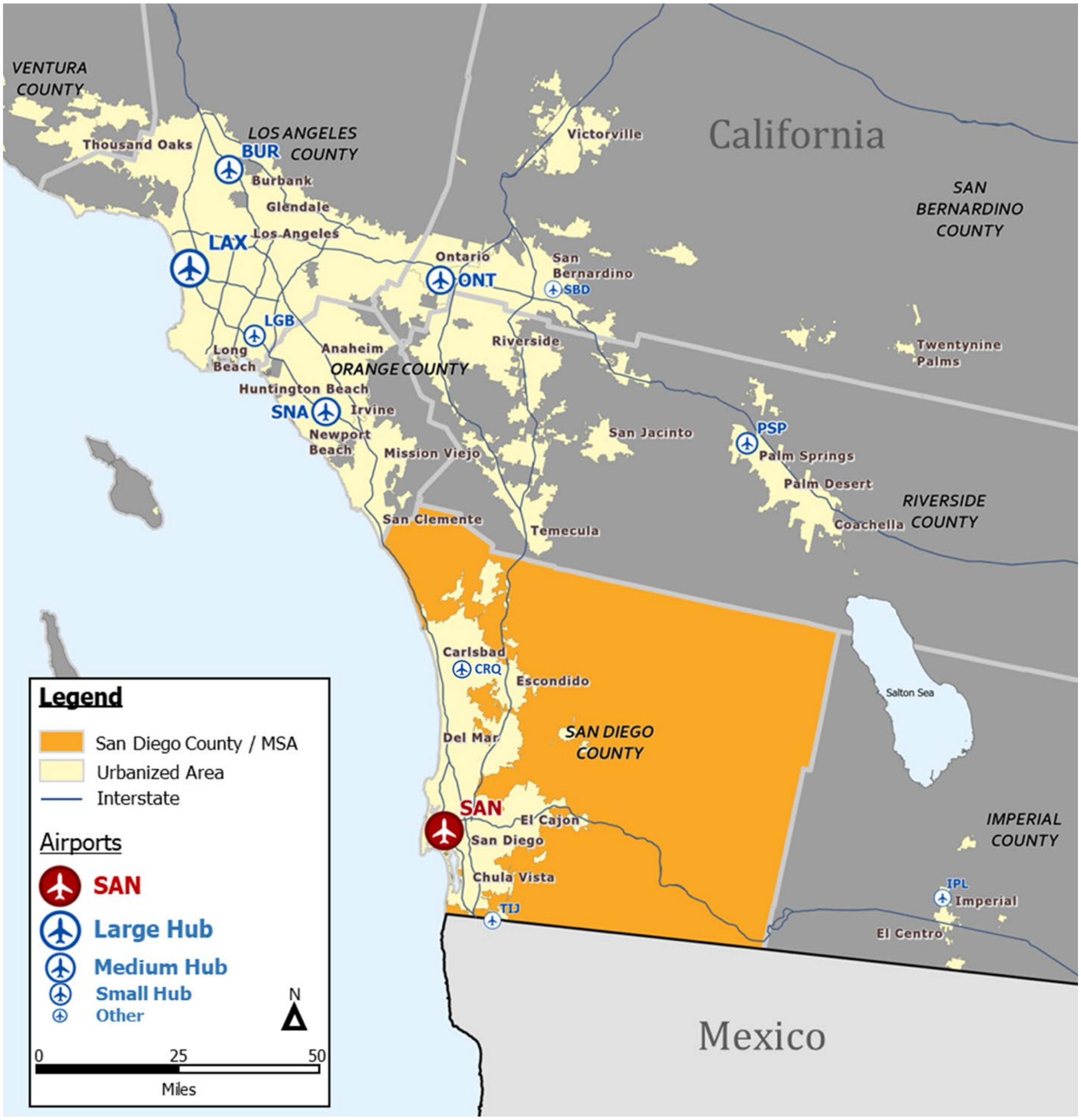
SAN operates in relative isolation as the only major commercial service airport in the San Diego MSA (Figure 8). While other airport options exist around the area, they do not compete on the same level as SAN due to their small size and more limited service. The closest is Mexico's Tijuana International Airport (TIJ), which is at least a 30-minute drive from SAN and accessed through the Cross Border Express. TIJ serves the Mexican domestic market. The next closest is McClellan-Palomar Airport (CRQ), about a 45-minute drive north. However, CRQ, only has limited passenger service from two public charters, JSX (since 2023) and Advanced Air (since 2021), and recently restarted limited commercial service from American Airlines.

Within a 2.5-hour drive (depending on road traffic) are eight other Southern California commercial service airports:

- Large hub Los Angeles International Airport (LAX).
- Medium hubs John Wayne Airport (SNA), Hollywood-Burbank Airport (BUR), and Ontario International Airport (ONT).
- Small hubs Long Beach Airport (LGB) and Palm Springs International Airport (PSP).

- Nonhubs San Bernardino International Airport (SBD) and Imperial County Airport (IPL) provide minimal passenger air service.[2]

Figure 8 | SAN Air Service Area and Alternative Commercial Service Airports



Sources: Esri, FAA, and Unison Consulting Inc.

[2] See Table 2 for FAA commercial service airport hub classifications.

Table 2 provides details on SAN, TIJ, and the six other Southern California hub airports. In CY2024, SAN reached about 1 percent above its CY2019 enplanement levels—not as far ahead of its pre-pandemic level as most other Southern California airports, but much further than its fellow large hub, LAX, which remains 12.2 percent below its CY2019 level. However, most of these listed airports do not pull much away from SAN's market, as most San Diego County residents south of Oceanside do not drive north to fly largely because of the notable driving time and common traffic congestion.

Table 2 | SAN and Alternative Commercial Service Hub Airports

Airport Information				Distance from SAN		Enplanements			2024
Name	State	Code	FAA Hub	Miles	Drive Time	CY2019	CY2024	2019-2024 Change	Nonstop Destinations
San Diego	CA	SAN	Large	0	N/A	12,624,938	12,757,656	1.1%	85
Tijuana*	MEX	TIJ	N/A	23	30 min	6,162,300	6,272,900	1.8%	N/A
John Wayne	CA	SNA	Medium	87	80 min	5,150,370	5,321,669	3.3%	50
Long Beach	CA	LGB	Small	105	90 min	1,748,940	2,027,153	15.9%	36
Ontario	CA	ONT	Medium	115	110 min	2,717,456	3,489,402	28.4%	32
Los Angeles	CA	LAX	Large	126	120 min	42,939,973	37,704,119	-12.2%	209
Palm Springs	CA	PSP	Small	132	140 min	1,307,413	1,615,910	23.6%	38
Burbank	CA	BUR	Medium	134	120 min	2,985,436	3,269,003	9.5%	44

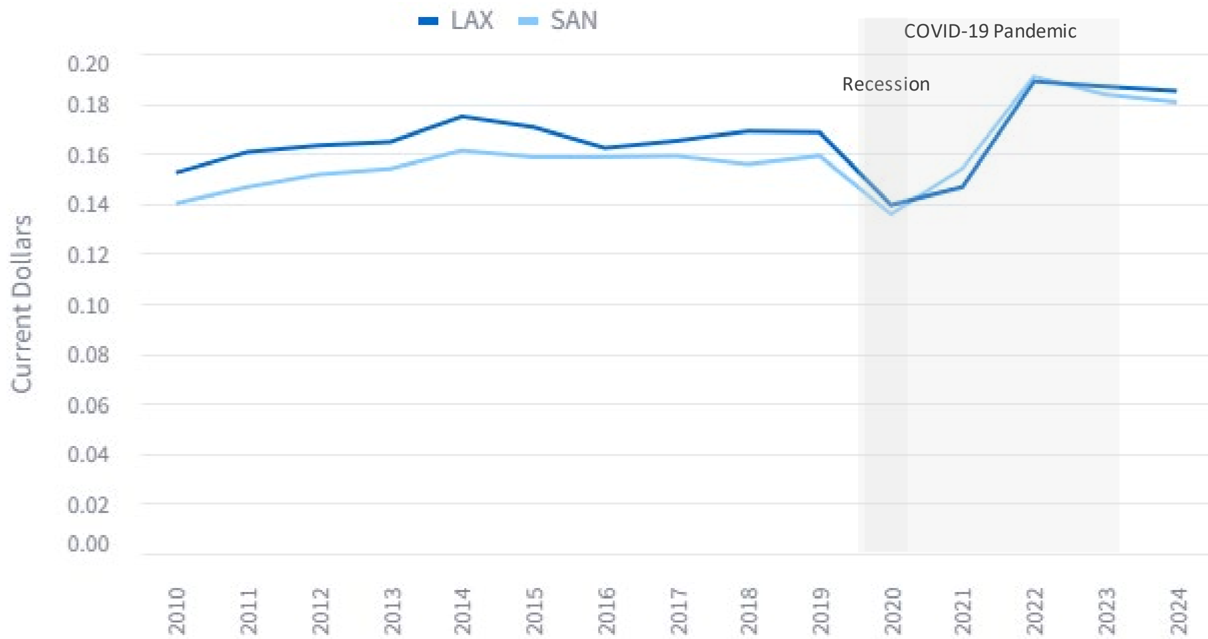
Sources: FAA, Google Maps, and Unison Consulting, Inc.
Distances are approximate, and the drive times assume free-flowing traffic. Actual drive times can be significantly longer during peak traffic. The driving distance and time to TIJ is to the Cross Border Express.
*TIJ enplanements are estimated as 50 percent of total passengers.
The FAA hub categories are as follows:

- Large hubs serve more than 1 percent of U.S. enplanements.
- Medium hubs serve 0.25-1.0 percent of U.S. enplanements.
- Small hubs serve 0.05-0.25.
- Nonhub airports serve less than 0.5 percent of U.S. enplanements and at least 2,500 enplanements annually.

Among Southern California airports, only LAX offers greater flight options than SAN. However, SAN's competitive position is enhanced by several factors beyond geographic convenience. SAN maintains fare competitiveness with LAX in domestic markets. Analysis of DOT domestic fare data for 2024 shows SAN's average passenger yield—average fare per mile traveled—was approximately 2 percent lower than LAX (Figure 9).

Service patterns also favor SAN's growth prospects. While LAX focuses increasingly on international connections and hubbing operations, SAN's predominantly O&D traffic (approximately 97 percent) provides airlines with higher-yield O&D passengers who are less sensitive to economic cycles than connecting passengers. This O&D strength has contributed to SAN's faster post-pandemic recovery compared to LAX, which remains 12.2 percent below 2019 enplanement levels due partly to slower international and connecting traffic recovery.

Figure 9 | Comparison of Average Passenger Yield at SAN and LAX, 2010-2024



Sources: Department of Transportation and Unison Consulting, Inc.

Access considerations further strengthen SAN's competitive position. Door-to-terminal time at SAN averages 25-40 minutes for most San Diego residents, compared to potential 2- to 3-hour access times to alternative Southern California airports. This time-cost advantage represents significant value to passengers especially those traveling for business.

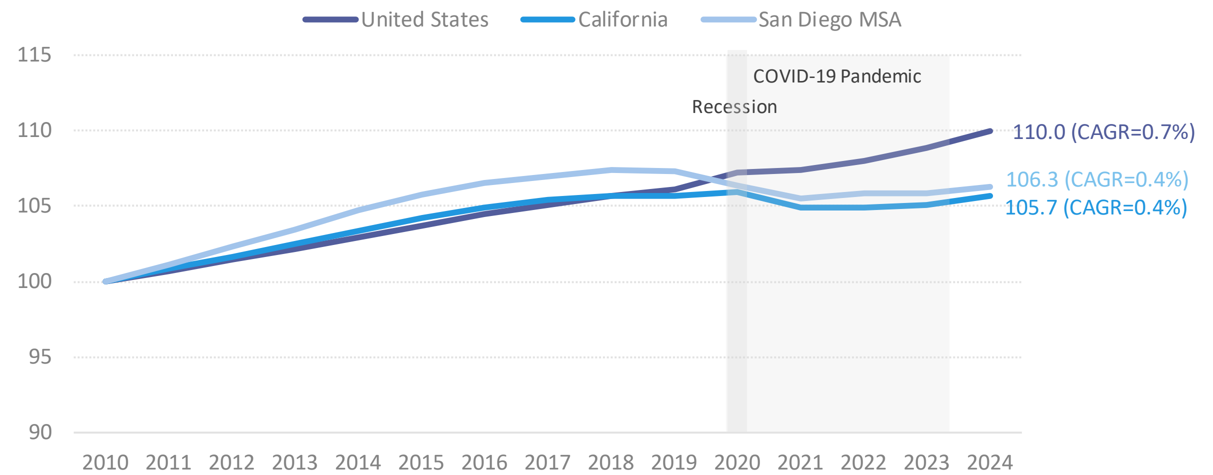
2.2 | Demographic Attributes

Demographics influence a region's workforce (supply) and consumer spending (demand), as well as its ability to attract visitors. Population size, growth, age distribution, immigration, and education levels determine the labor force's size, quality, and productivity. These demographic attributes, when combined with income characteristics, shape consumer demand. Residents create demand for airport services not only from their own travel but also from visiting family and friends.

2.2.1 | Population

In 2024, the population of the San Diego MSA was approximately 3.3 million, the 18th largest among the 387 MSAs in the United States. Since 2010, the San Diego MSA has experienced a modest population growth of 5 percent (0.4 percent CAGR), slightly higher than the state's growth but below the national average (Figure 10). This trend reflects not only the regional economic conditions but also broader demographic shifts, particularly recent migration patterns influenced by lifestyle preferences and economic opportunities.

Figure 10 | Population Index (2010=100), 2010-2024



Sources: U.S. Census Bureau and Unison Consulting, Inc.

During the COVID-19 pandemic, the U.S. experienced notable population migration trends influenced by factors such as remote work, housing affordability, and lifestyle changes. In 2020 and 2021, remote work allowed many individuals and families to move from densely populated urban areas to suburban and rural locations to have more living space and enjoy nature. Large cities experienced notable population losses, while suburban and rural areas saw population gains.[3] By 2022 and 2023, some pandemic migration trends began to moderate, with some returning to cities, though many pandemic-era relocations appeared permanent as remote work policies stabilized.[4]

Between 2018 and 2024, the San Diego MSA lost approximately 33,700 residents (-1.0 percent), mostly during the pandemic in 2020 and 2021. San Diego's population loss was proportionately larger than California's (-0.2 percent) and contrasts with a moderate gain nationwide (+4.0 percent). San Diego's population has since resumed a slow upward trend similar to the statewide trend.

2.2.2 | Population Age

Overall, the San Diego MSA has a younger population, with a median age of 37.6 years, compared to California (38.2 years) and the nation (39.2 years) (Figure 11). This provides an advantage in workforce productivity, adaptability, and renewal and a potential for higher consumer spending. However, the region's population has been aging at a faster rate than the national average. Between

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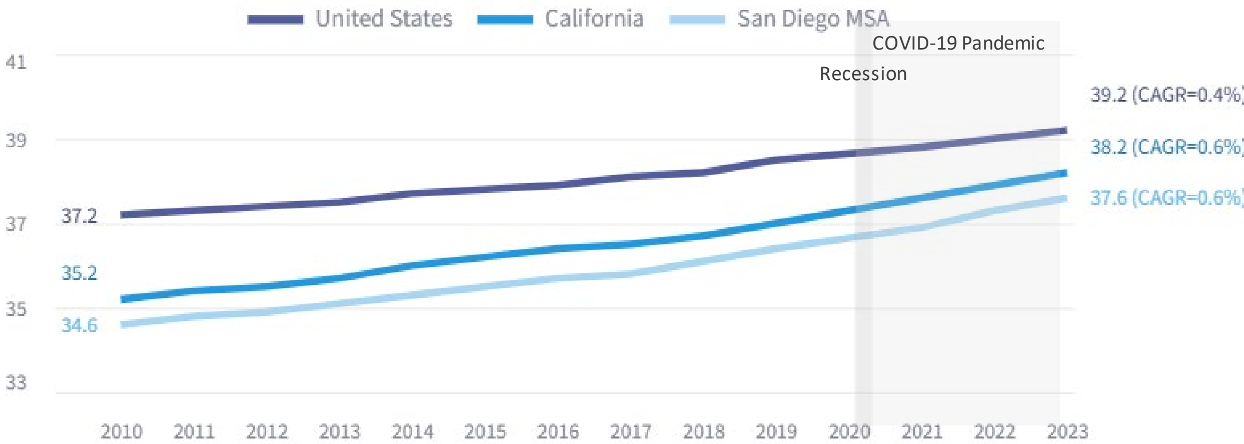
[3] William H. Frey, "Big cities saw historic population losses while suburban growth declined during the pandemic," *Brookings Report*, July 11, 2022, https://www.brookings.edu/articles/big-cities-saw-historic-population-losses-while-suburban-growth-declined-during-the-pandemic/.

[4] William H. Frey, "Big cities are showing signs of recovery after historic population losses, new census data shows," *Brookings Research*, June 22, 2023, https://www.brookings.edu/articles/big-cities-are-showing-signs-of-recovery-after-historic-population-losses-new-census-data-shows/.

2010 and 2023, the median age in the San Diego MSA increased by 3.0 years, matching California's increase but exceeding the national increase of 2.0 years. While this change is small, it signals an aging population, which could affect its workforce advantage.

Figure 11 | Median Age, 2010-2023



Sources: U.S. Census Bureau 2023 American Community Survey and Unison Consulting, Inc.

2.2.3 | Foreign-Born Population

Immigration helps mitigate the effects of population aging and declining birth rates.[5] Immigrants boost labor supply and productivity and expand the regional market for goods and services, including air travel.[6] They also generate demand for air service—from their own travel and from visiting family and friends.

Immigrants are a significant part of the region's population. In 2023, approximately 23 percent of San Diego MSA residents were born outside the United States—lower than California's 27 percent but well above the national share of 14 percent. The largest immigrant group in the San Diego MSA originates from Latin America (47 percent), followed by Asia (39 percent) and Europe (8 percent) (Figure 12). This regional distribution has remained relatively stable over the past decade and closely reflects both state and national patterns.

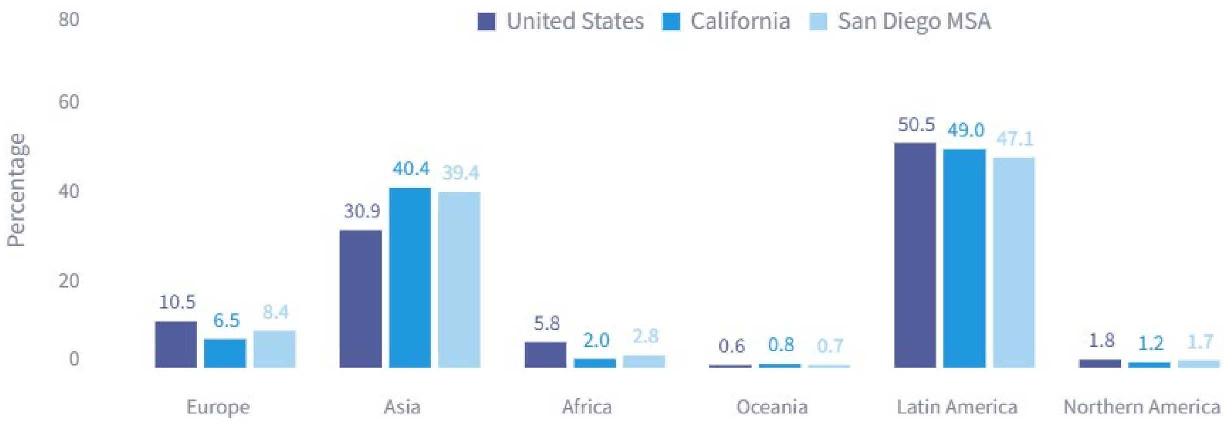
The San Diego MSA's immigrant population growth kept pace with national trends until 2017 (Figure 13). Since then, San Diego's immigrant population has declined, as growth tapered throughout California. Between 2010 and 2023, the region's immigrant population grew by 6 percent (0.4 percent CAGR), slightly outpacing California's 5 percent growth (0.4 percent CAGR) but

[5] P. Orrenius and C. Smith, "Without Immigration, U.S. Economy Will Struggle to Grow," *Dallas Fed Economics*, Federal Reserve Bank of Dallas, April 9, 2020, https://www.dallasfed.org/research/economics/2020/ 0409.

[6] G.J. Borjas, "Immigration and Economic Growth," National Bureau of Economic Research *Working Paper Series*, Working Paper 25836, May 2019, https://www.nber.org/system/files/working_papers/ w25836/w25836.pdf.

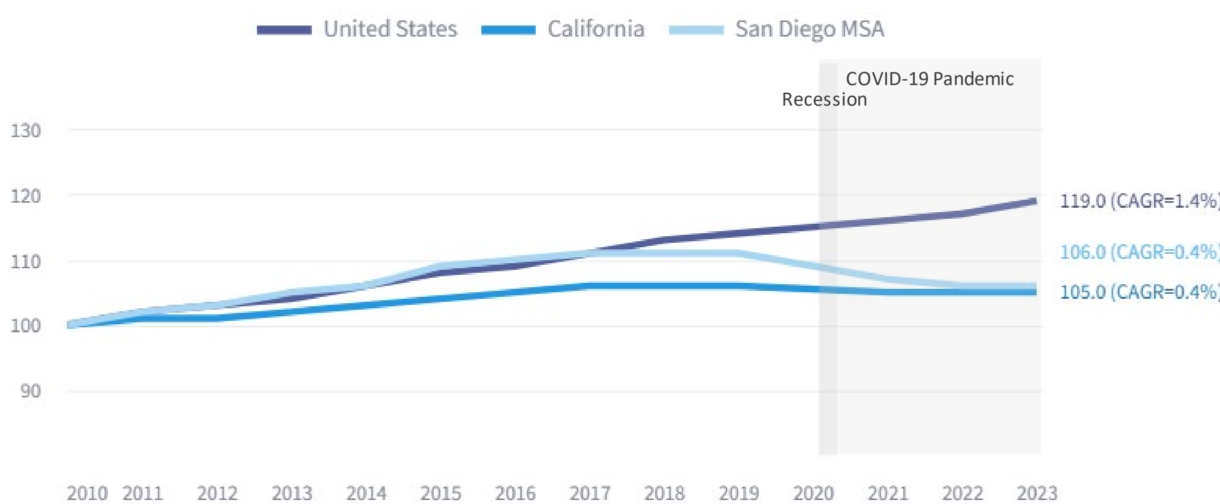
trailing the nation's 19 percent increase (1.4 percent CAGR). That said, recent changes in U.S. immigration policy include reduced legal immigrant pathways, increased border and interior enforcement, and shuttered humanitarian immigration programs, all of which may negatively affect the San Diego MSA's immigrant population.

Figure 12 | Foreign-Born Population Composition, 2023



Sources: U.S. Census Bureau 2023 American Community Survey and Unison Consulting, Inc.

Figure 13 | Foreign-Born Population Index (2010=100), 2010-2023



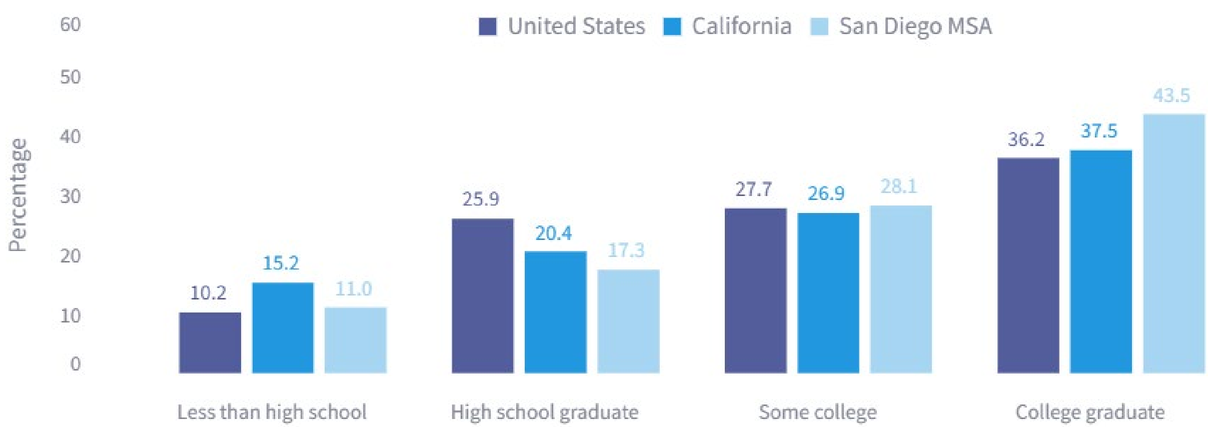
Sources: U.S. Census Bureau 2023 American Community Survey and Unison Consulting, Inc.

2.2.4 | Educational Attainment

Education promotes economic growth by raising workers' productivity and fostering innovation and the adoption of new technologies. A well-educated workforce can adapt to changing work environments and skill requirements.[7, 8] Regions that attract and retain educated workers see greater prosperity.[9] Wages and unemployment rates highlight the value of education. College graduates earned significantly more (more than double) and faced lower unemployment (nearly three times lower) than those without a high school diploma.[10,11]

Educational attainment levels in the San Diego MSA are much higher than state and national levels (Figure 14). More than 43 percent of the population aged 25 and over in the San Diego MSA have at least a bachelor's degree or higher. This compares with 36 percent nationally and 37 percent in California. The San Diego MSA is home to many higher education institutions, including 15 unique universities and colleges, and 8 unique community colleges.[12] Larger institutions, such as the University of San Diego and San Diego State University, serve over 45,000 and 39,000 enrolled students as of Fall 2024, respectively, and the San Diego Community College District is home to three credit colleges that serve approximately 90,000 students annually.

Figure 14 | Educational Attainment, 2023



Sources: U.S. Census Bureau 2023 American Community Survey and Unison Consulting, Inc.

[7] E. Hanushek and L. Woessman, "Education and Economic Growth," International Encyclopedia of Education (Oxford: Elsevier, 2010), Vol. 2, pp. 245-252.

[8] D. Claude and L. Charlotte, "Human Capital and Economic Growth," *Encyclopedia of International Higher Education Systems and Institutions* (Dordrecht: Springer, 2019).

[9] Edward Glaeser, *Triumph of the City* (New York: Penguin Books, 2012).

[10] U.S. Bureau of Labor Statistics, "Education pays, 2022," May 2023, https://www.bls.gov/careeroutlook/2023/data-on-display/education-pays.htm.

[11] U.S. Bureau of Labor Statistics, "Unemployment Rates for Persons 25 years and older by Educational Attainment, Seasonally Adjusted."

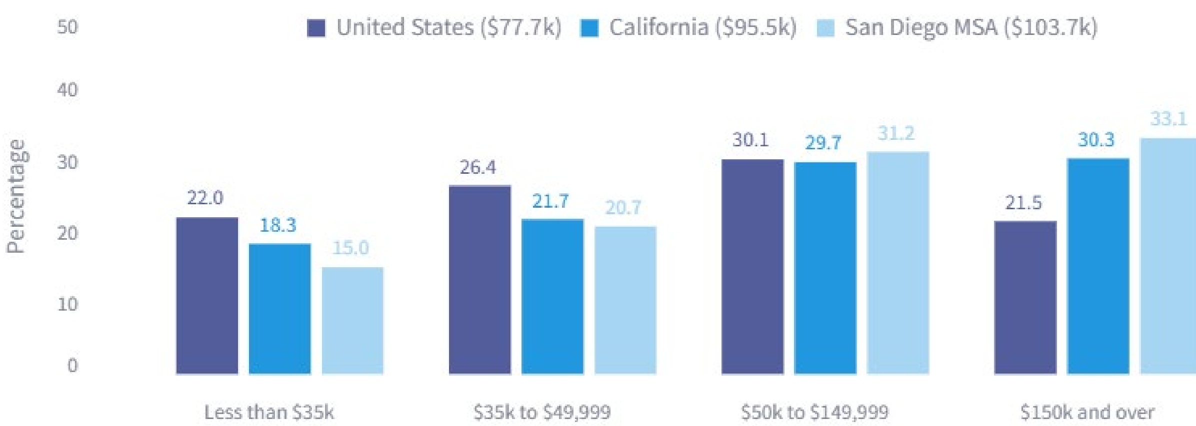
[12] San Diego Tourism Authority, "List of San Diego Universities and Colleges," https://www.sandiego.org/articles/san-diego-universities-and-colleges.aspx

2.2.5 | Income

Higher income fuels air travel demand, with studies showing a strong correlation: as people earn more, they are more likely to fly. This relationship, known as income elasticity, is often greater than one for air travel, meaning demand increases faster than income.[13]

Household incomes in the San Diego MSA are higher than in the rest of California and the nation (Figure 15). The median household income in the San Diego MSA is $103,700, 33 percent higher than the national average ($77,700) and 9 percent above the California average ($95,500). Additionally, the San Diego MSA has a higher percentage of households earning at least $150,000 (33 percent) compared with California (30 percent) and the United States (22 percent).

Figure 15 | Household Income Distribution, 2023

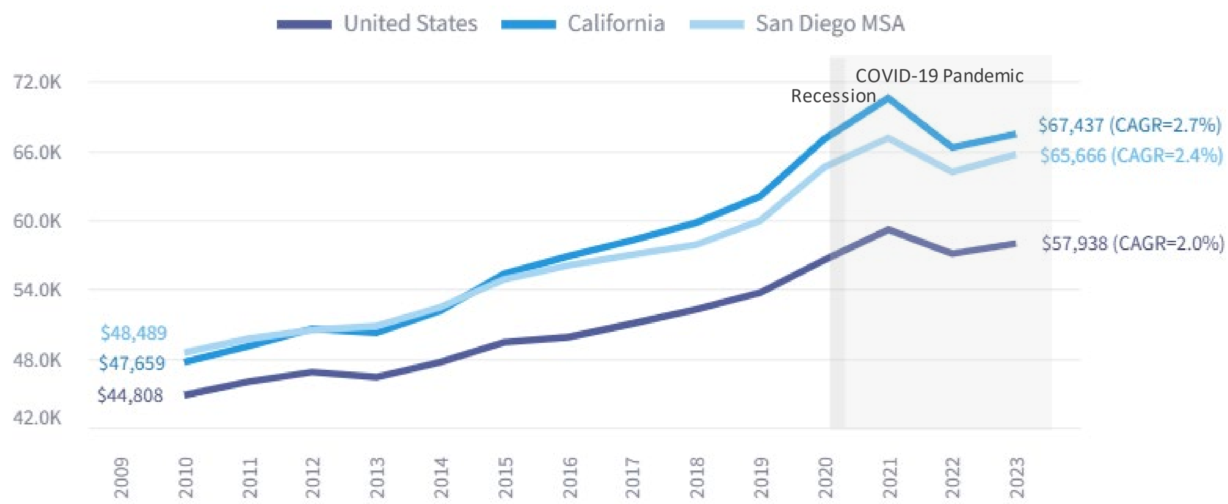


Sources: U.S. Census Bureau 2023 American Community Survey and Unison Consulting, Inc.

On a per capita basis, personal incomes in the San Diego MSA are also higher than the U.S. average (Figure 16). In 2023, the San Diego MSA's real per capita personal income was $65,700, about 3 percent lower than the state average but 13 percent higher than the national average. For the most part, the San Diego MSA has enjoyed per capita personal income growth, even after adjusting for inflation. Real per capita personal income in the San Diego MSA increased annually by 2.4 percent over the past 13 years—slightly trailing California's growth (2.7 percent) but surpassing national growth (2.0 percent).

[13] For example, a 10 percent increase in income will generate more than a 10 percent increase in air travel demand. See C. A. Gallet and H. Doucouliagos, "The income elasticity of air travel: A meta-analysis," *Annals of Tourism Research* 49 (2014), 141-155.

Figure 16 | Real Per Capita Personal Income, 2010-2023

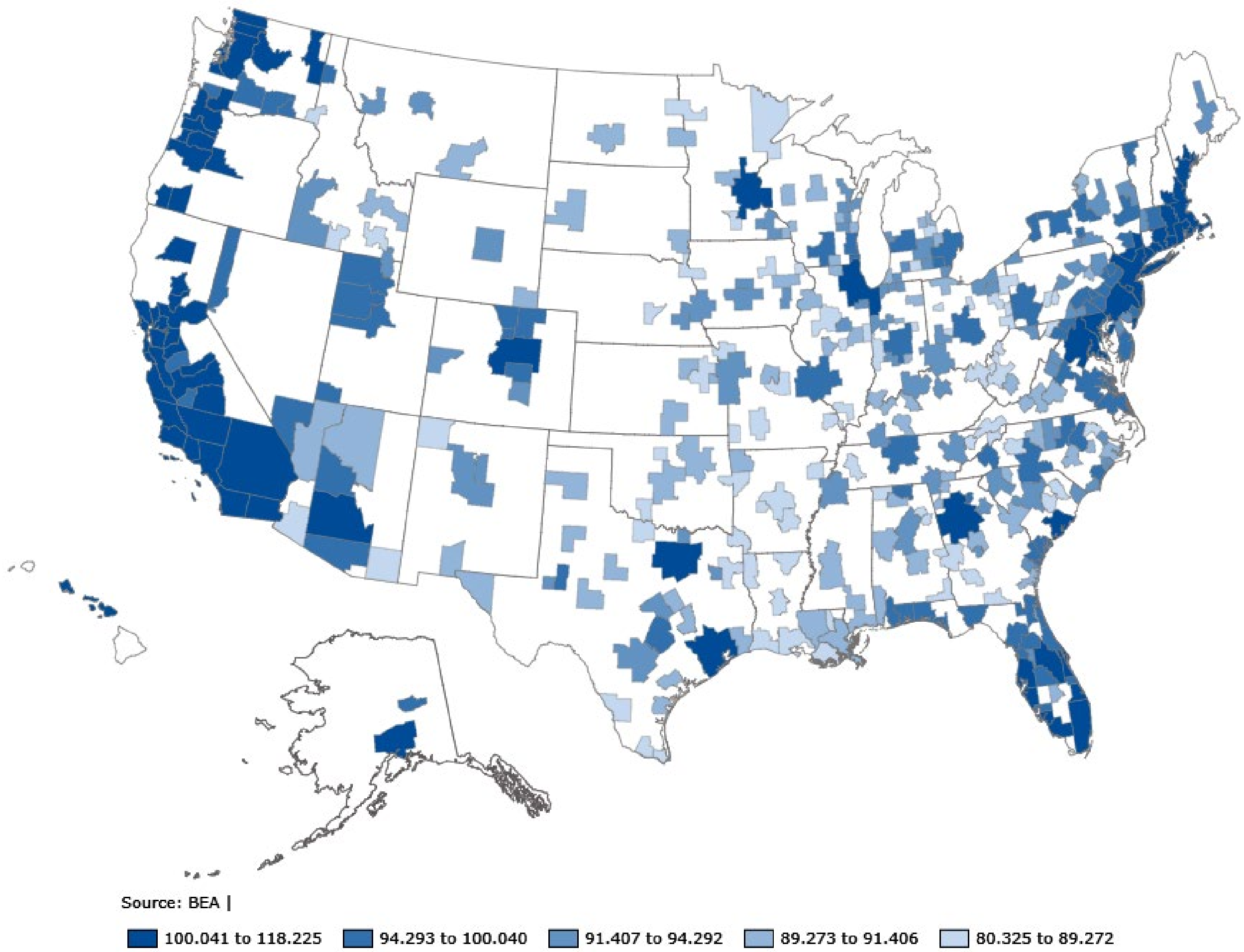


Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.

2.2.6 | Cost of Living

As seen in Figure 17, the MSA regional price parity index for 2023 shows that prices in the San Diego MSA are about 11.5 percent above the U.S. average, similar to but still below other major MSAs, including New York (12.5 percent above), Seattle (13.0 percent above), and the neighboring Los Angeles MSA (15.5 percent above). Despite the above average regional price parity index, the higher cost of living is matched by higher incomes in the San Diego MSA.

Figure 17 | Regional Price Parity Index by State (U.S. Average = 100), 2023



Sources: U.S. Bureau of Economic Analysis.

2.3 | Economic Attributes

Air travel demand at the Airport is closely linked to the economic health of a region. A region's economic vitality is reflected in GDP trends, labor market dynamics, industry composition, and tourism activity.

2.3.1 | Gross Domestic Product

GDP measures the total dollar value of all goods and services produced within a geographic region. Sustained GDP growth signals economic expansion, increasing employment, incomes, and air travel. Conversely, sustained decreases in real GDP over two or more consecutive quarters signal a recession,[14] where employment, income, and air travel demand fall.

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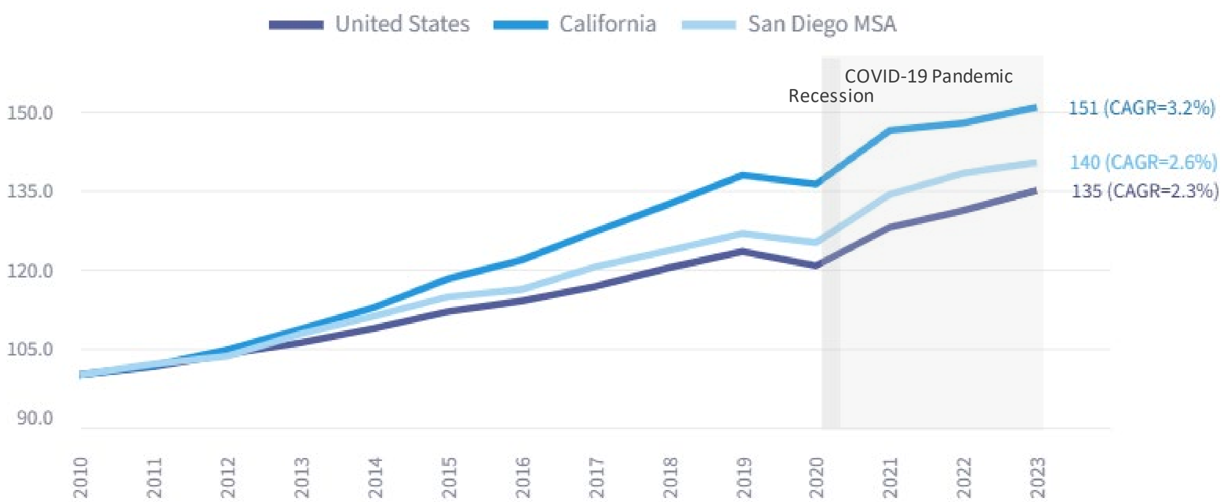
[14] The National Bureau of Economic Research (NBER) Business Cycle Dating Committee officially determines recessions based on several economic indicators.

Figure 18 illustrates the comparative real GDP growth trajectories of the San Diego MSA, California, and the United States from 2010-2023. While all three economies follow similar cyclical patterns, San Diego's 40 percent growth (2.6 percent CAGR) positions it between California's robust 51 percent growth (3.2 percent CAGR) and the nation's more moderate 35 percent growth (2.3 percent CAGR). This middle ground reflects San Diego's balanced economic composition, benefiting from California's innovation economy to maintain a growth rate above the national trend. Surpassing national growth indicates the region's structural economic advantages that support sustained air service demand even during periods of broader economic uncertainty.

During the pandemic, the San Diego MSA saw a smaller decline in real GDP (2.5 percent) in 2020 compared to 2.8 percent nationally and a faster recovery through 2023 (3.9 percent), compared to 3.8 percent nationally and 3.5 percent in California.

Figure 18 | Real GDP Index (2010=100), 2010-2023



Sources: U.S. Bureau of Economic Analysis and Unison Consulting, Inc.

While 2024 GDP data is not yet available at the MSA level, national and state data indicate continued robust economic growth in 2024 (2.8 percent for the United States and 3.6 percent for California). However, the U.S. GDP shrank by 0.3 percent in the first quarter of 2025, indicating a broad economic slowdown (see Section 2.6.1 and Section 2.6.2).

2.3.2 | Labor Market

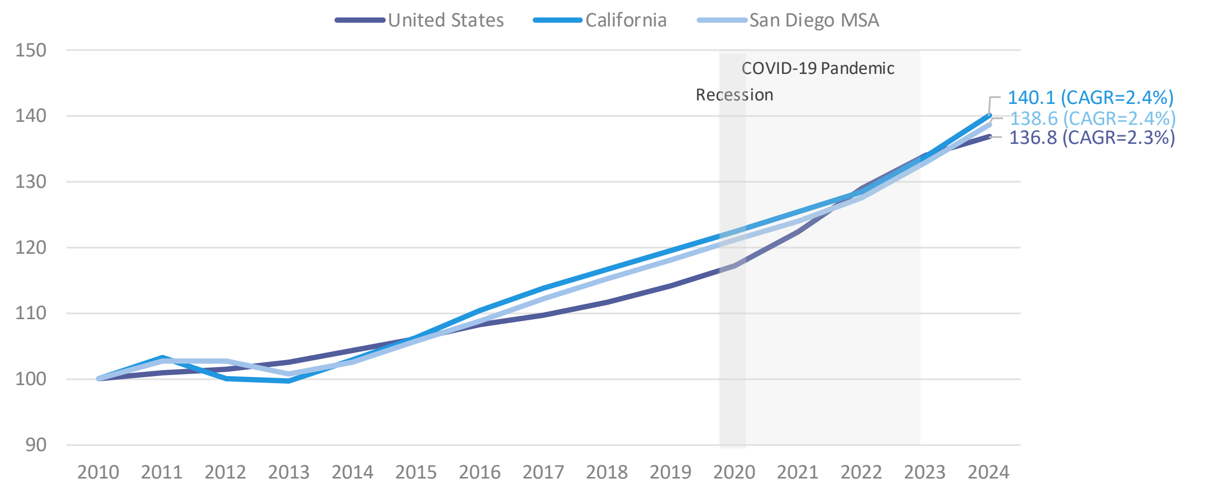
Labor market trends evolve with business cycles and reflect the overall state of the economy. They correlate positively with income and travel patterns. Strong business growth, rising employment, and low unemployment stimulate air travel.

Business Establishments

A growing number of business establishments reflects a healthy business climate and thriving entrepreneurial activity. New business formation creates jobs and stimulates economic growth. A vibrant business ecosystem boosts business travel.

The San Diego MSA has seen strong growth in business establishments. Between 2010 and 2024, the number of business establishments in the region increased by 39 percent (2.4 percent CAGR), closely aligning with California's 40 percent growth (2.4 percent CAGR) and slightly outpacing the national increase of 37 percent (2.3 percent CAGR).

Figure 19 | Business Establishment Index (2010=100), 2010-2024



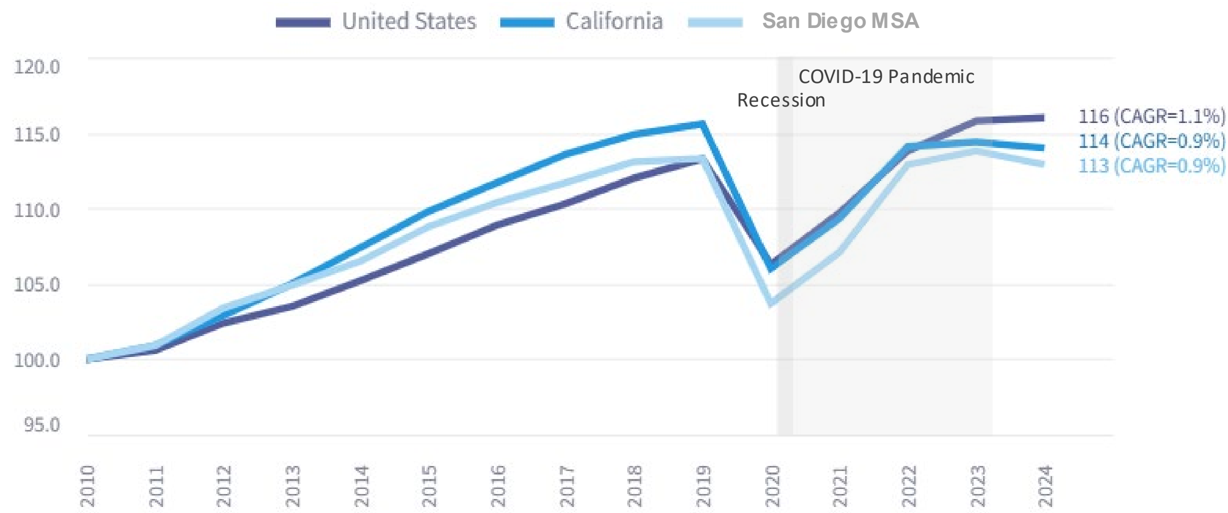
Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.
Data for 2024 are available through the second quarter.

Employment

From 2010 to 2024, civilian employment[15] in the San Diego MSA increased by 13 percent overall (0.9 percent CAGR), near equal to California's 14 percent increase (0.9 percent CAGR) and not far behind the nation's 16 percent increase (1.1 percent CAGR) (Figure 20). The strong rebound from the COVID-19 recession exhibits a resilient labor market. However, employment levels in both San Diego and California have stayed flat over the past three years.

[15] Civilian employment represents the employed members of the civilian labor force. The labor force consists of civilian residents 16 years and older who are either employed, or unemployed and actively looking for work.

Figure 20 | Employment Index (2010=100), 2010-2024



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

Unemployment Rate

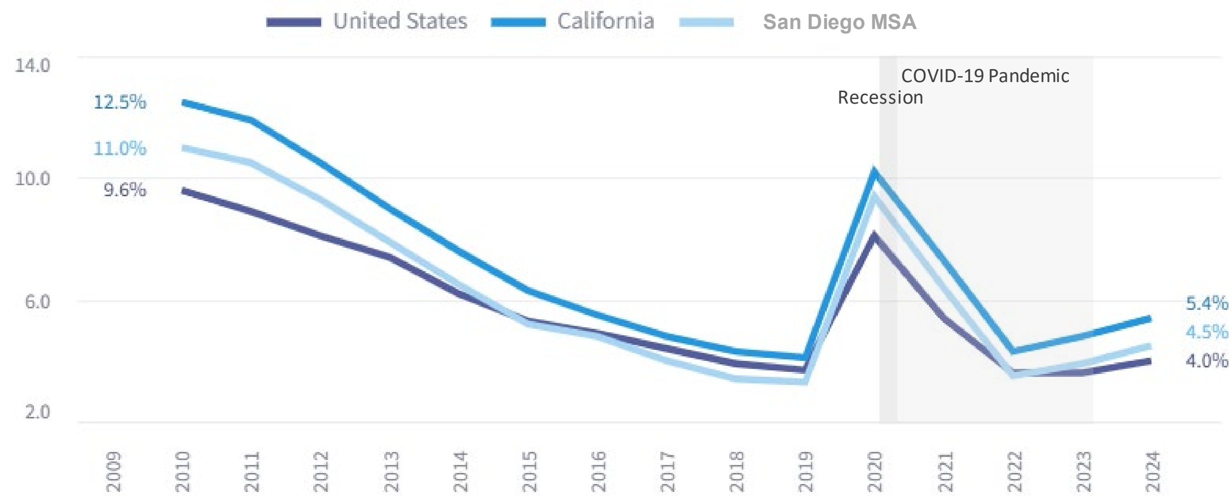
The unemployment rate measures the percentage of the labor force actively seeking work, indicating unmet job demand. Lower rates are generally associated with increased consumer spending and, consequently, increased air travel. Typically, unemployment rates rise during economic recessions and fall during expansions.

Following the 2008–2009 Great Recession, unemployment peaked in 2010 at 11.0 percent in the San Diego MSA, 12.5 percent in California, and 9.6 percent nationally (Figure 21). It then steadily declined during the subsequent economic expansion, reaching 3.3 percent in the San Diego MSA, 4.1 percent in California, and 3.7 percent nationally by 2019—levels indicating full employment.[16]

In 2020, the unemployment rate spiked briefly due to the pandemic, averaging 9.5 percent in the San Diego MSA, 10.2 percent in California, and 8.1 percent nationwide. Since then, it has fallen sharply but has begun to rise again. By 2024, the annual average unemployment rate was 4.5 percent in the San Diego MSA, 5.4 percent in California, and 4.0 percent nationally. San Diego's unemployment rate is still well within the full employment threshold.

[16] An unemployment rate of 5 percent or lower is often considered to indicate full employment. This level of unemployment prevents inflation and allows workers to move between jobs. It is low enough so that those looking for full-time work can find one. See Investopedia at https://www.investopedia.com/terms/f/fullemployment.asp.

Figure 21 | Annual Unemployment Rate, 2010-2024



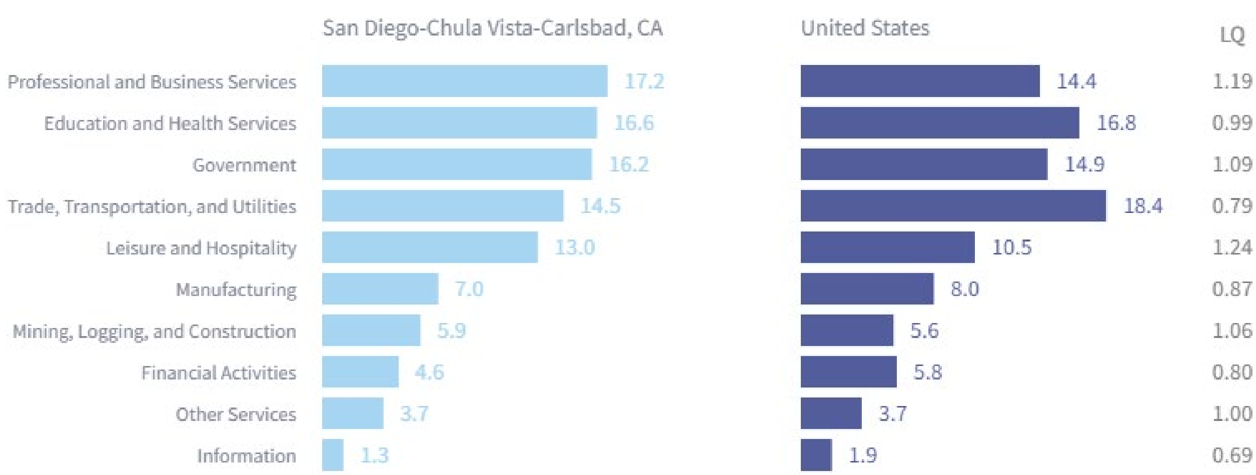
Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

2.3.3 | Industry Composition

A diversified economy enhances resilience against economic shocks, while heavy specialization amplifies vulnerability. However, regional specialization arises from factors like natural resources, geographic attributes, labor supply, and business climate, leading to industry concentrations.

Figure 22 shows the employment distribution across nonfarm industry sectors in the San Diego MSA compared with the United States as of December 2024. Figure 22 also shows the location quotients (LQ), which measure the concentration of an industry in the region relative to the nation, as discussed further below.

Figure 22 | Percent Employment and Location Quotients -- Selected Nonfarm Sectors, December 2024



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

The largest industry sector in the San Diego MSA, with 17 percent of employment, is professional and business services, which includes legal services, accounting, engineering, and consulting. At the national level, the largest sector is trade, transportation and utilities, which is only the fourth largest in the region. The second and third largest industry sectors in the San Diego MSA are education and health services (16.6 percent) and government (16.2 percent).

As stated above, the LQ measures the concentration of an industry in the region relative to the nation. An LQ of one indicates that an industry's share of regional employment matches its national share. Values below one suggest the sector is underrepresented in the region, while values above one indicate a higher concentration, signifying regional specialization.

An LQ threshold of 1.25 indicates moderate specialization and a threshold of 1.5 or higher indicates significant specialization. None of the industry sectors show an LQ of 1.25 or higher in the San Diego MSA, indicating a well-balanced diversified economy that is resilient to economic shocks. The San Diego MSA does exhibit mild employment concentrations in the following industry sectors:

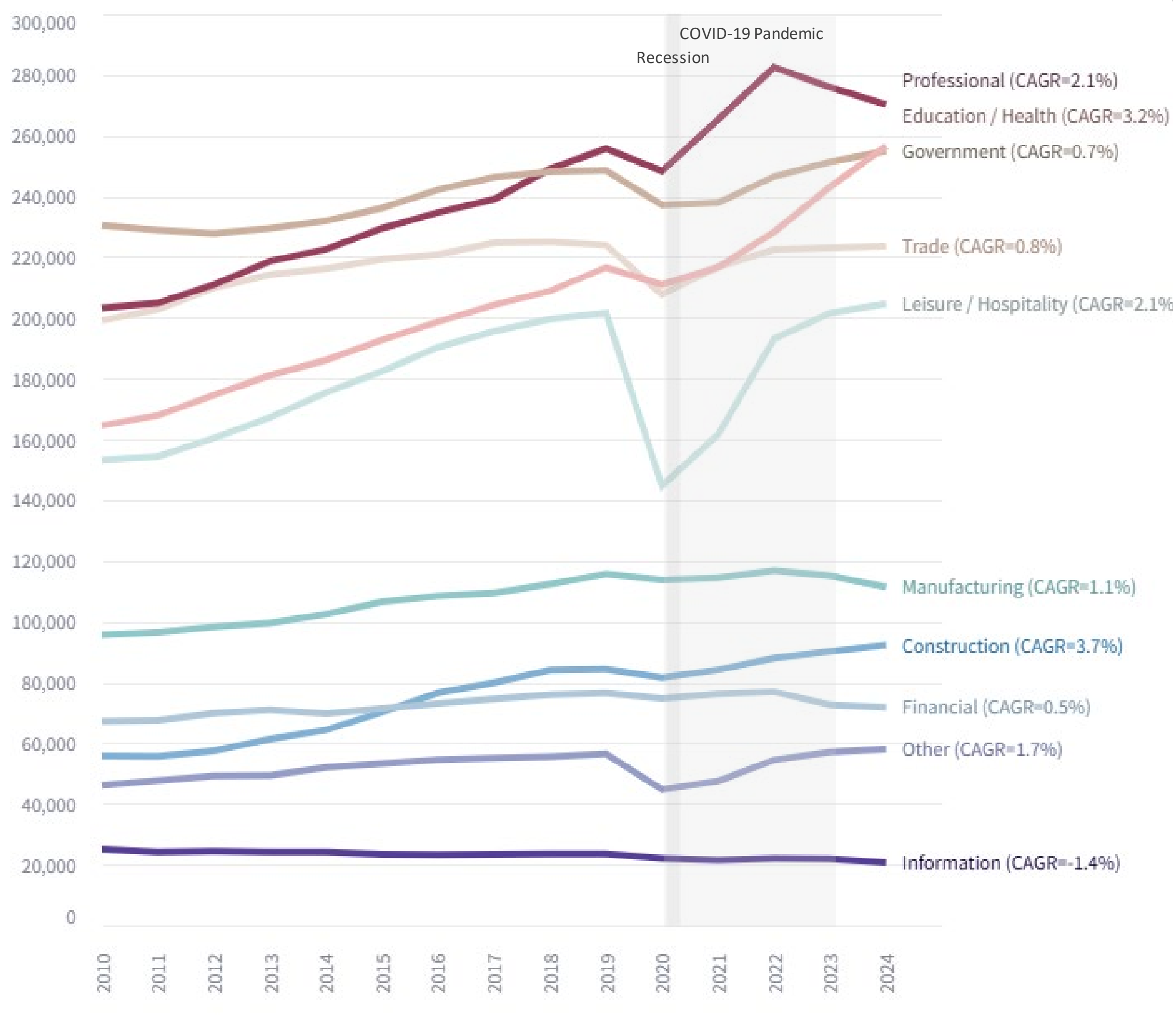
- Leisure and hospitality with an LQ of 1.24
- Professional and business services with an LQ of 1.19
- Government with an LQ of 1.09

Conversely, the information sector with an LQ of 0.69 is significantly smaller in the San Diego MSA.

The last recession impacted all industry sectors—some more than others (Figure 23). As expected, leisure and hospitality, an important sector in the San Diego MSA, suffered the largest job losses in 2020, after a period of rapid growth from 2010 to 2019. In 2020, the sector lost more than 28 percent of its workforce in the San Diego MSA. However, it rebounded strongly, reaching 101 percent of 2019 employment by the end of 2024. Most industries in the San Diego MSA have returned to their 2019 employment levels, with the exception of information (88 percent), financial activities (94 percent), and manufacturing (96 percent).

From 2010 to 2024, education and health services saw the largest employment gains, growing at a 3 percent CAGR. Leisure and hospitality (3.2 percent CAGR) and professional and business services (2.1 percent CAGR) also expanded significantly. Information (-1.4 percent CAGR) was the only sector to experience a decline in employment during this period.

Figure 23 | Employment by Industry, San Diego MSA, 2010-2024



Sources: U.S. Bureau of Labor Statistics and Unison Consulting, Inc.

2.3.4 | Major Employers

Large public and private institutions and small enterprises form the backbone of the region's economy (Table 3). A significant corporate presence generates business demand for air travel.

The San Diego MSA has a large public sector comprising local government, California state government, and the U.S. Defense Department. Government, military, and educational institutions help provide stable employment in the region. Major private sector employers span diverse sectors, including healthcare, food service, electronics, biotechnology, and utilities. This diversity provides residents with wide-ranging employment opportunities and protects the region from sector-specific downturns.

Table 3 | Selected Employers with Employees in the San Diego MSA

Organization	Estimated Employment	Sector
Local Government	>10,000	Government
State Government	>10,000	Government
32 St. Naval Station	>10,000	Military
University of California	>10,000	Education
Qualcomm	>10,000	Electronics
Marine Corps Recruit Depot	5,000-9,999	Military
Kaiser Permanente	5,000-9,999	Health
Naval Medical Center	5,000-9,999	Health
San Diego Community College	5,000-9,999	Education
Sharp Healthcare	1,000-4,999	Health
Rady Children's Hospital	1,000-4,999	Health
General Dynamics	1,000-4,999	Manufacturing
Illumina	1,000-4,999	Research & Development
Sony Electronics	1,000-4,999	Electronics
Scripps Mercy Hospital	1,000-4,999	Health
Collins Aerospace	1,000-4,999	Manufacturing
Seaworld San Diego	1,000-4,999	Leisure & Hospitality
Page One Seo	1,000-4,999	Health
Scripps Research Institute	1,000-4,999	Research & Development
San Diego County Sheriff	1,000-4,999	Police Department

Sources: California Employment Development Department, Data Axle, Esri, Forbes, Fortune, San Diego County, and Unison Consulting, Inc.
The list is not exhaustive. Employment levels are estimates and may include some non-local employers that have local employees.

2.4 | Military Presence

The San Diego MSA maintains a significant presence of the Department of Defense, which provides a significant stabilizing influence on the San Diego regional economy and, by extension, on aviation demand. With over 111,000 active-duty personnel, 7,000 military reservists, and 26,000 civilians employed by the Department of Defense in the San Diego MSA (as of FY2023), military spending forms a reliable economic foundation less susceptible to business cycles.

The region hosts major installations across various branches:

- U.S. Navy: San Diego Harbor is a National Strategic Port and the homeport for nearly 70 Navy ships. It is also home to one of every six Sailors and numerous operational and administrative commands, including Naval Special Warfare Command, Navy's Third Fleet, Naval Surface Force, Naval Air Forces, Navy Region Southwest, Naval Information Warfare Systems Command (NAVWAR), Naval Medical Forces Pacific, and Naval Surface and Mine Warfare Development Command. Key Navy bases include Naval Base San Diego, Naval Base

Point Loma, and Naval Base Coronado (comprising NAS North Island and NAB). San Diego is the largest naval complex in the Pacific.

- U.S. Marine Corps: San Diego hosts the largest concentration of Marine Corps operational and support commands in the United States, with one of every four Marines stationed in the region. Ninety-five percent of all Marines train in Southern California before deploying. Major installations include Marine Corps Base Camp Pendleton, Marine Corps Air Station Camp Pendleton, Marine Corps Air Station Miramar, and Marine Corps Recruit Depot (MCRD) San Diego. MCRD San Diego is responsible for recruiting and basic training for recruits from states west of the Mississippi.
- U.S. Coast Guard: Coast Guard Sector San Diego provides marine safety, security, and environmental protection to the major seaport and the region.
- Department of Veterans Affairs (VA): The San Diego region is home to over 225,000 veterans. The VA has a regional office and a healthcare system in San Diego, providing various benefits and medical services.

The defense sector's impact on SAN extends beyond the direct employment figures. Defense spending totaling $40.5 billion in FY2024 contributed $63.2 billion or 24 percent to the San Diego MSA GDP, and is responsible for more than 369,600 jobs or 24 percent of the region's total.

Defense procurement contracts with regional companies totaled $20.6 billion in FY2024, supporting an ecosystem of contractors and subcontractors that generate significant business travel. Major defense contractors including General Dynamics, Northrop Grumman, and BAE Systems maintain regular corporate travel between their San Diego operations and other corporate locations, Washington D.C., and international partner sites.

The relative stability of defense budgets, typically operating on multi-year authorization cycles, provides a buffer against economic downturns. During the pandemic, defense spending and defense-related employment in San Diego, including those resulting from procurement contracts, continued to increase annually.[17]

The military contributes to SAN's passenger traffic from travel by active-duty personnel, military reservists, contractors, civilians employed by the Department of Defense, and visiting family members. This travel segment exhibits different seasonal patterns than either business or leisure travel, helping to smooth demand fluctuations throughout the year.

2.5 | Tourism

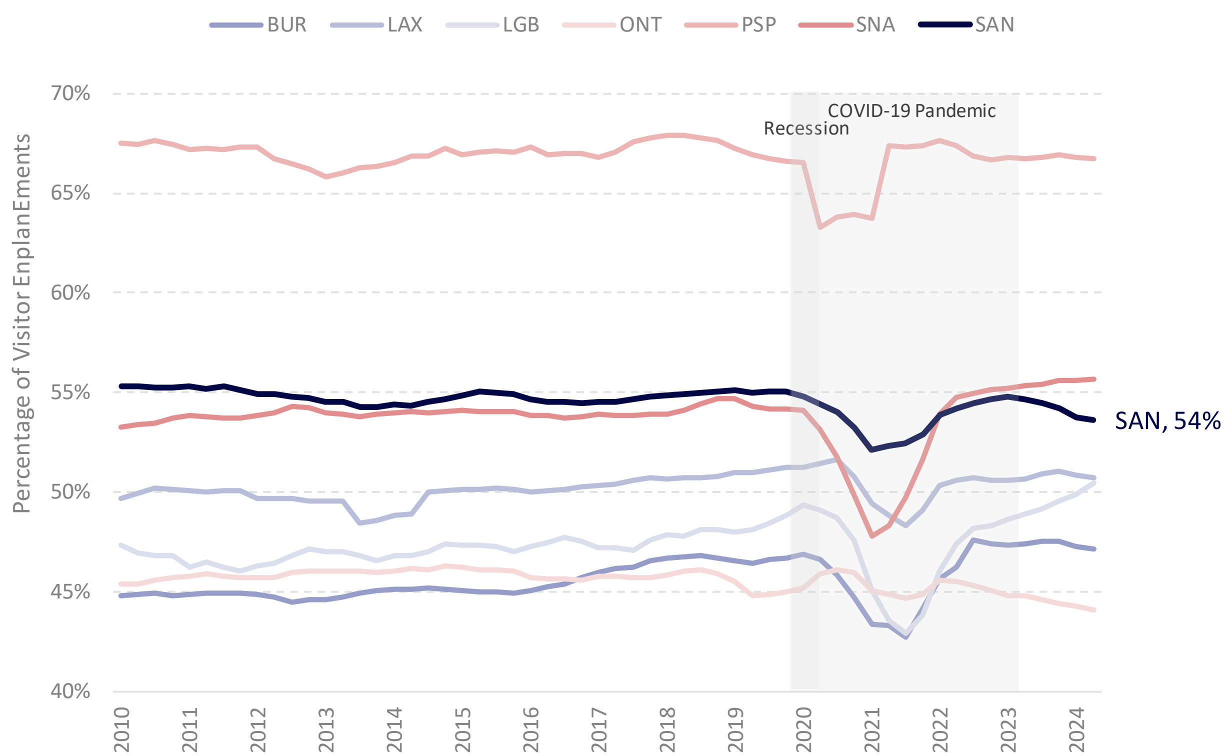
Tourism is a significant component of the San Diego regional economy. Not only does it boost passenger traffic at the Airport but it also drives regional economic growth by bringing "new money" from visitor spending on food, lodging, recreation, and other services provided by local

[17] UC San Diego Rady School of Management, San Diego Military Advisory Council 2024 Military Economic Impact Report, https://sdmac.org/wp-content/uploads/2024/10/SDMAC-2024-MEIR.pdf.

businesses. Visitors gravitate to San Diego's pleasant weather and diverse attractions. Beaches, the harbor/waterfront, Coronado Island, Old Town, Balboa Park, Seaworld, Legoland, and Petco Park are among the top tourist sites.

Figure 24 shows the estimated share of visitors among O&D enplanements at Southern California airports. SAN holds the third-largest visitor share of 54 percent as of Q2 2024.

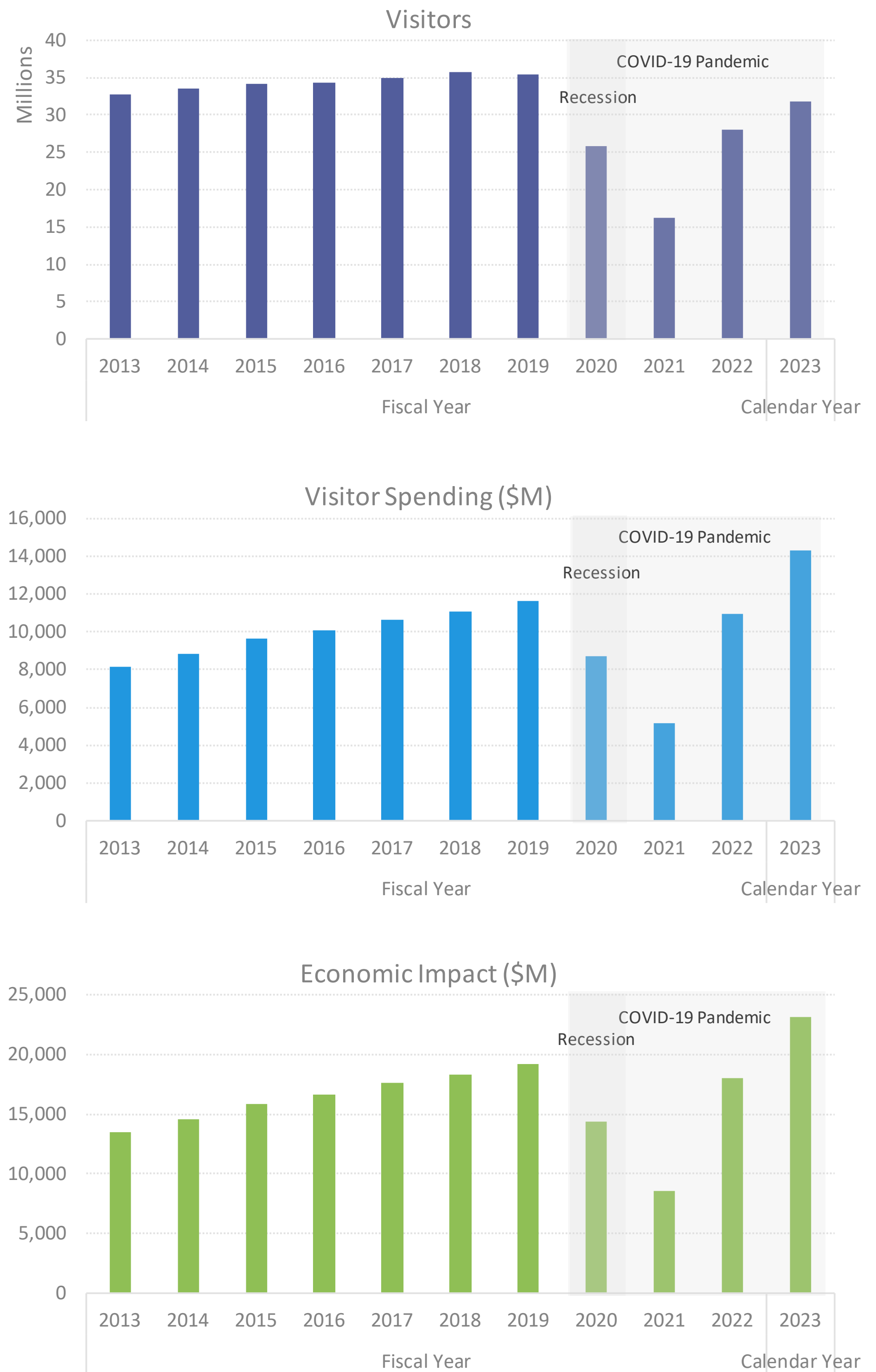
Figure 24 | Visitor Share of O&D Enplanements at Southern California Hub Airports (4-Quarter Moving Average), Q1 2010-Q2 2024



Sources: U.S. Department of Transportation and Unison Consulting, Inc.

Figure 25 shows the trend in visitor volume in the San Diego MSA from 2013 to 2023. The number of visitors rose steadily, reaching more than 35 million annually in FY2017-2019. Visitor volume dropped to 16 million in FY2021 due to the COVID-19 pandemic but made a significant recovery. On a calendar year basis in 2023, the number of visitors had rebounded to nearly 32 million. These visitors in 2023 spent a total of $14.3 billion in the region and contributed a total economic impact of $23.1 billion, setting an all-time high record for visitor spending and regional economic impact. This record high economic impact despite 2023's visitor volume still not returning to pre-COVID levels indicates a trend of higher spending per visitor, which aligns with the post-pandemic air traffic trend of longer-term leisure travel increasing faster than shorter-term business travel.

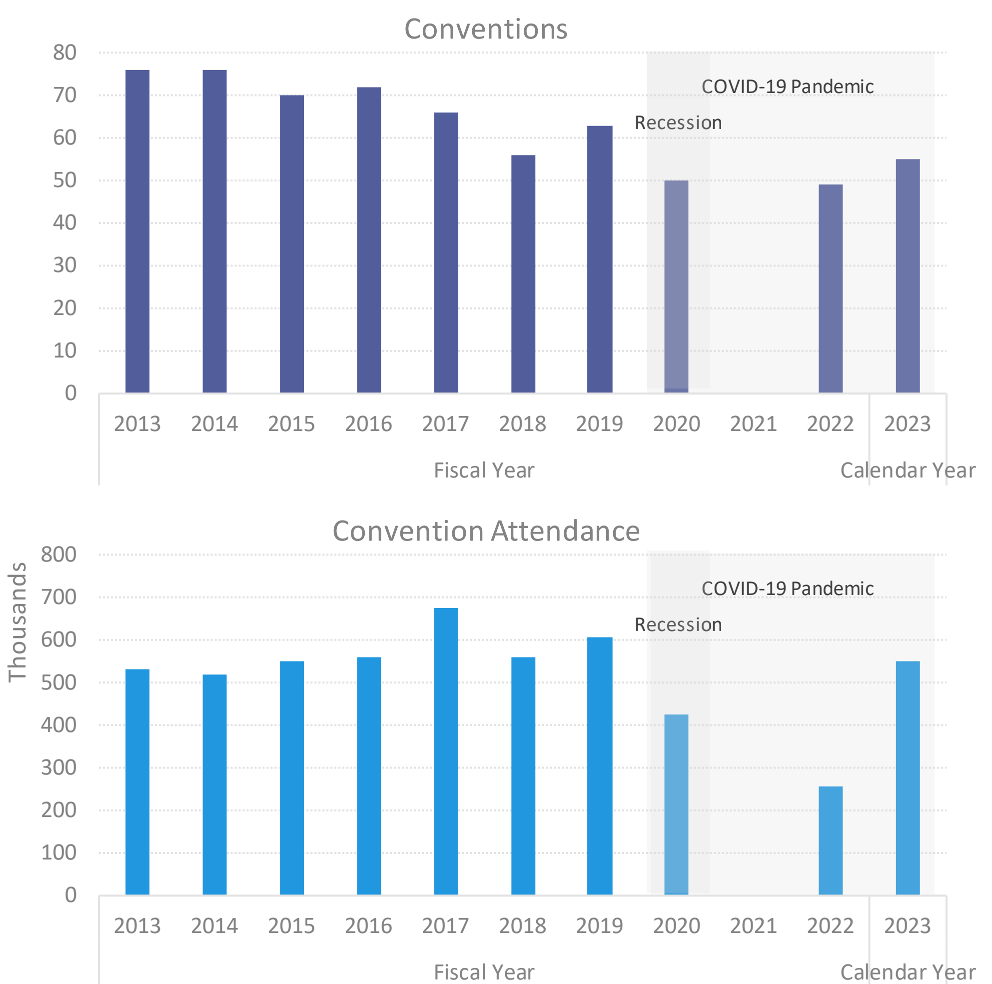
Figure 25 | San Diego MSA Visitor Volume, Spending, and Regional Economic Impact, 2013-2023



Sources: San Diego Tourism Authority and Unison Consulting, Inc.

The number of conventions, however, has been decreasing even before the pandemic, falling to zero in FY2021 (Figure 26). Conventions have resumed but have not yet reached pre-pandemic numbers; however, several major events that have historically been held in San Diego on an annual basis, including the San Diego Comic Con, San Diego Bay Wine & Food Festival, the Esri International User Conference, and the San Diego Auto Show, have returned.

Figure 26 | San Diego MSA Conventions and Attendance, 2023



Sources: San Diego Tourism Authority and Unison Consulting, Inc.

2.6 | Macroeconomic Outlook

Macroeconomic conditions drive visitor travel to San Diego and residents' air travel demand through influences on the regional economy. A robust national economy encourages travel and spending, boosting visitor arrivals at the Airport and revenue and employment in the region's leisure and hospitality sector. It also supports a robust regional economy, leading to job creation, higher income levels, and increased business activity, all contributing to air travel demand at the Airport.

The U.S. economy has demonstrated remarkable resilience and robustness. However, the change in administration has brought increased economic uncertainty due to tariff hikes and other policy shifts. Concerns are rising about consumer spending capacity as debt burdens increase, potentially impacting economic growth. The Federal Reserve has held interest rates steady amid growing economic uncertainty,[18] and economists are revising growth forecasts downward and inflation expectations upward. Globally, the OECD also anticipates that U.S. tariffs would slow economic growth and increase inflation worldwide, particularly affecting U.S. major trade partners like Mexico and Canada.

2.6.1 | U.S. Real Gross Domestic Product

The U.S. economy has transitioned from a strong post-pandemic recovery to a more sustainable, moderate growth trajectory (Figure 27). The economy rebounded vigorously after a deep recession triggered by COVID-19 lockdowns and travel restrictions. Following a 2.2 percent contraction in 2020, real GDP surged by 6.1 percent in 2021—the highest annual growth rate since 1984.

Over the next three years, through the COVID-19 pandemic, the economy continued to grow at rates above the pre-pandemic average (2.4 percent) despite challenges such as COVID-19 resurgence, supply-chain disruptions, labor market constraints, the waning effects of fiscal stimulus, high inflation, and high interest rates. Robust consumer spending sustained the U.S. economy, as the Federal Open Market Committee (FOMC) raised interest rates to contain inflation.

The U.S. economy entered 2025 with considerable momentum. However, the outlook has dimmed considerably amid significant policy shifts under the new administration.[19] First quarter real GDP data shows the U.S. economy shrinking by 0.3 percent.[20]

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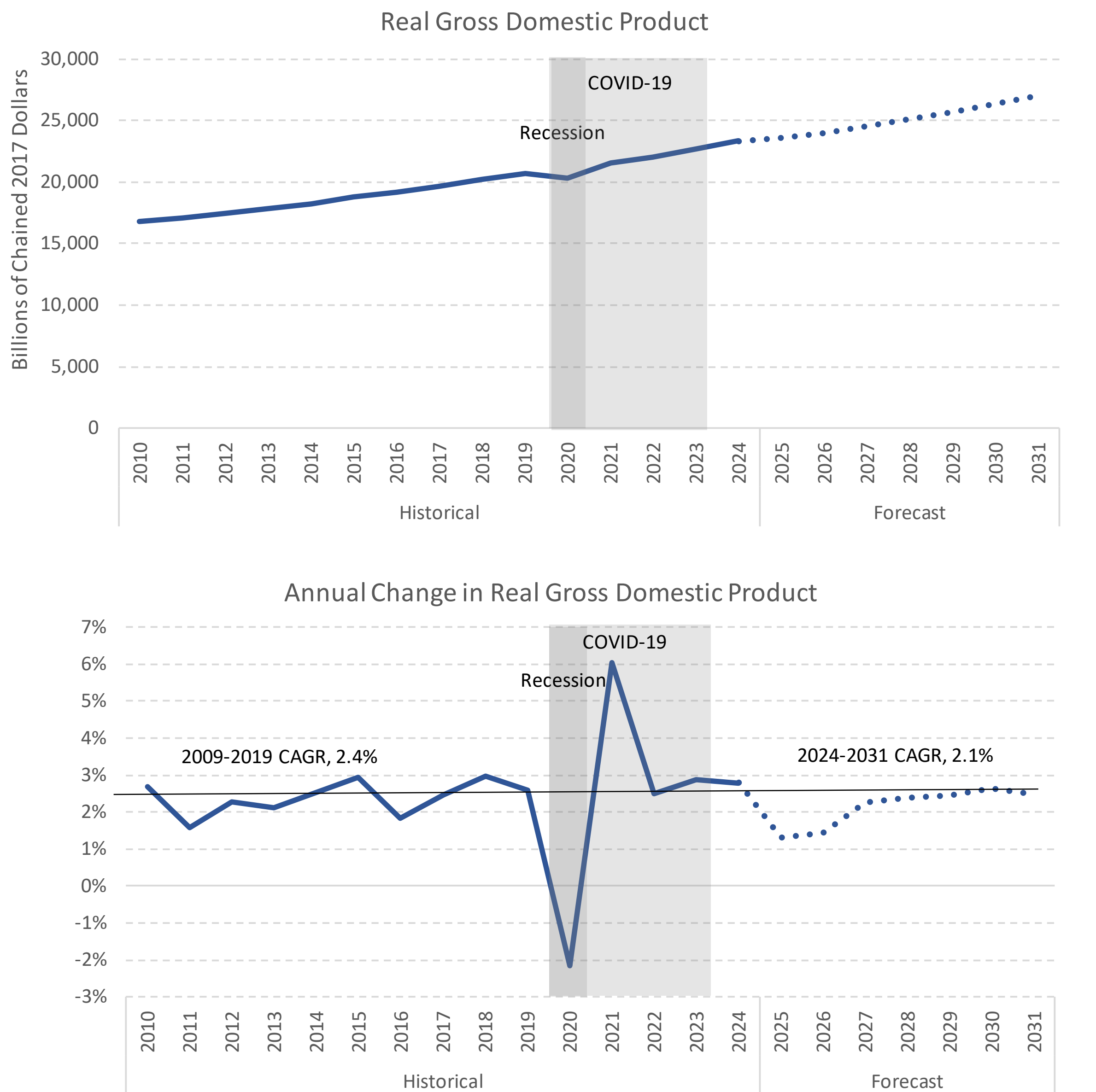
[18] Nick Timiraos, "Fed Warns of Rising Economic Risks as It Leaves Rates Steady," *The Wall Street Journal*, May 7, 2025, https://www.wsj.com/economy/central-banking/fed-keeps-rates-steady-as-tariff-uncertainty-roils-outlook-55ebe99f.

[19] Clement Bohr, "UCLA Anderson Forecast Announces a Recession Watch: Trump Policies, If Fully Enacted, Promise a Recession," *UCLA Anderson Forecast*, March 2025, https://www.anderson.ucla.edu/about/centers/ucla-anderson-forecast/recession-watch-2025.

[20] U.S. Bureau of Economic Analysis, "Gross Domestic Product, 1st Quarter 2025 (Advance Estimate)," *U.S. Economy at a Glance*, April 30, 2025, https://www.bea.gov/news/glance.

Figure 27 | U.S. Real GDP, 2010-2031



Sources: U.S. Bureau of Economic Analysis, Moody's Analytics forecast as of February 2025, and Unison Consulting, Inc.

According to Moody's Analytics' forecast as of April 2025, real GDP growth is expected to downshift to an annualized rate of 1.3 percent in 2025 and 1.4 percent in 2026. Through 2031, real GDP growth is projected to average 2.1 percent annually, lower than the pre-pandemic expansion average of 2.4 percent. More recent economic forecasts predict a more severe downshift in 2025.

The average real GDP growth forecast for 2025 in the April 2025 Wall Street Journal Economic Forecasting Survey is 0.8 percent, down from 2 percent in the January 2025 survey.[21,22]

2.6.2 | Key Risk Factors and Headwinds

The economic outlook is clouded by several significant risk factors including tariffs and trade wars, uncertain monetary policy, cooling labor market, the potential for rising inflation, slowing consumer spending and business investment, and global economic slowdown.[23]

Trade Policy and Tariffs

Numerous new tariffs have been announced or implemented. These tariffs are expected to slow economic growth and boost inflation in the United States and globally, erode U.S. household's real incomes (OECD estimates $1,600 loss for average households[24]), disrupt supply chains and business planning, and prompt retaliation from trading partners. The tariffs are also creating uncertainty for businesses, causing some to pause on new orders or face rising input costs.[25] Some businesses engaged in front-loading imports in early 2025 to avoid tariffs.

Monetary Policy Outlook

Increased economic uncertainty led the Federal Reserve to keep its benchmark federal-funds rate steady at its March 2025 meeting and slow the pace of quantitative tightening (QT). The Fed's median projection continues to indicate 50 bps of rate cuts this year, although there is increasing divergence among FOMC members regarding the appropriate path for rates.[26]

Labor Market

The labor market, while still solid, shows clear signs of cooling. Job growth moderated in early 2025 and is expected to decelerate further. For example, Moody's Analytics' forecast shows a decrease in job growth from an average of 168,000 per month in 2024 to around 89,000 per month in 2025 and 44,000 per month in 2026 (Figure 28). The other sources expect a similar trend. Consequently, the

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[21] Paul Kiernan and Anthony DeBarros, "Economic Outlook Dives Just Three Months Into Trump's Term," The Wall Street Journal, April 12, 2025, https://www.wsj.com/economy/trade/us-economic-outlook-trump-b4e3469a?mod=article_inline.

[22] Anthony DeBarros, "About The Wall Street Journal Economic Forecasting Survey," The Wall Street Journal, Updated April 12, 2025, https://www.wsj.com/economy/economic-forecasting-survey-archive-11617814998.

[23] See the sources for recent U.S. economic forecasts on the previous page.

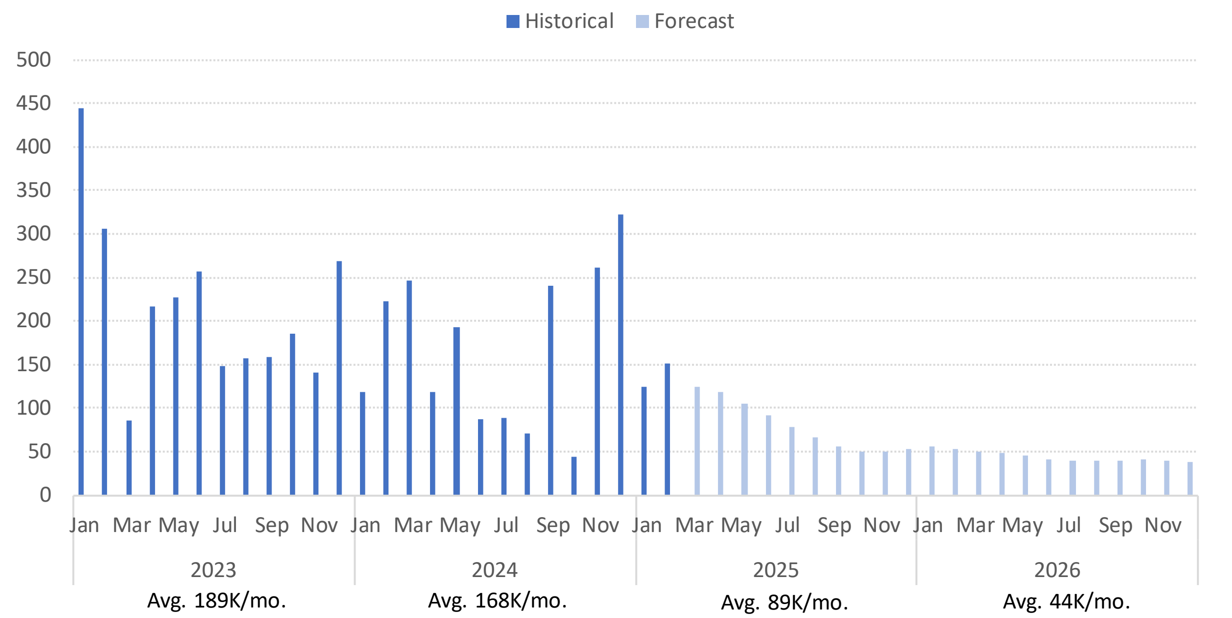
[24] OECD (2025), *OECD Economic Outlook, Interim Report March 2025: Steering through Uncertainty*, OECD Publishing, Paris, https://doi.org/10.1787/89af4857-en.

[25] The Wall Street Journal Editorial Board, "Will There Be a Trump Recession? Economic signs are mixed, but his willy-nilly tariffs have markets worried," *The Wall Street Journal*, March 10, 2025,

[26] Wells Fargo Economics, "FOMC Keeps Rates on Hold Amid Increased Uncertainty," *Special Commentary*, March 19, 2025, https://wellsfargo.bluematrix.com/links2/html/9b7edbfd-cdf7-4316-9a6e-fbc634644b8b.

unemployment rate, which stood at 4.1 percent in February 2025, is expected to rise to 4.3-4.7 percent later in the year.[27,28]

Figure 28 | U.S. All Employees, Total Nonfarm, Change, Thousands of Persons, Monthly, Seasonally Adjusted



Sources: U.S. Bureau of Economic Analysis, Moody's Analytics forecast as of February 2025, and Unison Consulting, Inc.

Consumer Spending and Confidence

Consumer spending is expected to moderate after a strong performance in 2024. Consumer sentiment has deteriorated in recent weeks amid concerns about reduced federal spending and higher tariffs. The University of Michigan consumer sentiment index fell to its lowest level since 2022. Concerns about inflation and job security are weighing on consumer morale.

Household debt continues to rise, with inflation-adjusted credit-card debt surpassing $10,000 per household in Q4 2024 for the first time since 2009. Delinquencies on auto loans and credit cards are approaching levels seen after the 2008-09 recession. Higher debt and weaker household income growth will rein in consumer spending.

[27] S&P Global Ratings forecasts the unemployment rate will drift higher and peak at 4.6 percent by midyear 2026. The Fed's median projection for the unemployment rate is 4.4 percent for 2025, 4.3 percent for 2026, and 4.3 percent for 2027. Wells Fargo expects the unemployment rate to drift up to 4.3 percent by the end of 2025. EY-Parthenon anticipates the unemployment rate rising above 4.5 percent this year.

[28] Paul Kiernan and Anthony DeBarros, "Economic Outlook Dives Just Three Months Into Trump's Term," The Wall Street Journal, April 12, 2025, https://www.wsj.com/economy/trade/us-economic-outlook-trump-b4e3469a?mod=article_inline.

Global Economic Impact

Higher U.S. tariffs are projected to slow global economic growth and increase inflation worldwide. The OECD has cut its growth forecasts for most of the world's largest economies, with the largest downgrades for Mexico and Canada due to their heavy trade with the U.S. and increased tariff barriers.

2.6.3 | Recession Risk

Recession fears have resurfaced amid a sharp decline in business and consumer confidence.[29] While a recession is not the base case for most forecasters, the downside risks have increased significantly. Recession probability estimates have increased to an average of 45 percent as of April 2025, up from 22 percent as of January 2025.[30] The economy appears to be at a critical juncture where continued policy uncertainty or further negative shocks could tip it into contraction.

2.7 | Summary

The demographic and economic assessment reveals both strengths and challenges influencing San Diego International Airport's market position and growth potential:

Strengths:

- Strong demographic profile with a relatively young population, high educational attainment, and above-average household incomes supporting discretionary travel.
- Diversified regional economy with mild concentrations in professional services, leisure/hospitality, military, and government sectors, providing resilience against industry-specific downturns.
- Robust tourism recovery with visitor spending and economic impact reaching record levels in 2023.
- SAN's relative isolation as the only major commercial service airport in the San Diego MSA, and the only large hub airport within a 125-mile radius. SAN's convenient downtown location also provides a competitive advantage over alternative airports.

Challenges:

- Recent population decline (-1.0 percent between 2018-2024) potentially constraining local market growth.
- High cost of living (11.5 percent above U.S. average) affecting discretionary spending.

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[29] "Is Trump driving the US into a recession? – in charts," *The Guardian*, accessed on March 26, 2025, https://www.theguardian.com/us-news/2025/mar/18/is-trump-driving-the-us-into-a-recession-in-charts.

[30] Paul Kiernan and Anthony DeBarros, "Economic Outlook Dives Just Three Months Into Trump's Term," The Wall Street Journal, April 12, 2025, https://www.wsj.com/economy/trade/us-economic-outlook-trump-b4e3469a?mod=article_inline.

- Recent employment growth slower than national average.
- Heightened macroeconomic uncertainty with increased recession risks.
- Potential impact of trade policies and tariffs on regional industries and consumer spending.

Despite near-term economic headwinds, San Diego's strong demographic fundamentals, educated workforce, and diverse economy provide a solid foundation for continued air service demand. The region's tourism appeal remains strong, with visitor volumes approaching pre-pandemic levels. While macroeconomic risks have increased, the region's resilience during previous economic cycles suggests SAN is well-positioned to weather potential challenges while maintaining its essential role in connecting San Diego to national and international markets.

SECTION 3 | COMMERCIAL AVIATION ACTIVITY

This section reviews the historical trends in commercial aviation activity at the Airport, explains the development of forecasts, and presents the results. The historical analysis supports the development of forecasts, which are important in evaluating the Airport's financial outlook and the feasibility of the Capital Program financing. Recognizing the inherent uncertainty of future trends, the forecasts present multiple scenarios for traffic growth at the Airport over the coming years and discuss external factors that may impact these forecasts.

Commercial aviation activity at SAN consists primarily of passenger traffic. Trends reflect broader economic cycles and industry disruptions. Economic expansions typically fuel demand, while recessions cause downturns. Significant events like the 9/11 terrorist attacks (2001) and the COVID-19 pandemic (2020-2023) have a further impact, as do substantial changes in airline strategies, mergers, and network consolidation. Traffic recovery has progressed since the severe downturn in 2020 caused by the pandemic. However, recovery performance varies across U.S. airports, with SAN reaching its pre-pandemic FY2019 peak this last fiscal year, FY2024.

3.1 | Operating Airline History

Throughout FY2025, 19 mainline passenger carriers, 3 regional affiliates, and 7 cargo carriers operate at SAN, listed in Table 4, while Table 5 expands on the history of air carriers that have served at the Airport with at least 10 flights in any given year. SAN's current largest service providers include Southwest Airlines, Alaska Airlines, United Airlines, Delta Air Lines, and American Airlines.

Table 4 | Air Carriers Serving SAN, as of May 31, 2025

Carriers Serving SAN in FY2025			
Mainline Carriers		**Regional Affiliates**	**Cargo Carriers**
Air Canada	JetBlue	Air Canada Jazz[1]	21 Air
Alaska Airlines	KLM-Royal Dutch Airlines	Horizon Air[2]	ABX
Allegiant Air	Lufthansa	SkyWest Airlines[2,3,4]	Ameriflight
American Airlines	Porter Airlines		Atlas Air[5]
Breeze Airways	Southwest Airlines		FedEx
British Airways	Spirit Airlines		IFL Group
Delta Air Lines	Sun Country Airlines		UPS
Frontier Airlines	United Airlines		
Hawaiian Airlines	Westjet		
Japan Airlines			

Sources: OAG Schedules Analyzer, last accessed on May 8, 2025, for passenger carriers, and Airport records for cargo carriers. Advance schedules beyond the access date are subject to change.

[1] Operates as a regional affiliate for Air Canada.

[2] Operates as a regional affiliate for Alaska Airlines.

[3] Operates as a regional affiliate for Delta Air Lines.

[4] Operates as a regional affiliate for United Airlines.

[5] Atlas Air does not operate flights but has a Signatory agreement with the Airport.

Table 5 | History of Carriers Serving SAN, FY2019-FY2025

Carriers Serving SAN by Fiscal Year **Airline (+ Regional Affiliate)**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Air Canada				•	•	•	•
Air Canada Jazz	•	•		•	•	•	•
Air Canada Rouge	•	•					
Alaska Airlines	•	•	•	•	•	•	•
Horizon Air	•	•	•	•	•	•	•
SkyWest Airlines	•	•	•	•	•	•	•
Allegiant Air	•	•	•	•	•	•	•
American Airlines	•	•	•	•	•	•	•
SkyWest Airlines	•	•					
Compass Airlines	•	•					
Breeze Airways						•	•
British Airways	•	•		•	•	•	•
Delta Air Lines	•	•	•	•	•	•	•
SkyWest Airlines		•		•	•	•	•
Compass Airlines	•	•					
Frontier Airlines Inc.	•	•	•	•	•	•	•
Hawaiian Airlines	•	•	•	•	•	•	•
Japan Airlines	•	•	•	•	•	•	•
JetBlue	•	•	•	•	•	•	•
KLM-Royal Dutch Airlines							•
Lufthansa	•	•		•	•	•	•
Porter Airlines							•
Southwest Airlines	•	•	•	•	•	•	•
Spirit Airlines	•	•	•	•	•	•	•
Sun Country Airlines	•	•	•	•	•	•	•
United Airlines	•	•	•	•	•	•	•
SkyWest Airlines	•	•	•	•	•	•	•
Mesa Airlines			•				
Westjet	•	•		•	•	•	•
Former SAN Passenger Service Providers[1]							
Edelweiss Air	•	•					
JSX					•	•	
Swoop				•			

Cargo Carriers	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
21 Air							•
ABX		•	•	•			•
Ameriflight	•	•	•	•	•	•	•
Atlas Air[2]	•	•					
FedEx	•	•	•	•	•	•	•
West Air	•	•	•	•	•	•	•
IFL Group						•	•
UPS	•	•	•	•	•	•	•

Sources: OAG Schedules Analyzer, last accessed on May 8, 2025, for passenger carriers, and Airport records for cargo carriers. Advance schedules beyond the access date are subject to change.

Note: Does not count airlines/years with less than 10 operated departures.

[1] Only lists mainline carriers, not regional affiliates.

[2] Atlas Air does not operate flights but has a Signatory agreement with the Airport.

Most of SAN's mainline carriers are long-term staples that have served the Airport through at least the past six fiscal years. Foreign-flag airlines, such as Air Canada, British Airways, Lufthansa, and WestJet, paused operations in FY2021 due to pandemic-related international travel restrictions, but have since returned to consistent service. Another foreign flag carrier, Copa Airlines, intends to start service at the Airport in June 2025, while Allegiant and Porter airlines have made the decision to exit the SAN market.

SAN's active cargo carriers include 21 Air, ABX, Ameriflight, FedEx (with affiliate West Air), IFL Group, and UPS. Airport. SAN's remaining cargo carrier—Atlas Air—ceased service at the Airport in the years following the COVID-19 pandemic. While no activity for Atlas Air and ABX was recorded in FY2024, they operate as Signatory and Non-Signatory Airlines for SAN, respectively, and ABX resumed service in FY2025.

Additionally, there are three regional carriers: Air Canada Jazz, which operates for Air Canada; Horizon Air, which operates for Alaska Airlines; and SkyWest Airlines, which operates for Alaska, Delta, and United. Other regional carriers such as Air Canada Rouge, Compass Air, and Mesa Airlines previously served as affiliates at SAN but ceased service after FY2020 (or in Mesa's case, after FY2021).

3.2 | Historical Passenger Traffic Trends

Changes in the U.S. business cycle drive growth trends in passenger traffic: the demand for air travel grows during periods of economic expansion and declines during periods of economic recession. Passenger traffic is also affected by significant changes in airline network strategies and one-off events such as the 2001 terrorist attacks, which took place during the 2001 U.S. economic recession, and the COVID-19 pandemic, which caused the 2020 economic recession.

3.2.1 | Significant Developments Affecting the U.S. Airline Industry

The U.S. airline industry has undergone significant transformation, with each decade bringing a unique set of developments shaping the industry. Following the industry's expansion in the 1980s and 1990s, the 2000s brought a series of disruptions: the 2001 U.S. economic recession, the 9/11 terrorist attacks, skyrocketing fuel costs, and the Great Recession. While the 2001 recession was brief and its effects were mild, terrorist attacks on September 11, 2001, caused a steep decline in air travel. Tightened security discouraged short-haul trips, and airlines lowered airfares to stimulate demand. Meanwhile, the internet made it easy to compare airfares and made passengers more price-sensitive.

Jet fuel prices quadrupled from 2000 to 2008 and stayed elevated through 2014. Amid record fuel prices, the U.S. economy entered the Great Recession (December 2007-June 2009). Air travel demand fell, exacerbating airlines' financial difficulties. Several major airlines filed for bankruptcy protection and entered into mergers. Consolidation continued into the 2010s, leaving four major airlines—American, Delta, Southwest, and United—controlling 80 percent of the U.S. domestic passenger traffic.

The 2010s saw the slowest recovery for the U.S. economy and air travel demand but also the longest expansion on record. Jet fuel prices began to fall in late 2014. U.S. airlines sustained profits, renewed fleets, and increased flight schedules while maintaining capacity discipline. Air traffic growth accelerated in the last quarter of the decade despite the temporary grounding of the Boeing 737 MAX, a recent addition to the commercial passenger aircraft fleet.

COVID-19 was declared a global pandemic on March 11, 2020, and brought air travel to a near halt, with U.S. passenger traffic plummeting by nearly 97 percent in mid-April 2020. The pandemic induced structural changes in the demand for air travel and the supply of airline passenger service. The recovery has been uneven—personal and domestic travel rebounded faster than business and international travel. The lag in business travel recovery is attributed to the widespread adoption of virtual conferencing, delayed return to offices, and shifts to remote and hybrid work practices, while international travel recovery was delayed by travel restrictions.

Airlines responded by reducing capacity. They retired older aircraft and postponed the delivery of new ones. They offered voluntary retirement and extended leave incentives to shrink their workforce. These actions later created fleet and labor shortages that constrained airlines' ability to restore capacity as demand rebounded.

The WHO declared COVID-19 no longer a global pandemic as of May 5, 2023. Six days later, on May 11, 2023, the U.S. Department of Health and Human Services declared an end to the United States's national public health emergency. Unlike during the Great Recession, consumer spending remained strong through the pandemic-induced recession. The job market rebounded, with unemployment falling to historic lows and job openings outnumbering job-seekers. Households emerged with relatively healthy finances and the ability to spend on the pent-up demand for travel.

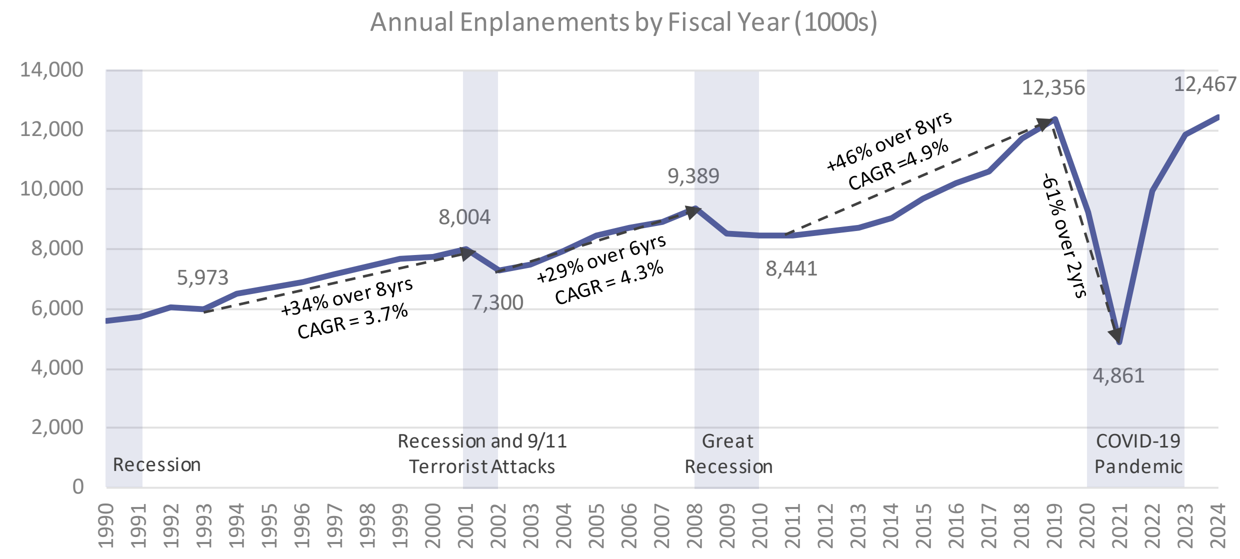
3.2.2 | Long-Term Annual Historical Trends at SAN

Historically, SAN's passenger traffic grew and declined with the U.S. economy, a major driver of the San Diego MSA economy and overall demand for air travel (Figure 29). Just as SAN enjoys growing traffic during economic expansions, SAN also experiences declines in traffic during economic downturns, typically brief, with each turn of the business cycle. However, the traffic downturns generally are more pronounced than the proportional declines in GDP due to compounding events—for example, the terrorist attacks in 2001, the airline capacity rationalization following the Great Recession, and the COVID-19 pandemic and associated social distancing and travel restrictions.

Additionally, the 2001 and 2008-2009 recessions were followed by "jobless" recoveries, which held back leisure travel, a significant traffic segment for SAN. SAN's enplanements took several years to recover: 3+ years following the 2001 downturn and 6+ years following the Great Recession. The experience in the recovery from the pandemic was different: households had jobs and money to spend, and pent-up demand spurred a strong rebound in leisure travel. However, remote work and the accelerated adoption of virtual conferencing technology slowed business travel recovery.

Following each downturn, SAN's enplanements recover and eventually grow to set new records. From FY1990 to FY2019, SAN's enplanements grew by 120 percent overall, a 2.8 percent CAGR, to the pre-pandemic peak of 12.4 million. The growth leading up to this record was driven by sustained economic expansion and renewed profitability and capacity expansion in the U.S. airline industry. In 2020, passenger traffic depressed to unprecedented low levels at airports nationwide. At SAN, annual enplanements decreased through FY2020 and FY2021, down to 4.9 million in FY2021, an overall drop of 61 percent from its FY2019 enplanements. From FY2021 to FY2022, SAN made a relatively strong rebound as enplanements doubled to 9.95 million. Recovery continued further in FY2023, and SAN passed its previous FY2019 peak with 12.47 million enplanements in FY2024.

Figure 29 | Historical Annual Enplanement Trends at SAN, FY1990-FY2024



Source: Airport records.

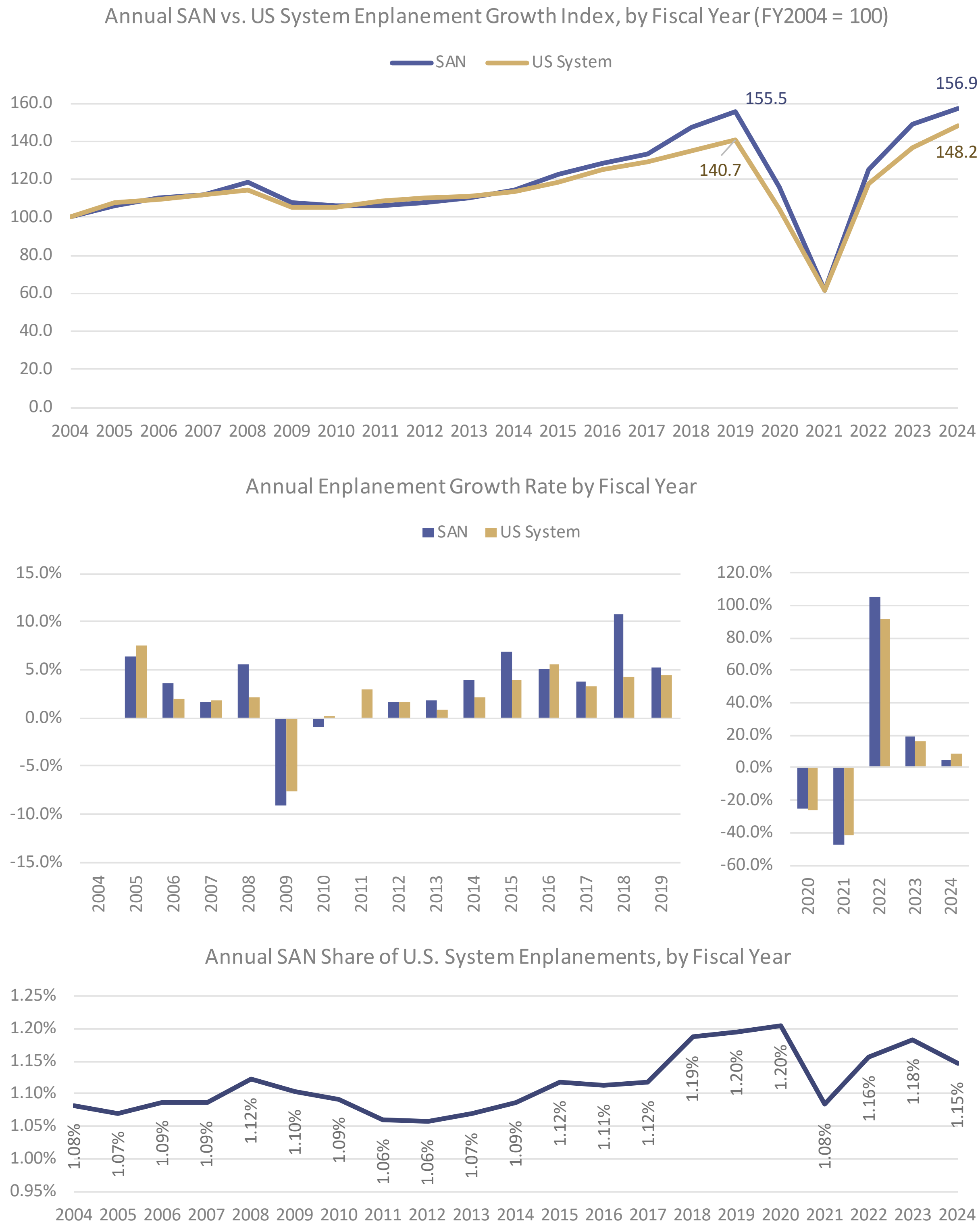
3.2.3 | Comparison with U.S. System Enplanement Trends

Figure 30 and Table 6 show that, from FY2004 through FY2024, SAN's passenger traffic growth tracked and eventually outpaced the national trend from FY2014 onward. The U.S. system growth kept a steady upward pace, while SAN's activity accelerated toward the tail end of the 2010s—particularly in FY2018 when SAN's annual growth rate of 10.7 percent more than doubled the U.S. system's 4.3 percent. By 2019, SAN's enplanements had grown 55.5 percent since its FY2004 level, while the U.S. system rose 40.7 percent above its FY2004 level. As a result, SAN's share of U.S. system enplanements also increased from 1.08 percent in FY2004 to 1.20 percent in FY2019.

SAN and the rest of the U.S. aviation industry faced steep losses in FY2020, which accelerated in FY2021 for a total drop of 61 percent in SAN's enplanements over those two years, slightly greater than the U.S. system's total drop of 57 percent. As a result, SAN's share of U.S. system enplanements decreased to 1.08 percent in FY2021.

SAN and the U.S. system made strong recovery progress in the following years, with SAN more than doubling its enplanements in FY2021. That speedy recovery slowed in the years after, but continued nonetheless, and both SAN and the U.S. system passed their FY2019 levels as of FY2024. That said, SAN has yet to reach its pre-pandemic share size of U.S. system enplanements, having recently dipped back to 1.15 percent in FY2024 due to that year showing slower growth than the national trend, though this is after two years of faster recovery having grown SAN's share through FY2022 and FY2023.

Figure 30 | Annual SAN vs. U.S. System Enplanement Growth Trends, FY2004-FY2024



Sources: Airport records for SAN and the Bureau of Transportation Statistics for the U.S. system.
Note: U.S. system annual totals are recalculated to align with SAN's fiscal year (July 1-June 30).

Table 6 | Annual SAN vs. U.S. System Enplanements, FY2004-FYTD2025

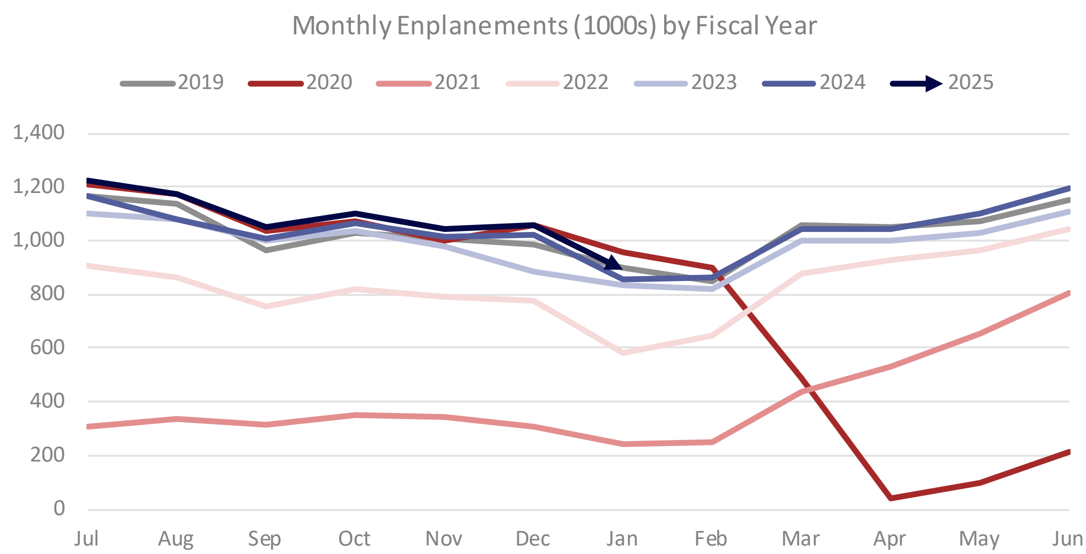
FY	SAN EP (1000s)	SAN AGR	US System EP (1000s)	US System AGR	SAN Share of US Total
2004	7,947		734,254		1.08%
2005	8,449	6.3%	789,211	7.5%	1.07%
2006	8,750	3.6%	804,674	2.0%	1.09%
2007	8,892	1.6%	818,854	1.8%	1.09%
2008	9,389	5.6%	836,997	2.2%	1.12%
2009	8,536	-9.1%	773,044	-7.6%	1.10%
2010	8,454	-1.0%	773,996	0.1%	1.09%
2011	8,441	-0.2%	797,134	3.0%	1.06%
2012	8,575	1.6%	810,756	1.7%	1.06%
2013	8,738	1.9%	817,853	0.9%	1.07%
2014	9,082	3.9%	835,947	2.2%	1.09%
2015	9,713	6.9%	868,959	3.9%	1.12%
2016	10,206	5.1%	917,693	5.6%	1.11%
2017	10,596	3.8%	948,014	3.3%	1.12%
2018	11,732	10.7%	988,845	4.3%	1.19%
2019	12,356	5.3%	1,033,425	4.5%	1.20%
2020	9,235	-25.3%	767,044	-25.8%	1.20%
2021	4,861	-47.4%	448,916	-41.5%	1.08%
2022	9,953	104.8%	861,051	91.8%	1.16%
2023	11,868	19.2%	1,004,120	16.6%	1.18%
2024	12,467	5.1%	1,087,964	8.3%	1.15%
YTD 2024	7,217		624,983		1.15%
YTD 2025	7,542	4.5%	634,472	1.5%	1.19%
Compound Annual Growth Rate					
2004-2010	1.0%		0.9%		
2011-2019	4.9%		3.3%		
2019-2024	0.2%		1.0%		
2011-2024	3.0%		2.4%		
2004-2024	2.3%		2.0%		

Sources: Airport records for SAN and Bureau of Transportation Statistics for the U.S. system.
Note: U.S. system annual totals are recalculated to align with SAN's fiscal year (July 1-June 30).
YTD = July through January.

3.2.4 | Monthly Enplanement Trends

Figure 31 shows monthly enplanement patterns at SAN from FY2019 to January of FY2025. It also shows the extent of the initial decline in activity brought by the COVID-19 pandemic, as well as the pace of SAN's recovery through FY2021 and FY2022, the latter of which having started reforming toward the Airport's original seasonal pattern. By FY2023 and especially FY2024, SAN's monthly enplanements have largely stabilized back to a pattern of peaking during the summer months of June and July, and gradually declining toward the winter before swinging back up through the spring. So far, FY2025 continues this trend.

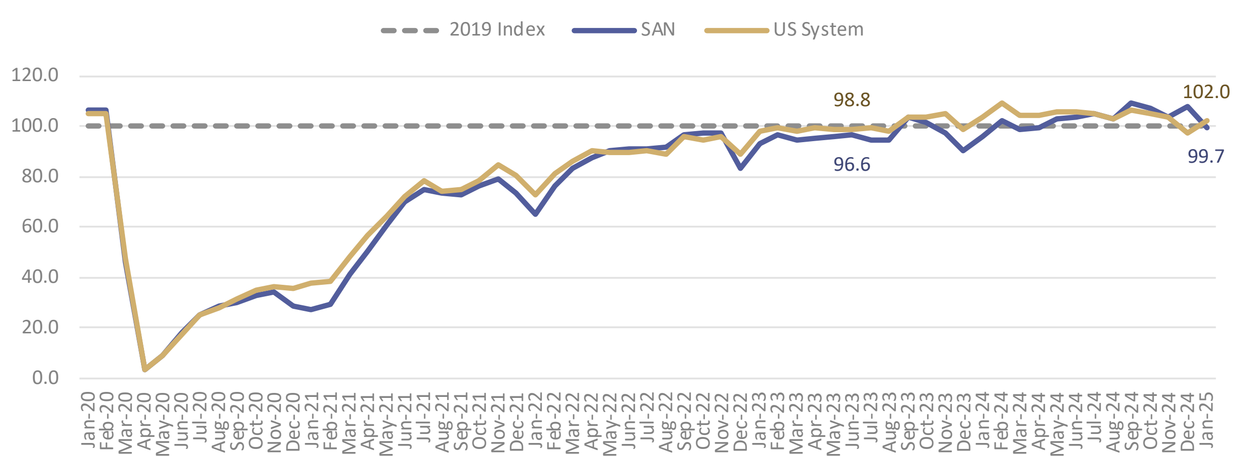
Figure 31 | SAN Monthly Enplanement Trends, FY2019-FYTD2025



Source: Airport records.

Figure 32 compares monthly enplanement recovery for SAN and the U.S. system over the COVID-19 pandemic from January 2020 to January 2025, indexed to the corresponding month in 2019. SAN has mostly kept pace with the national recovery. As of January 2025, SAN has reached 99.7 percent of its January 2019 level, slightly under the U.S. system's 102.0 percent.

Figure 32 | SAN vs. U.S. System Monthly COVID-19 Recovery Index (2019 = 100), January 2020-January 2025



Sources: Airport records for SAN and Bureau of Transportation Statistics for the U.S. system.

3.3 | Composition of Passenger Traffic

SAN serves primarily O&D traffic, which has consistently accounted for at least 96 percent of total enplanements. O&D traffic is a more stable air service market than connecting traffic. It arises from market demand and generally follows growth in both the local and national economies. Unlike connecting traffic, O&D traffic is less vulnerable to changes in individual airlines' network strategies, business models, and financial conditions. Of O&D traffic, residents account for approximately 44-46 percent, while visitors account for 54-56 percent, based on the U.S. Department of Transportation's DB1B data. These relative shares have been consistent since 1995.

SAN also serves primarily domestic traffic. However, the share of international traffic at the Airport grew from 2.9 percent in FY2012 to 4.2 percent in FY2019 (Figure 33 and Table 7). Due to international travel restrictions during the COVID-19 pandemic, this share dropped to 1 percent in FY2021. International enplanements made up 2.2 percent of SAN's traffic in FY2022, and that share continued to grow to 3.8 percent in FY2024.

The expansion of international air service began after FY2009 when Air Canada and WestJet increased nonstop service to Canada. British Airways began daily nonstop service to London in June 2011, and Japan Airlines began nonstop service to Tokyo in December 2012. Additional international service to Europe also started in the summer of 2017. Condor and Edelweiss Air operated seasonal service to Frankfurt, Germany, and Zürich, Switzerland, respectively. Although Condor's flights ended in October 2017, Lufthansa began nonstop service to Frankfurt in March 2018. Air Transat announced plans to offer service from Montreal to SAN, and Swoop announced plans to offer service from Edmonton to SAN, both beginning in the Summer of 2020, but COVID-19 spread to a global pandemic in March 2020 and caused the suspension of all international service in April 2020. The following international services resumed: Alaska Airlines to Mexico (since May 2020), Japan Airlines (since March 2021), Southwest Airlines to Mexico (since March 2021), Air Canada (since August 2021), WestJet (October 2021), British Airways (October 2021), and Lufthansa (April 2022). Swoop, an ultra-low cost carrier owned by WestJet, briefly provided seasonal service at SAN to Edmonton, Canada in FY2022 before ceasing service at the Airport in FY2023. KLM Royal Dutch airlines began service to Amsterdam on May 8, 2025, and Copa Airlines is slated to begin service to Panama in late June of 2025.

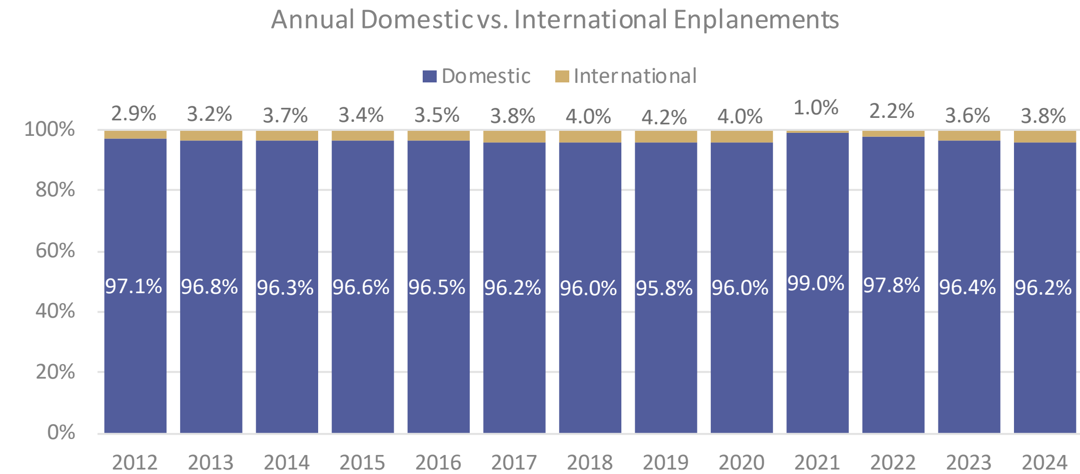
Current tariff and immigration tensions raise concern about the outlook for air travel demand from Canada and Mexico into the United States. Both Canadian and Mexican airlines are seeing year-over-year declines in passenger traffic into the United States.[31,32] Based on scheduled seat records for SAN throughout FY2024, Canada and Mexico are the Airport's first and third busiest

[31] Leslie Josephs, "Canadians pull back on U.S. trips, threatening to widen United States' $50 billion travel deficit," *CNBC*, March 28, 2025, https://www.cnbc.com/2025/03/28/canada-united-states-travel.html.

[32] Oscar Goytla, "Mexican Airlines See Uncertainty as US Traffic Declines," *Mexico Business News*, March 31, 2025, https://mexicobusiness.news/aerospace/news/mexican-airlines-see-uncertainty-us-traffic-declines.

international destinations, respectively. Together, they make up 2.3 percent of SAN's total FY2024 seats, out of the 3.8 percent international share.

Figure 33 | SAN Annual Domestic and International Enplanement Shares, FY2012-FY2024



Source: Airport records.

Table 7 | SAN Annual Domestic and International Enplanements, FY2012- FYTD2025

	Domestic		International		
FY	**EP (1000s)**	**Share**	**EP (1000s)**	**Share**	**Total**
2012	8,323	97.1%	252	2.9%	8,575
2013	8,461	96.8%	277	3.2%	8,738
2014	8,746	96.3%	337	3.7%	9,082
2015	9,381	96.6%	332	3.4%	9,713
2016	9,849	96.5%	357	3.5%	10,206
2017	10,195	96.2%	402	3.8%	10,596
2018	11,258	96.0%	474	4.0%	11,732
2019	11,833	95.8%	524	4.2%	12,356
2020	8,865	96.0%	370	4.0%	9,235
2021	4,810	99.0%	51	1.0%	4,861
2022	9,737	97.8%	216	2.2%	9,953
2023	11,441	96.4%	427	3.6%	11,868
2024	11,988	96.2%	479	3.8%	12,467
YTD 2024	6,945	96.2%	271	3.8%	7,217
YTD 2025	7,246	96.1%	296	3.9%	7,542
Compound Annual Growth Rate					
2012-2019	5.2%		11.0%		5.4%
2019-2024	0.3%		-1.8%		0.2%
2012-2024	3.1%		5.5%		3.2%

Source: Airport records.
YTD = July through January.

3.4 | Enplanements by Airline

SAN’s top five passenger carriers by number of enplanements are Southwest Airlines, Alaska Airlines, United Airlines, Delta Air Lines, and American Airlines. These five carriers consistently accounted for more than 85 percent from FY2012 to FY2024 (Figure 34 and Table 8). Southwest’s share of annual enplanements decreased to 32.8 percent in FY2024 from a steady 37 to 38 percent in the past decade, due largely to the growth in Alaska’s share. That said, Southwest continues to be the busiest airline at SAN by a large margin.

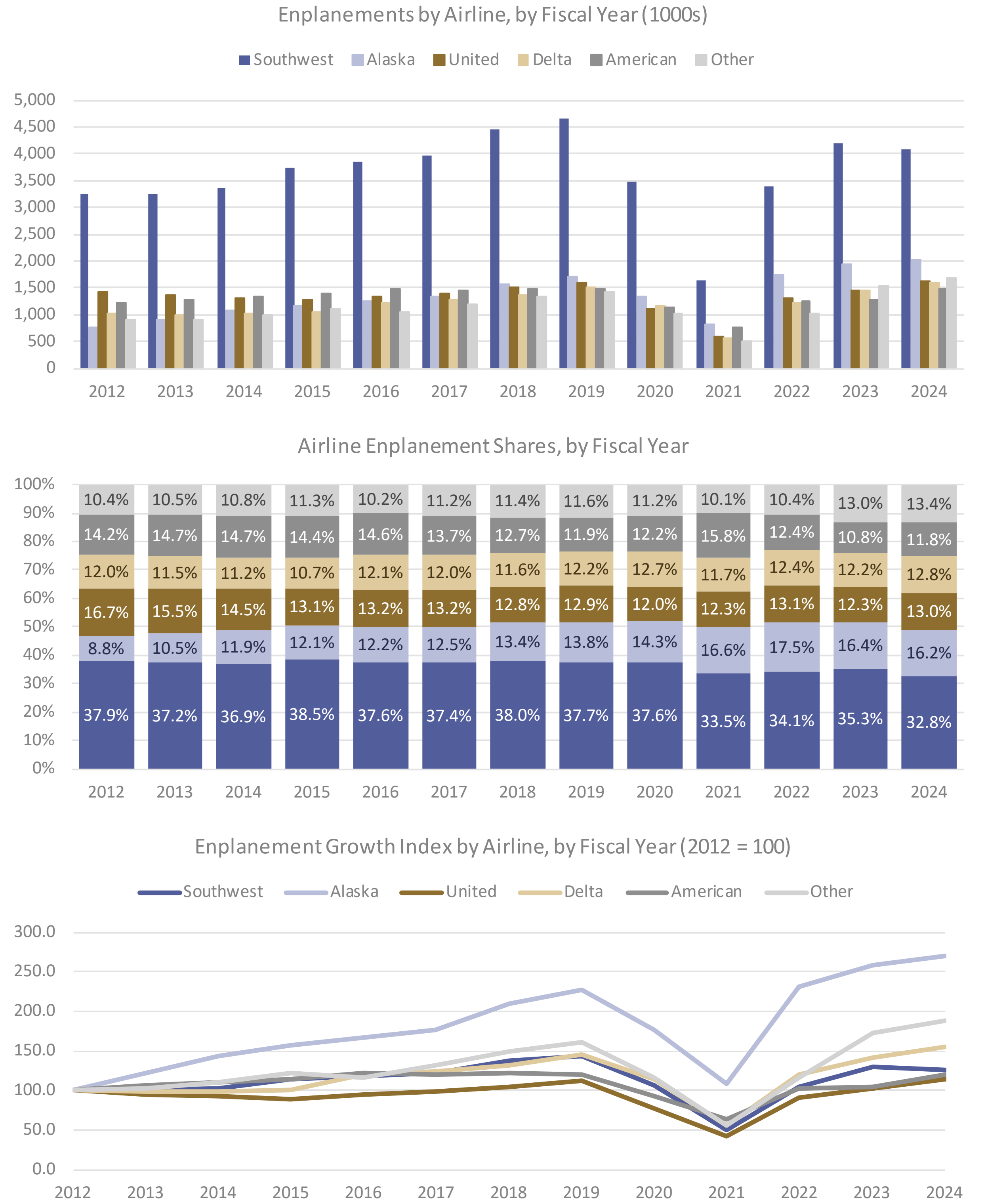
Alaska was the fastest growing airline at SAN, with its 8.8 percent share in 2012 growing to 13.8 percent in 2019. Its enplanements at SAN more than doubled from 752,000 in FY2012 to 1.7 million in FY2019. Alaska developed San Diego into a focus city, adding new flights and destinations. Over the same period, Southwest and Delta grew their enplanements by 43 percent and 46 percent, respectively. American and United were the slowest to grow, with their enplanements increasing only 20 percent and 12 percent, respectively.

Air passenger traffic dropped drastically beginning in mid-March 2020 due to the COVID-19 pandemic, causing a significant hit to all airlines’ total enplanements during the tail end of SAN’s FY2020. This effect became more apparent as the next fiscal year started during the resulting recession. Southwest endured the most significant decline for a single airline, falling a total of 65 percent from FY2019 to FY2021. United and Delta both decreased 62.3 percent over the same period, Alaska fell 52.6 percent, and American saw the least severe (but still significant) decline of 47.7 percent.

FY2022 and FY2023 brought along strong recovery for most airlines at SAN. Additionally, the return of international travel helped the “Other” category of airlines increase beyond American, Delta, and United in share size in FY2023.

While overall growth slowed during FY2024, FY2024 still marked the first fiscal year that SAN surpassed its pre-pandemic FY2019 enplanement count. With 12.5 million total enplanements, FY2024 passed FY2019’s 12.4 million. At the end of FY2024, Southwest continued to lead with 4.1 million enplanements (a 32.8 percent share of SAN’s market), followed by Alaska with 2.0 million (a 16.2 percent share), then United and Delta both with 1.6 million each (a 13.0 and 12.8 percent share, respectively), and American holds the fifth largest share with 1.5 million enplanements (a 11.8 percent share). The rest of the airlines at SAN collectively compose the remaining 1.7 million enplanements in FY2024 (a 13.4 percent share). This distribution of shares shows strong airline diversification at SAN, indicating a stable market, minimizing the risk of market power abuse, and helping keep airfares competitive.

Figure 34 | SAN Annual Enplanement Trends by Airline, FY2012-FY2024



Source: Airport records.

Table 8 | Annual Enplanements by Airline, FY2012-FY2024

Enplanements by Airline, by Fiscal Year (1000s)													
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Southwest	3,252	3,253	3,353	3,737	3,840	3,967	4,459	4,656	3,475	1,628	3,394	4,190	4,087
Alaska	752	919	1,079	1,173	1,250	1,326	1,576	1,702	1,325	807	1,741	1,941	2,025
United	1,429	1,354	1,317	1,271	1,348	1,397	1,502	1,593	1,106	600	1,307	1,459	1,621
Delta	1,030	1,006	1,015	1,037	1,234	1,269	1,362	1,505	1,168	568	1,238	1,452	1,591
American	1,219	1,285	1,333	1,399	1,495	1,454	1,493	1,468	1,128	768	1,238	1,282	1,470
Other	893	920	985	1,096	1,039	1,183	1,339	1,432	1,033	491	1,036	1,543	1,675
Total	**8,575**	**8,738**	**9,082**	**9,713**	**10,206**	**10,596**	**11,732**	**12,356**	**9,235**	**4,861**	**9,953**	**11,868**	**12,467**
AGR		1.9%	3.9%	6.9%	5.1%	3.8%	10.7%	5.3%	-25.3%	-47.4%	104.8%	19.2%	5.1%

Enplanement Shares by Airline, by Fiscal Year													
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Southwest	37.9%	37.2%	36.9%	38.5%	37.6%	37.4%	38.0%	37.7%	37.6%	33.5%	34.1%	35.3%	32.8%
Alaska	8.8%	10.5%	11.9%	12.1%	12.2%	12.5%	13.4%	13.8%	14.3%	16.6%	17.5%	16.4%	16.2%
United	16.7%	15.5%	14.5%	13.1%	13.2%	13.2%	12.8%	12.9%	12.0%	12.3%	13.1%	12.3%	13.0%
Delta	12.0%	11.5%	11.2%	10.7%	12.1%	12.0%	11.6%	12.2%	12.7%	11.7%	12.4%	12.2%	12.8%
American	14.2%	14.7%	14.7%	14.4%	14.6%	13.7%	12.7%	11.9%	12.2%	15.8%	12.4%	10.8%	11.8%
Other	10.4%	10.5%	10.8%	11.3%	10.2%	11.2%	11.4%	11.6%	11.2%	10.1%	10.4%	13.0%	13.4%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Airport records.

3.5 | Scheduled Passenger Service

Table 9 and Figure 35 summarizes the trends in scheduled passenger service at SAN, by calendar year, from CY2019 through CY2025 (including advance schedules beyond the access date of May 9, 2025). Scheduled passenger service consists of three different measures for every calendar year: number of nonstop destinations, average daily departures, and average daily seats.

Following a sharp decline (44 percent) in CY2020, SAN's scheduled departures and seats have been steadily recovering. As of CY2025, the Airport's average daily scheduled seats have recovered and surpassed its pre-pandemic level, with a daily average of 44,765 seats versus CY2019's 42,289. SAN's daily departures are also set to surpass its pre-pandemic level, with a daily average of 289 departures in CY2025 versus 283 departures in CY2019.

Unique nonstop destinations from SAN did not drop in CY2020, instead the number of nonstop destinations increased slightly to 72 nonstop destinations. The number has been steadily rising, up to 85 unique destinations in CY2024. SAN is set to further expand its destination count in CY2025, with scheduled service to 87 nonstop destinations.

Similar to the trends in enplanements discussed previously, Southwest provides the highest number of flights and seats at SAN, with a daily average seat count of 15,154 and departure count of 97 in CY2025. However, the highest contributor to SAN's number of nonstop destinations is instead Alaska, which is serving 44 unique destinations in CY2025.

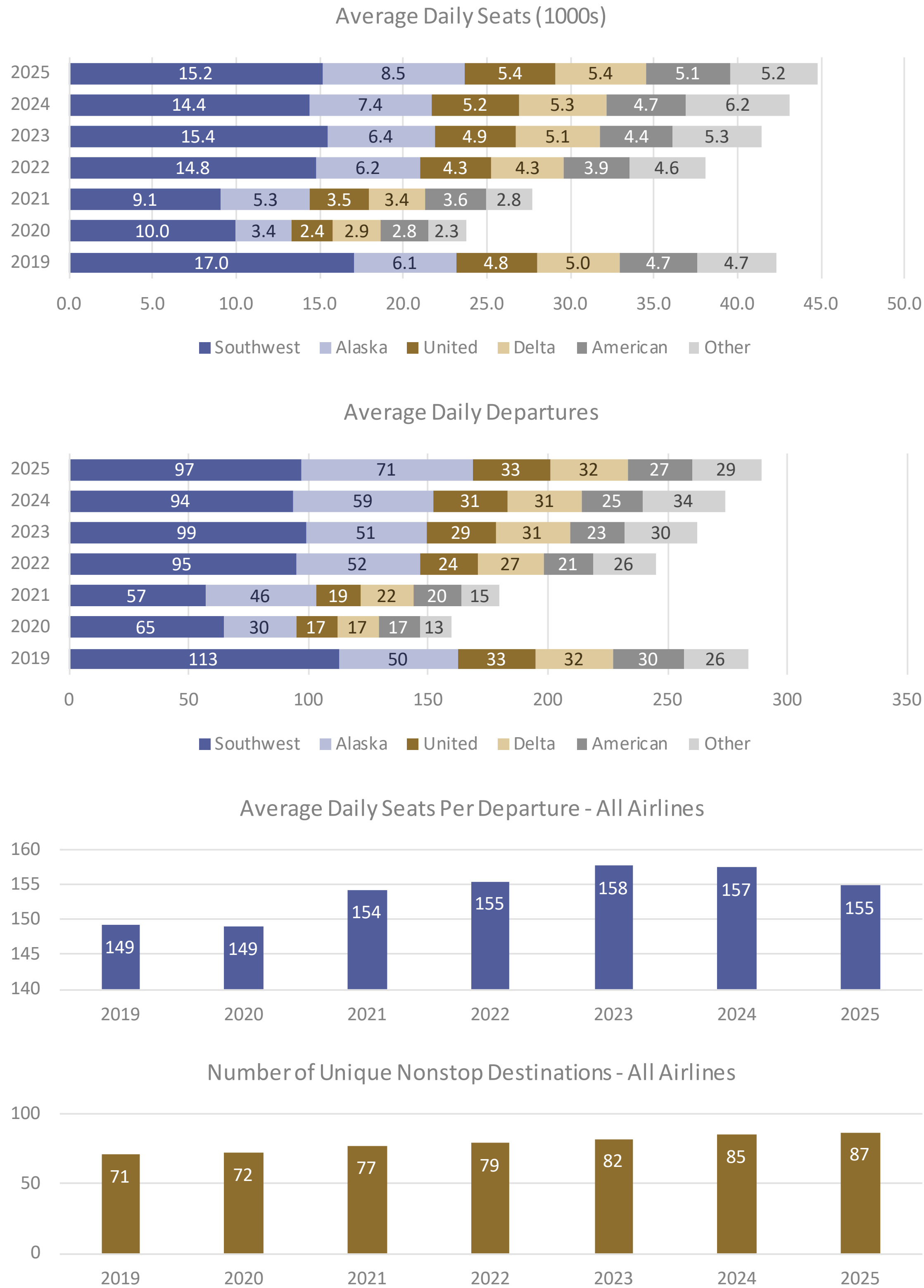
Airlines have been renewing their fleets with larger, higher capacity aircraft. Overall, SAN has seen an increase in the average seat capacity on each flight, from 149 seats per departure in CY2019 to 155 seats in CY2025. American Airlines appears to be the largest contributor pulling up the Airport's average, having grown seat capacity per departure from 157 in CY2019 to 188 in CY2025.

Table 9 | Scheduled Passenger Service at SAN, CY2019-CY2025

Scheduled Service at SAN, by Calendar Year							
Airline	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Southwest							
Number of Nonstop Destinations	36	33	32	31	30	33	36
Average Daily Departures	113	65	57	95	99	94	97
Average Daily Seats	17,045	9,962	9,106	14,799	15,449	14,363	15,154
Alaska							
Number of Nonstop Destinations	31	31	33	34	35	41	44
Average Daily Departures	50	30	46	52	51	59	71
Average Daily Seats	6,099	3,375	5,324	6,186	6,406	7,354	8,529
United							
Number of Nonstop Destinations	7	7	7	7	7	7	7
Average Daily Departures	33	17	19	24	29	31	33
Average Daily Seats	4,832	2,448	3,494	4,293	4,864	5,181	5,442
Delta							
Number of Nonstop Destinations	8	8	7	8	9	9	9
Average Daily Departures	32	17	22	27	31	31	32
Average Daily Seats	4,959	2,869	3,387	4,346	5,070	5,275	5,376
American							
Number of Nonstop Destinations	8	8	6	6	6	6	6
Average Daily Departures	30	17	20	21	23	25	27
Average Daily Seats	4,672	2,834	3,637	3,874	4,363	4,735	5,054
Other							
Number of Nonstop Destinations	34	30	32	33	34	36	36
Average Daily Departures	26	13	15	26	30	34	29
Average Daily Seats	4,681	2,251	2,754	4,560	5,258	6,246	5,209
All Airlines							
Number of Nonstop Destinations	71	72	77	79	82	85	87
Average Daily Departures	283	159	180	245	263	274	289
Average Daily Seats	42,289	23,739	27,702	38,058	41,410	43,153	44,765

Note: Nonstop destination counts exclude destinations with less than 5 flights served.
Source: OAG Schedules Analyzer, last accessed on May 9, 2025. All numbers for 2025 are subject to change due to advance schedules beyond the access date.

Figure 35 | SAN Annual Scheduled Passenger Service Trends, CY2019-CY2025



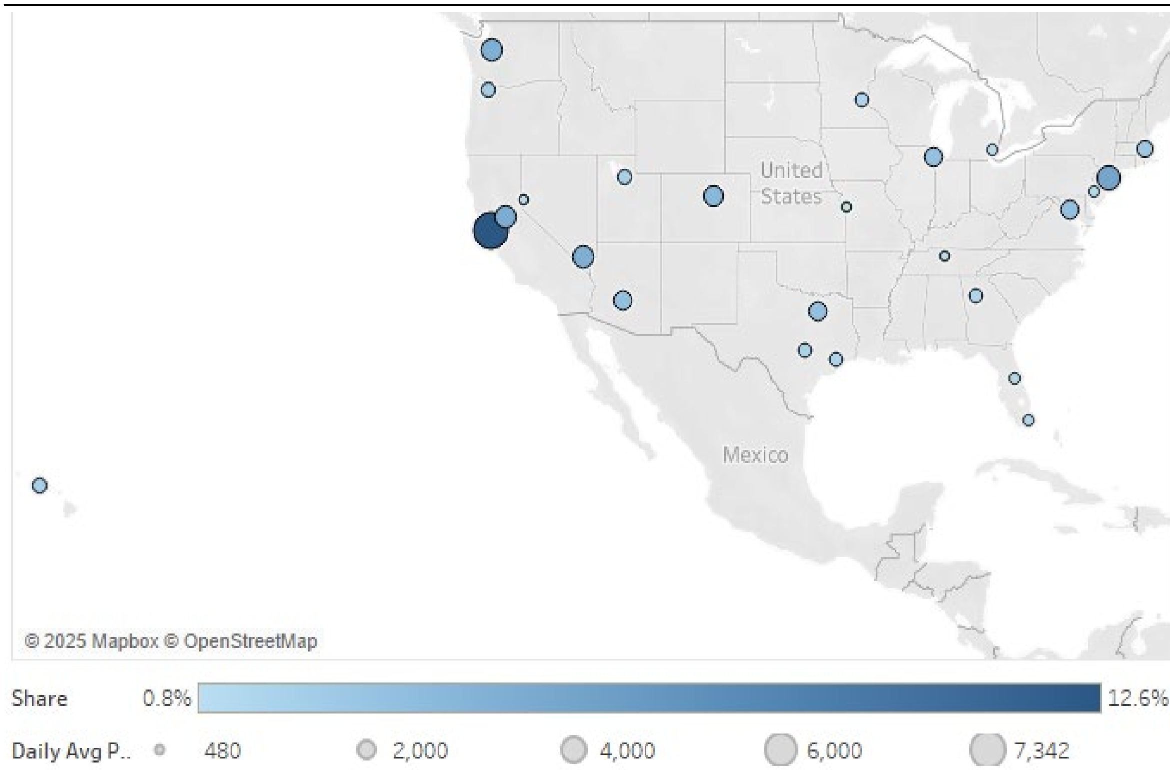
Note: Nonstop destination counts exclude destinations with less than 5 flights served.
Source: OAG Schedules Analyzer, last accessed on May 9, 2025. All numbers for 2025 are subject to change due to advance schedules beyond the access date.

3.6 | Top Domestic O&D Markets

Figure 36 shows SAN's top 25 O&D metro markets in CY2023. Metro markets are ranked by share of the SAN's total CY2023 O&D passengers. Altogether, the top 25 O&D airport markets made up 75 percent of O&D passengers at SAN. San Francisco held the largest share with 12.6 percent, far above the rest of SAN's markets. New York City is second with a 5.6 percent share. Sacramento held the third largest share, with 5.1 percent. Las Vegas and Seattle were almost equal with a 4.8 and 4.7 percent share, respectively.

Figure 36 | SAN Top 25 O&D Metro Markets, CY2023

Rank	Destination	State	Share	Rank	Destination	State	Share
1	San Francisco	CA	12.6%	15	Austin	TX	1.9%
2	New York City	NY	5.6%	16	Houston	TX	1.8%
3	Sacramento	CA	5.1%	17	Minneapolis/St. Paul	MN	1.7%
4	Las Vegas	NV	4.8%	18	Atlanta	GA	1.6%
5	Seattle	WA	4.7%	19	Miami	FL	1.5%
6	Denver	CO	4.0%	20	Orlando	FL	1.4%
7	Phoenix	AZ	3.5%	21	Philadelphia	PA	1.2%
8	Washington DC	DC	3.5%	22	Detroit	MI	1.2%
9	Dallas/Fort Worth	TX	3.4%	23	Nashville	TN	1.0%
10	Chicago	IL	3.4%	24	Reno	NV	0.9%
11	Boston	MA	2.7%	25	Kansas City	MO	0.8%
12	Portland	OR	2.4%		Top 25 Subtotal		74.9%
13	Salt Lake City	UT	2.1%		Other		25.1%
14	Honolulu	HI	2.0%		**Total**		**100.0%**



Source: Department of Transportation DB1B.

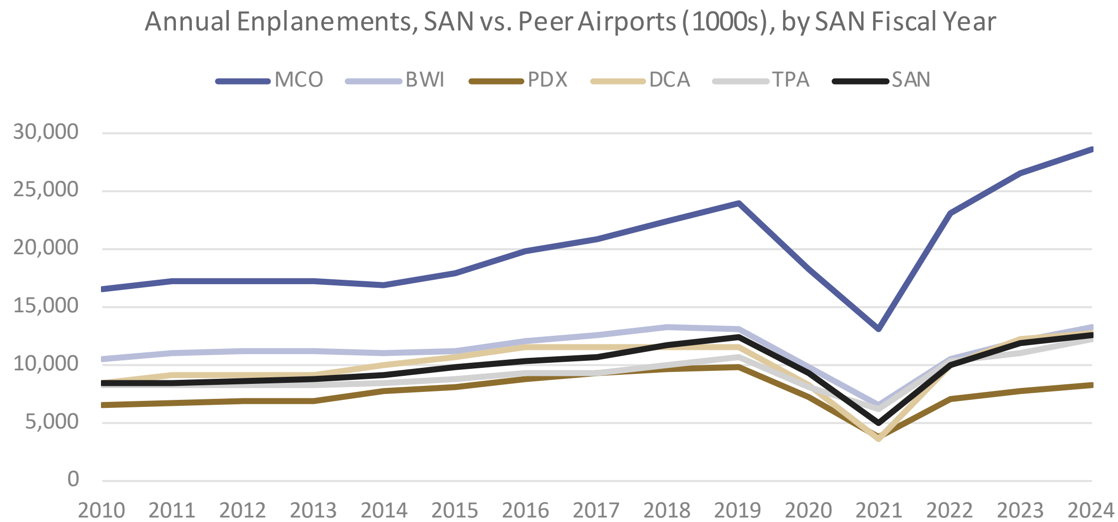
3.7 | Comparison with Other Airports

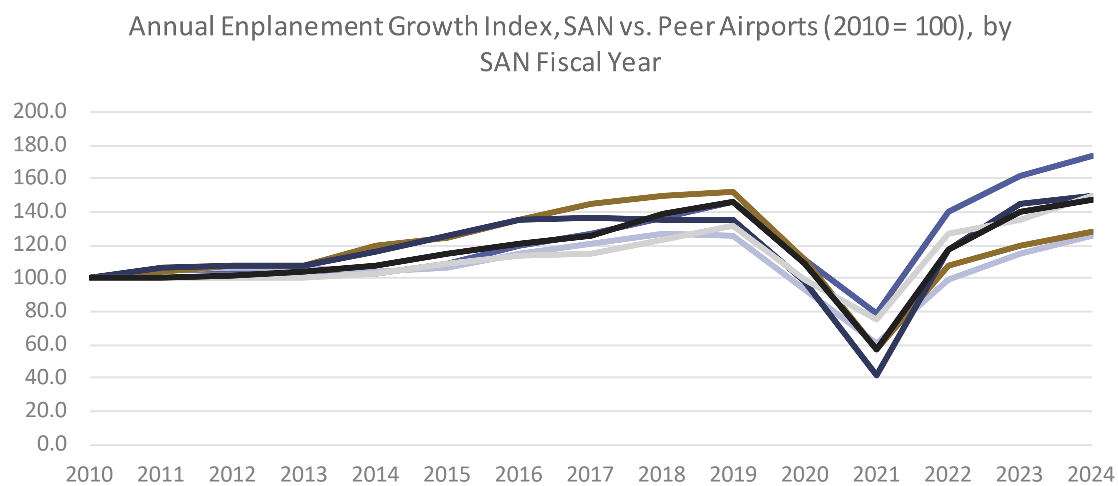
This subsection compares SAN's air traffic and market fare history with five sample airports that are either close in enplanement counts and/or serve predominantly O&D traffic. These airports include Orlando International Airport (MCO), Baltimore/Washington International Airport (BWI), Portland International Airport (PDX), Washington Dulles International Airport (IAD), Ronald Reagan Washington National Airport (DCA), and Tampa International Airport (TPA).

3.7.1 | Comparison of Enplanement Trends

Figure 37 shows annual enplanements at SAN and five peer airports from FY2010 to FY2024 and growth indexed to FY2010. SAN's relative rank among its sampled peers has slowly risen over this period. SAN started with the second lowest enplanements just above TPA in FY2010. It eventually surpassed IAD and DCA to reach its middle position in FY2019, maintaining it through the FY2020 pandemic-induced decline. However, DCA's faster recovery pushed SAN's ranking down slightly into the lower half of the sampled airports' enplanement counts as of FY2024. Overall, the actual FY2024 spread of each airport's enplanement count is tight, with relatively minor differences from one another, aside from MCO being an outlier above the rest.

Figure 37 | SAN vs. Peer Airport Enplanement Trends, by SAN Fiscal Year, FY2010-FY2024





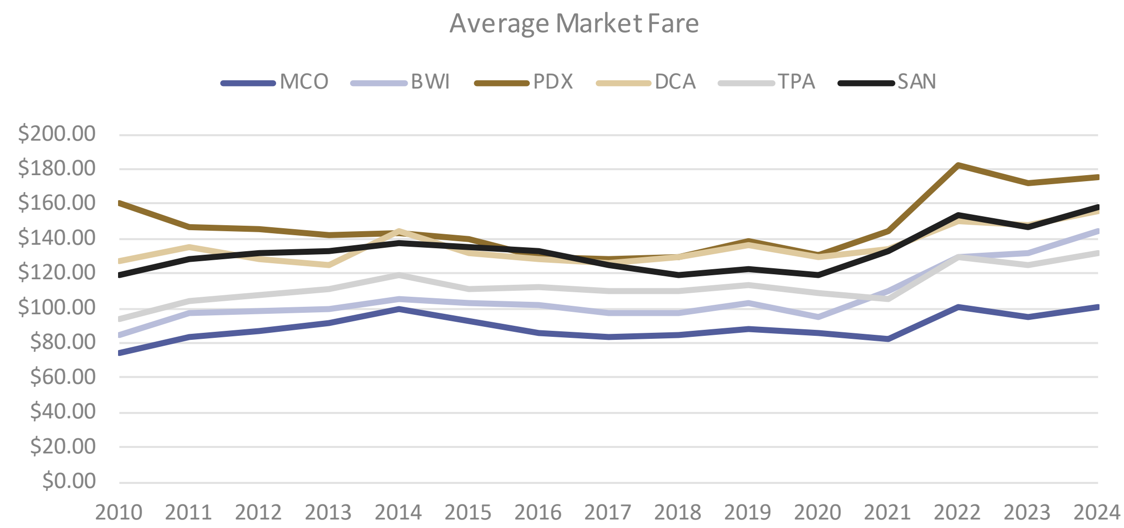
Sources: Airport records for SAN and Bureau of Transportation Statistics for other airports.
Note: Annual totals for other airports have been recalculated to align with SAN's fiscal year (July 1-June 30).

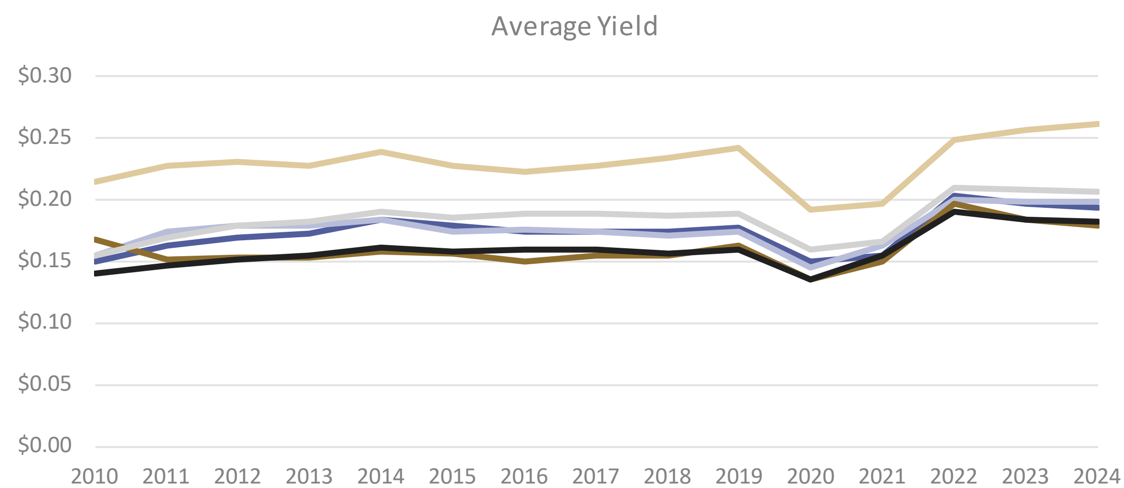
3.7.2 | Comparison of Market Fare and Yield Trends

Figure 38 shows annual average market fare and average yield trends for SAN and its five peer airports, this time by calendar year from CY2010 to CY2024. SAN's annual average market fare has stayed mainly in the middle of its peers, with an average market fare of $119 in CY2010 that slowly rose to $137 before trending slowly back down to $119 in CY2020. After the onset of the COVID-19 pandemic, however, SAN's market fare began to rise above its previous history, much like most of its peers, and so far, has reached a new peak of $158 as of CY2024, now the second-highest among its peers.

Unlike its market fare trend, SAN has consistently had the lowest or second-lowest average yield among the six sampled airports throughout its available history, reflecting longer air travel distances. SAN's annual average yield hovered between $0.14 and $0.16 from CY2010 to CY2021, until it rose with all the other airports in CY2022 and sits at $0.18 as of CY2024.

Figure 38 | SAN vs. Peer Airport Market Fare and Yield (in Current Dollars), by Calendar Year, CY2010-CY2024



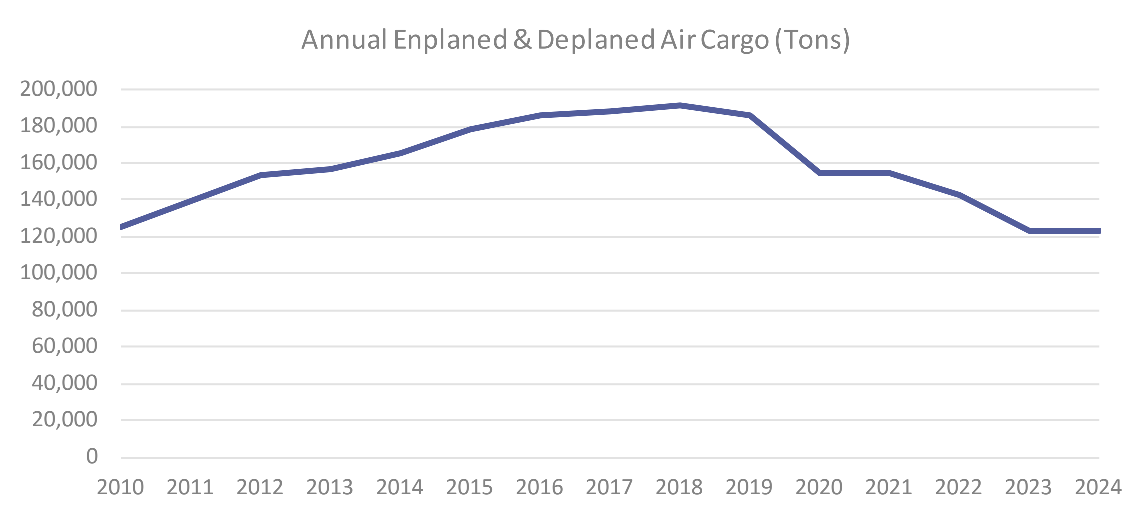


Source: Department of Transportation DB1B.

3.8 | Air Cargo

Figure 39 charts SAN's annual air cargo trends, showing the annual total of enplaned and deplaned cargo at the Airport from FY2010 to FY2024. Overall, cargo activity experienced steady growth through the 2010s, from about 125,000 tons in FY2010 to a peak of roughly 191,000 tons in FY2018. SAN's cargo faced a minor decrease in FY2019, but the COVID-19 pandemic brought a substantial drop in FY2020, down to 154,000 tons. That level stayed essentially the same in FY2021, and further decreased to approximately 142,000 tons in FY2022. Cargo tonnage reduced another 13.2 percent as of FY2023, and largely maintained its level through FY2024 with roughly 123,000 tons.

Figure 39 | SAN Annual Enplaned & Deplaned Cargo, FY2010-FY2024

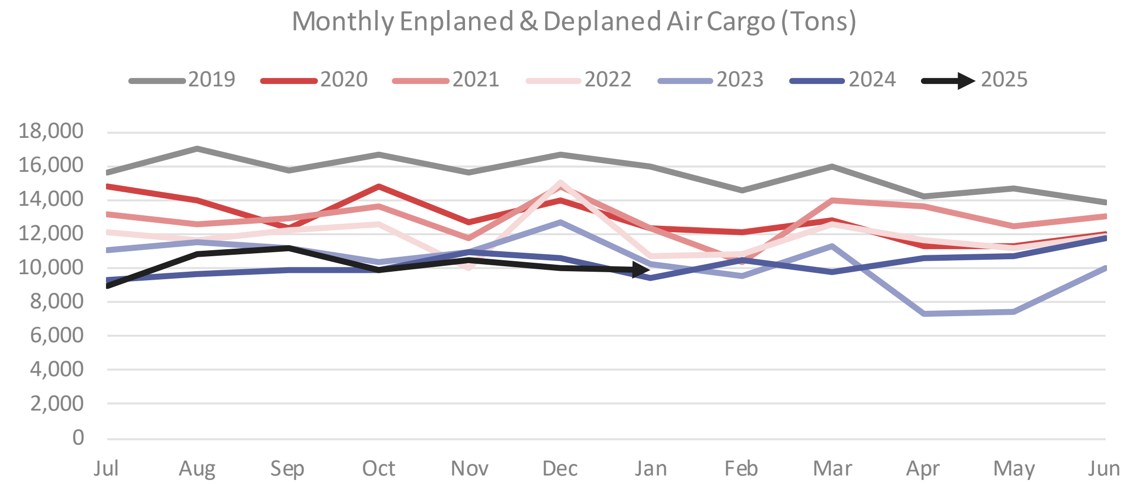


Source: Airport records.

Figure 40 details SAN's enplaned and deplaned cargo by month, from FY2019 through January FY2025. Monthly cargo patterns are relatively stable at SAN, with no significantly higher peaks or lower troughs, and almost every month holding at least a 7 percent share of its year's cargo.

However, one near-consistent peak month is December, which held the largest share of cargo every year except FY2019 and FY2020. Even then, however, SAN's peak months are not drastically higher than others, ranging from a share of 8.9 percent (in December FY2018 with 16,936 tons) to SAN's largest single monthly share of 10.5 percent (in December FY2022 with 15,006 tons). FY2024 also appears to have departure from this trend, moving its peak month to June, but exhibiting an overall flatter monthly trend than FY2023. The first half of FY2025 so far maintains the lower level of cargo shown by FY2023 and FY2024.

Figure 40 | SAN Monthly Enplaned & Deplaned Cargo, FY2010-FYTD2025



Source: Airport records.

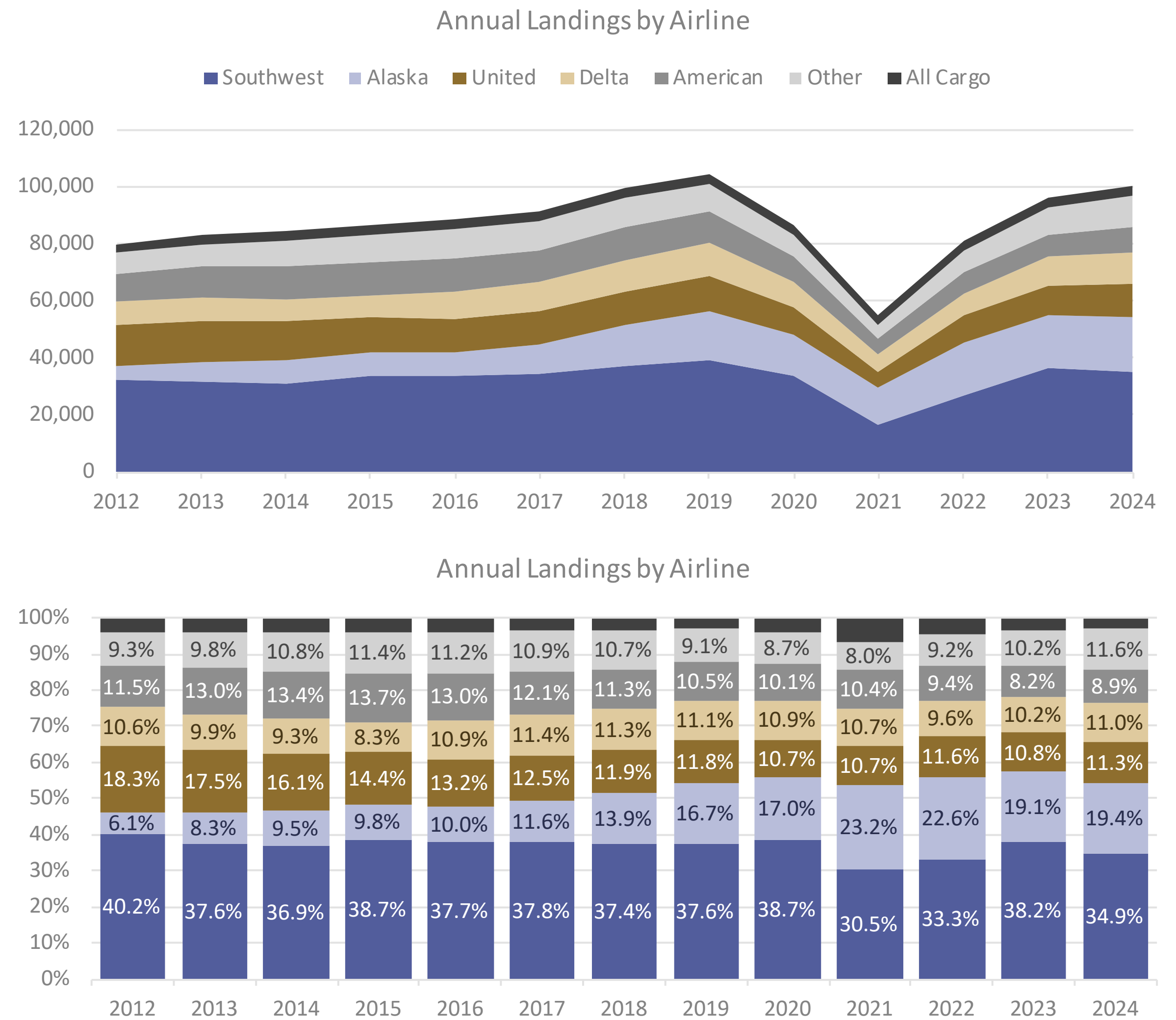
3.9 | Commercial Aircraft Landings and Landed Weight

Figure 41 and Figure 42 shows the annual trends for landings and landed weight at SAN from FY2012 to FY2024. Table 10 breaks down SAN's annual landings and market shares by airline, while Table 11 does the same for SAN's annual landed weight.

As shown in other aspects of SAN's aviation activity, Southwest has consistently been the largest contributor to the Airport's landings and landed weight. Prior to the COVID-19 pandemic, Southwest's share of both landings and landed weight more than doubled that of its next highest competitor. Though Southwest's lead is no longer quite as distant, it still holds the dominant share in both measures by a substantial margin, at roughly a third of the market.

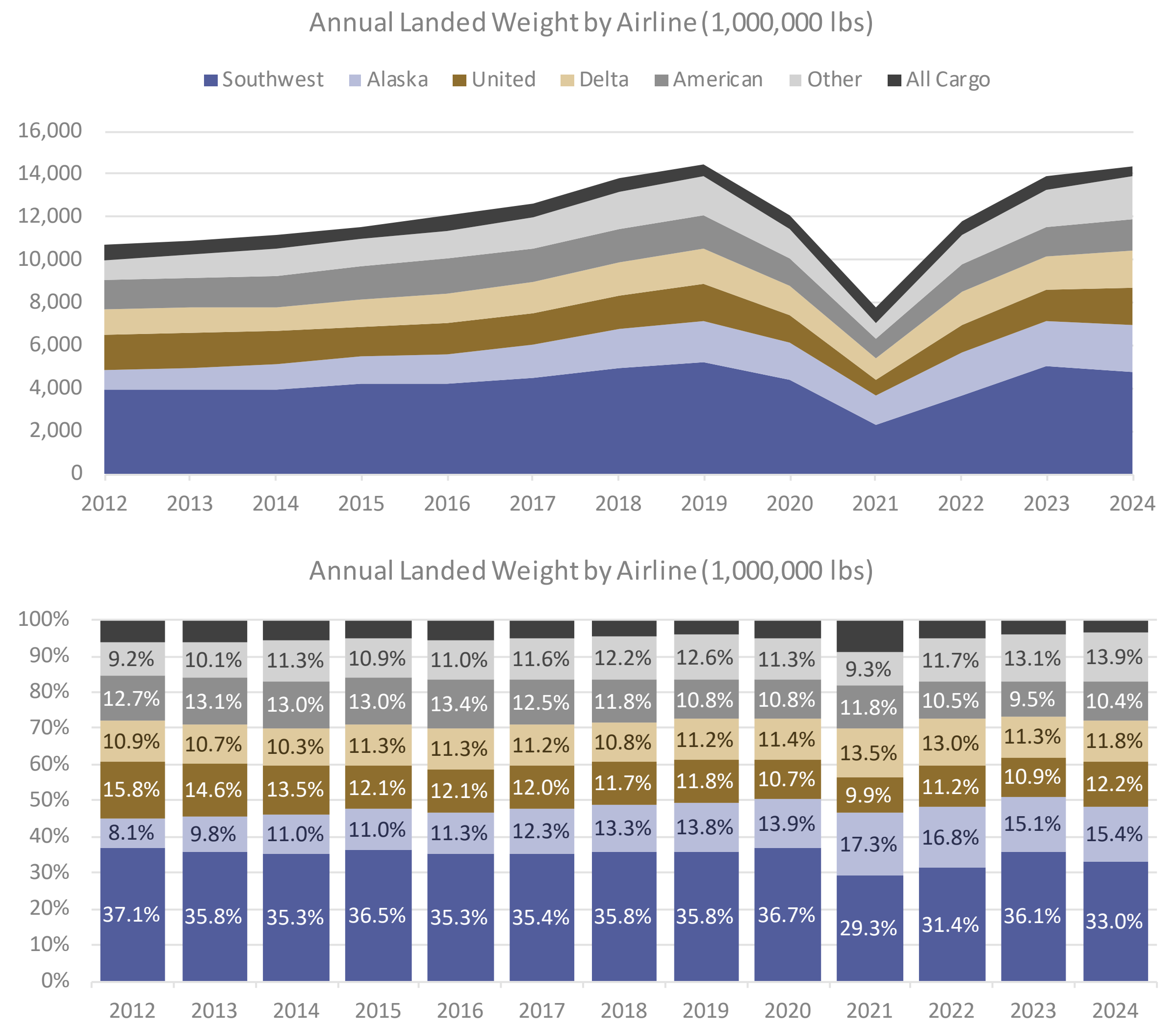
As of FY2024, SAN's landings and landed weight have mostly recovered to pre-pandemic levels. With just under 100,000 landings, FY2024 landings reached 96.0 percent of the Airport's FY2019 peak of 104,000. With 14.4 billion pounds of landed weight, FY2024 reached 99.4 percent of SAN's FY2019 peak of 14.5 billion.

Figure 41 | Annual Landing Trends at SAN, FY2012-FY2024



Source: Airport records.

Figure 42 | Annual Landed Weight Trends at SAN, FY2012-FY2024



Source: Airport records.

Table 10 | SAN Landings by Airline, FY2012-FY2024

Landings by Airline, by Fiscal Year													
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Southwest	32,100	31,266	31,092	33,421	33,328	34,399	37,355	39,175	33,477	16,695	26,993	36,644	34,888
Alaska	4,877	6,878	8,019	8,428	8,851	10,537	13,888	17,381	14,719	12,731	18,321	18,316	19,378
United	14,604	14,566	13,587	12,419	11,628	11,407	11,892	12,272	9,239	5,879	9,371	10,407	11,280
Delta	8,456	8,238	7,851	7,180	9,640	10,355	11,302	11,566	9,411	5,835	7,819	9,819	10,972
American	9,163	10,840	11,325	11,843	11,480	11,046	11,288	10,912	8,756	5,689	7,594	7,879	8,906
Other	7,429	8,126	9,085	9,830	9,879	9,907	10,657	9,512	7,487	4,379	7,451	9,820	11,580
Subtotal	**76,629**	**79,914**	**80,959**	**83,121**	**84,806**	**87,651**	**96,382**	**100,818**	**83,089**	**51,208**	**77,549**	**92,885**	**97,004**
All Cargo	3,305	3,164	3,254	3,320	3,499	3,385	3,378	3,322	3,431	3,580	3,487	3,117	2,958
Total	**79,934**	**83,078**	**84,213**	**86,441**	**88,305**	**91,036**	**99,760**	**104,140**	**86,520**	**54,788**	**81,036**	**96,002**	**99,962**
AGR		3.9%	1.4%	2.6%	2.2%	3.1%	9.6%	4.4%	-16.9%	-36.7%	47.9%	18.5%	4.1%

Landing Shares by Airline, by Fiscal Year													
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Southwest	40.2%	37.6%	36.9%	38.7%	37.7%	37.8%	37.4%	37.6%	38.7%	30.5%	33.3%	38.2%	34.9%
Alaska	6.1%	8.3%	9.5%	9.8%	10.0%	11.6%	13.9%	16.7%	17.0%	23.2%	22.6%	19.1%	19.4%
United	18.3%	17.5%	16.1%	14.4%	13.2%	12.5%	11.9%	11.8%	10.7%	10.7%	11.6%	10.8%	11.3%
Delta	10.6%	9.9%	9.3%	8.3%	10.9%	11.4%	11.3%	11.1%	10.9%	10.7%	9.6%	10.2%	11.0%
American	11.5%	13.0%	13.4%	13.7%	13.0%	12.1%	11.3%	10.5%	10.1%	10.4%	9.4%	8.2%	8.9%
Other	9.3%	9.8%	10.8%	11.4%	11.2%	10.9%	10.7%	9.1%	8.7%	8.0%	9.2%	10.2%	11.6%
Subtotal	**95.9%**	**96.2%**	**96.1%**	**96.2%**	**96.0%**	**96.3%**	**96.6%**	**96.8%**	**96.0%**	**93.5%**	**95.7%**	**96.8%**	**97.0%**
All Cargo	4.1%	3.8%	3.9%	3.8%	4.0%	3.7%	3.4%	3.2%	4.0%	6.5%	4.3%	3.2%	3.0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Airport records.

Table 11 | SAN Landed Weight by Airline, FY2012-FY2024

Landed Weight by Airline, by Fiscal Year (1,000,000 lbs)													
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Southwest	3,954	3,908	3,925	4,214	4,257	4,470	4,924	5,180	4,422	2,277	3,688	5,001	4,759
Alaska	863	1,072	1,223	1,265	1,361	1,545	1,829	1,995	1,672	1,343	1,981	2,092	2,219
United	1,686	1,590	1,500	1,394	1,461	1,516	1,611	1,702	1,285	771	1,321	1,514	1,755
Delta	1,163	1,163	1,146	1,305	1,362	1,417	1,484	1,617	1,374	1,049	1,528	1,569	1,693
American	1,351	1,426	1,447	1,499	1,621	1,576	1,627	1,566	1,299	918	1,239	1,318	1,498
Other	981	1,101	1,253	1,260	1,325	1,468	1,678	1,822	1,365	722	1,375	1,812	2,007
Subtotal	**9,998**	**10,261**	**10,493**	**10,937**	**11,386**	**11,993**	**13,153**	**13,882**	**11,417**	**7,080**	**11,133**	**13,305**	**13,931**
All Cargo	662	653	624	597	666	623	617	600	636	700	631	564	470
Total	**10,661**	**10,914**	**11,117**	**11,535**	**12,053**	**12,616**	**13,770**	**14,481**	**12,053**	**7,780**	**11,764**	**13,869**	**14,401**
AGR		2.4%	1.9%	3.8%	4.5%	4.7%	9.1%	5.2%	-16.8%	-35.5%	51.2%	17.9%	3.8%

Landed Weight Shares by Airline, by Fiscal Year													
Airline	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Southwest	37.1%	35.8%	35.3%	36.5%	35.3%	35.4%	35.8%	35.8%	36.7%	29.3%	31.4%	36.1%	33.0%
Alaska	8.1%	9.8%	11.0%	11.0%	11.3%	12.3%	13.3%	13.8%	13.9%	17.3%	16.8%	15.1%	15.4%
United	15.8%	14.6%	13.5%	12.1%	12.1%	12.0%	11.7%	11.8%	10.7%	9.9%	11.2%	10.9%	12.2%
Delta	10.9%	10.7%	10.3%	11.3%	11.3%	11.2%	10.8%	11.2%	11.4%	13.5%	13.0%	11.3%	11.8%
American	12.7%	13.1%	13.0%	13.0%	13.4%	12.5%	11.8%	10.8%	10.8%	11.8%	10.5%	9.5%	10.4%
Other	9.2%	10.1%	11.3%	10.9%	11.0%	11.6%	12.2%	12.6%	11.3%	9.3%	11.7%	13.1%	13.9%
Subtotal	**93.8%**	**94.0%**	**94.4%**	**94.8%**	**94.5%**	**95.1%**	**95.5%**	**95.9%**	**94.7%**	**91.0%**	**94.6%**	**95.9%**	**96.7%**
All Cargo	6.2%	6.0%	5.6%	5.2%	5.5%	4.9%	4.5%	4.1%	5.3%	9.0%	5.4%	4.1%	3.3%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Airport records.

3.10 | Forecast Commercial Aviation Activity

The forecast considers shifts in air service supply and demand, changes in the business environment, and the underlying factors driving passenger traffic growth. To project air traffic through different stages of growth, we use a hybrid modeling framework that integrates multiple forecasting methods and data sources.

We present two scenarios—Base and Low—each reflecting different paces of short- and long-term growth. The Base scenario assumes that recent economic and air traffic trends will continue. The Low scenario takes a more cautious view, considering longer-lasting labor and fleet constraints on airline capacity, dampening effects of high prices on discretionary travel spending, a cooling labor market, and slowing economic growth.

The two scenarios provide a reasonable range for planning and sensitivity analysis. However, forecasts are inherently uncertain, and many factors can cause actual performance to deviate from the projected range. In addition, structural changes in the airline industry and the broader economy heighten risks and uncertainties. At the end of this section, we will discuss various factors contributing to forecast risk and uncertainty.

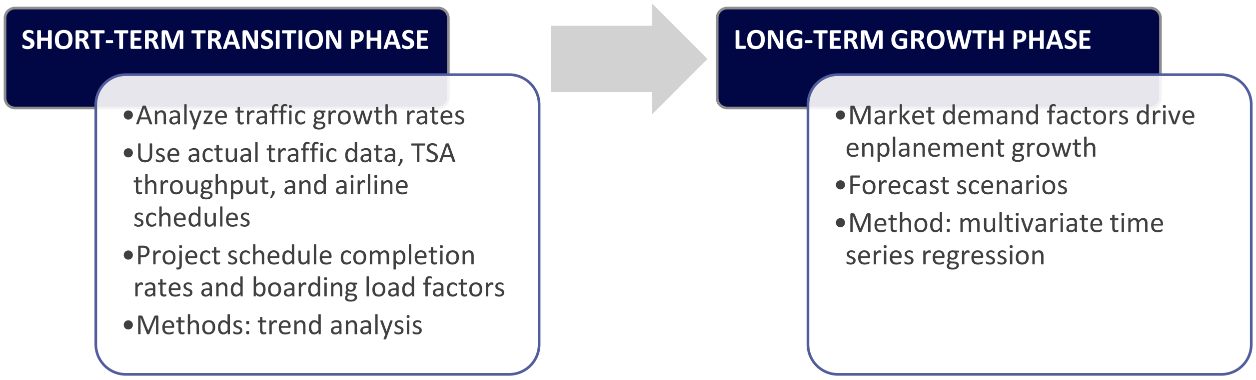
3.10.1 | Forecast Methodology

Our hybrid modeling framework combines different methods and data sources to project air traffic in two phases (Figure 43):

- Short-term transition - We analyze growth trends and project flights, seats, and enplanements for individual airlines based on their advance schedules, schedule completion rates, and boarding load factors. This process produces near-term projections through November 2025. Beyond that, we analyze the trends in monthly enplanements and assume a stabilization in enplanement growth through the remainder of CY2025.
- Long-term growth - Once growth stabilizes, we switch to multivariate regression analysis to quantify the contribution of key market drivers (income and price) to air travel demand. We then forecast annual enplanement growth based on the projected trends in these drivers.

By dividing the forecast period into phases, we can apply the most appropriate methods, data, and assumptions to capture the factors driving air traffic trends in each phase. For example, airline schedules and operational factors provide a good basis for short-term projections. In the long run, market factors, such as income and price, primarily drive long-term passenger traffic, which in turn drives aircraft operations and landed weight. Multivariate regression analysis provides a better framework for linking long-term traffic growth to these market factors.

Figure 43 | Hybrid Forecast Development by Phase



Source: Unison Consulting, Inc.

3.10.2 | Short-Term Phase

In this phase, forecast development considers the recent growth in traffic based on actual airport activity (enplanements, departures, and landed weight) through January 2025, TSA screening throughput through April 2025, and advance airline schedules (accessed in May 2025).

Advance airline schedules provide the starting point for projecting seats and enplanements only through November 2025. Beyond that, advance schedules become less reliable due to changes in airline networks and routes. To account for potential schedule adjustments, we apply a completion factor to scheduled seats. This considers weather and aircraft maintenance disruptions, as well as periodic schedule adjustments anticipating flight bookings and the projected availability of aircraft and crew. Table 12 shows the projected schedule completion rates decreasing from 100 percent to 97 percent in the Base scenario and 93 percent in the Low scenario by November 2025.[33]

Table 12 | Projected Schedule Completion Rates and Scheduled Seats

	Schedule Completion Rate		Projected Seats	
Month	Base	Low	Base	Low
Feb-25	100.0%	100.0%	1,089,628	1,089,628
Mar-25	100.0%	100.0%	1,302,882	1,302,882
Apr-25	100.0%	100.0%	1,300,278	1,300,278
May-25	100.0%	100.0%	1,397,624	1,397,624
Jun-25	100.0%	100.0%	1,426,622	1,426,622
Jul-25	100.0%	100.0%	1,465,705	1,465,705
Aug-25	100.0%	100.0%	1,433,055	1,433,055
Sep-25	99.0%	95.0%	1,348,010	1,293,545
Oct-25	98.0%	94.0%	1,486,390	1,425,721
Nov-25	97.0%	93.0%	1,393,245	1,335,792

[33] Allegiant is expected to cease its service to SAN by the end of September 2025.

Source: OAG Schedules Analyzer and Unison Consulting, Inc.

We apply boarding load factors (BLFs) to projected seats to estimate monthly enplanements. The BLF assumptions in Table 13 reflect seasonal patterns and a stabilization in travel patterns. In CY2024, the Airport's monthly BLF averaged 80.9 percent, 0.8 percentage points lower than CY2019 levels (81.7 percent).

In CY2025, we assume BLF will roughly follow 2024 patterns in the Base scenario and trend lower in the Low scenario. We project the average monthly BLF to be around 80.0 percent in the Base scenario, reflecting both increased seat capacity and slight softening in demand through 2025Q1, and 76.8 percent in the Low scenario.

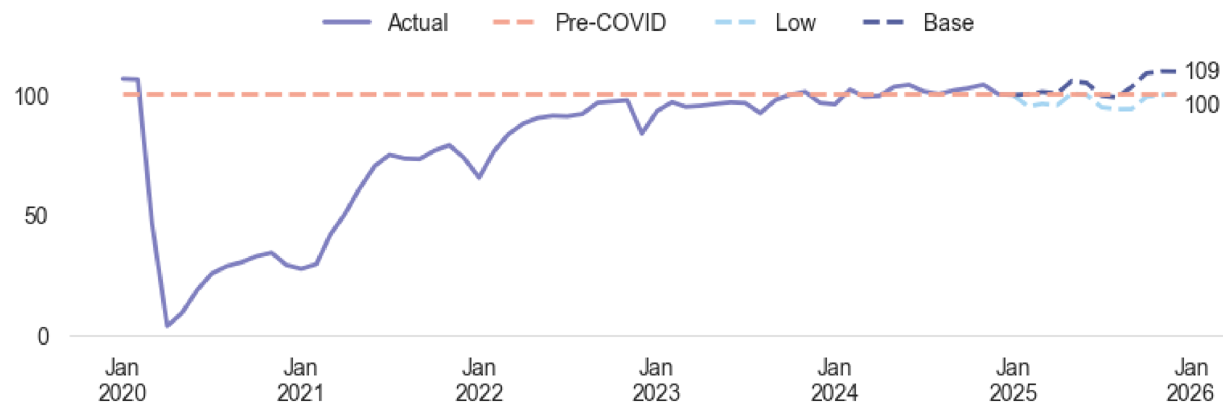
Table 13 | Actual and Projected Boarding Load Factors (BLF)

	Historical			2025 Projected Boarding Load Factors	
Month	2019	2023	2024	Base	Low
Jan	74.0%	72.2%	73.2%	75.0%	75.0%
Feb	77.3%	78.4%	79.2%	77.8%	74.3%
Mar	83.0%	82.2%	83.4%	81.9%	78.4%
Apr	84.0%	82.4%	82.6%	81.2%	77.7%
May	81.5%	79.8%	82.1%	80.8%	77.3%
Jun	85.5%	84.5%	85.3%	84.2%	80.7%
Jul	84.9%	85.5%	83.2%	82.0%	78.5%
Aug	83.4%	79.6%	81.9%	81.2%	77.7%
Sep	81.0%	79.5%	80.0%	79.7%	76.2%
Oct	80.4%	81.7%	79.6%	78.5%	75.1%
Nov	82.0%	80.1%	80.2%	78.9%	75.4%
Dec	83.2%	78.8%	79.7%	78.3%	74.8%
Average	81.7%	80.4%	80.9%	80.0%	76.8%

Source: OAG Schedules Analyzer and Unison Consulting, Inc.
Notes: BLF = enplanements/OAG scheduled seats. Forecasts begin in February 2025.

Monthly enplanements (indexed to 2019 in Figure 44) first exceeded pre-2019 levels by around 2 percent 2024Q2 and have stabilized. With the addition of new service from Alaska, we expect monthly enplanements to end 2025 at around 109 percent of 2019 levels in the Base scenario and 100 percent in the Low scenario.

Figure 44 | Monthly Enplanements: Actual and Forecast Indexed to 2019 Level, January 2020 – December 2025

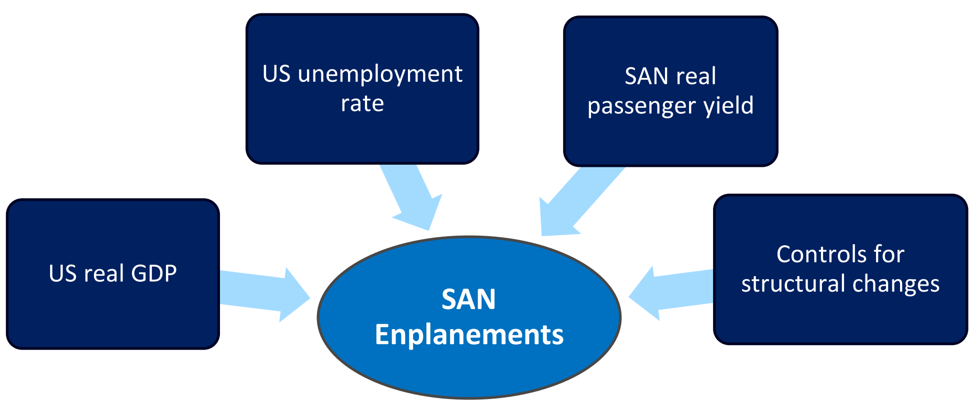


Source: Unison Consulting, Inc.

3.10.3 | Long-Term Phase

For long-term forecasting, we shift to a demand-driven approach. We assume that traffic growth will follow historical patterns, with market factors driving passenger traffic and airlines adjusting supply to meet demand. Multivariate time series regression analysis provides a rigorous quantitative framework for measuring the impact of market drivers (income and price indicators) on enplanement growth while considering structural changes (Figure 45).

Figure 45 | Key Drivers of Enplanement Growth



Source: Unison Consulting, Inc.

Forecasting using regression analysis involves two steps:

1. Model estimation – We estimate the regression equation using historical and short-term forecast data (1993-2025). The equation includes “coefficients” that measure the effect of each driver on enplanements.

2. Forecast development – We combine the regression coefficient estimates with projections of market drivers to forecast enplanement growth.

The regression estimation method minimizes forecast errors, which measure the differences between the actual and predicted enplanement levels.

Consumer demand theory, along with our assessment of structural changes at the Airport and the aviation industry, informs the specification of the regression model. The dependent variable is enplanements, and the key explanatory variables include economic indicators (U.S. unemployment rate and real GDP) and a price indicator (SAN's real passenger yield).[34]

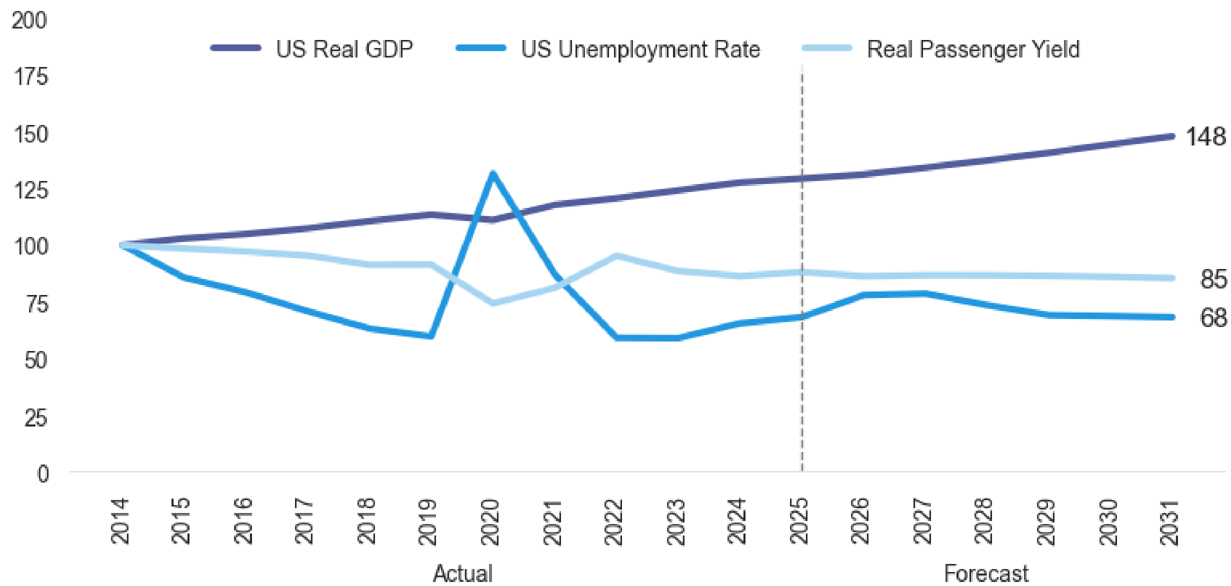
Figure 46 presents the historical and forecast trends for these variables for the Base scenario. The projections for these variables utilize Moody's Analytics' April 2025 forecasts for U.S. real GDP, unemployment rate, and consumer price index. The Low scenario utilizes Moody's 75th- and 90th-percentile downside scenarios (March 2025 vintage) for U.S. unemployment rate and real GDP.[35] Additionally, we adjusted Moody's Analytics forecasts to account for subsequent macroeconomic developments that increased downside risks, more recent economic forecasts from the Wall Street Journal's Economic Forecasting Survey (April 2025), and tariff impact estimates from The Budget Lab at Yale (April 2025).[36]

[34] Enplanement and U.S. real GDP variables are log transformed to improve model fit.

[35] In Moody's downside scenarios, a 75th-percentile downside implies that there is a 75 percent probability that the economy will perform better, and a 25 percent chance it will perform worse. After adjustments, our Low scenario economic forecasts fall between Moody's two downside scenarios.

[36] See https://www.wsj.com/economy/economic-forecasting-survey-archive-11617814998 and https://budgetlab.yale.edu.

Figure 46 | Key Regression Model Explanatory Variables: Historical and Forecast Trends for the Base Scenario, Indexed to 2014 (2014 = 100)



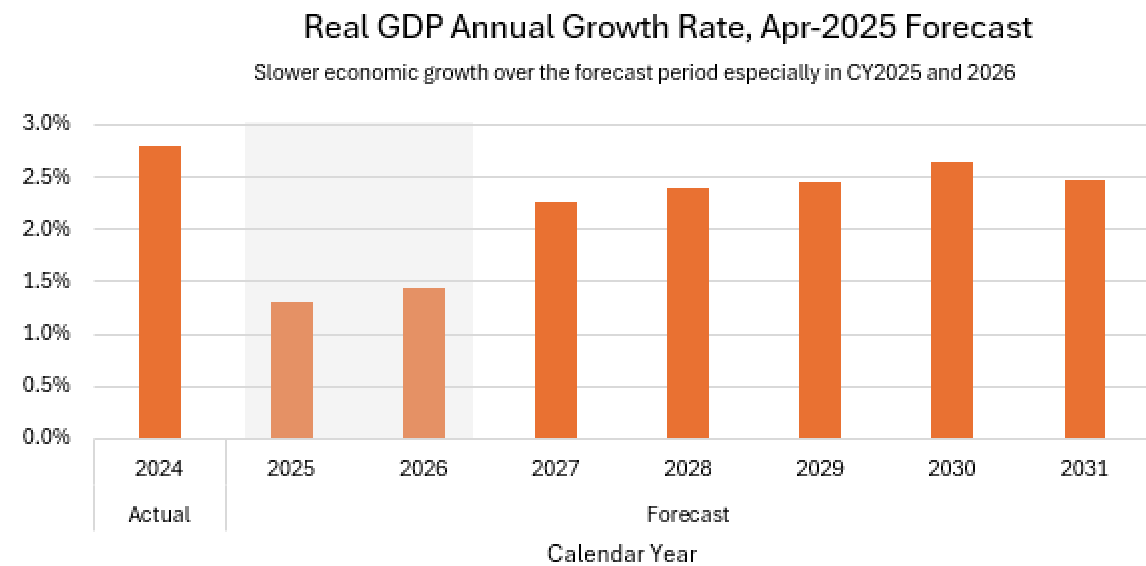
Sources: Moody's Analytics, U.S. Department of Transportation, and Federal Aviation Administration.
For readability, historical trends in the figure begin in 2014, even though the regression model employs historical data from 1993.

U.S. Real GDP

U.S. real GDP is a comprehensive indicator of national economic conditions and income levels, both of which drive air travel demand. Holding all other factors constant, increases in real GDP stimulate enplanements, while decreases lower enplanements. The positive and statistically significant regression coefficient U.S. real GDP confirms this direct relationship.

As shown in Figure 47, the Base scenario projects an average annual growth rate of 2.1 percent over the forecast horizon, with a slowdown in CY2025-2026 (1.3-1.4 percent annual growth). This average growth rate is below both the historical average of 2.6 percent observed from 2014 to 2019 and the average of 2.4 percent recorded between 2019 and 2024. The Low scenario anticipates a contraction in CY2026 and slower ensuing recovery, yielding a modest average annual growth rate of 1.6 percent.

Figure 47 | Actual and Projected Real GDP Annual Growth Rate, CY2024 - CY2031



Sources: Moody's Analytics.

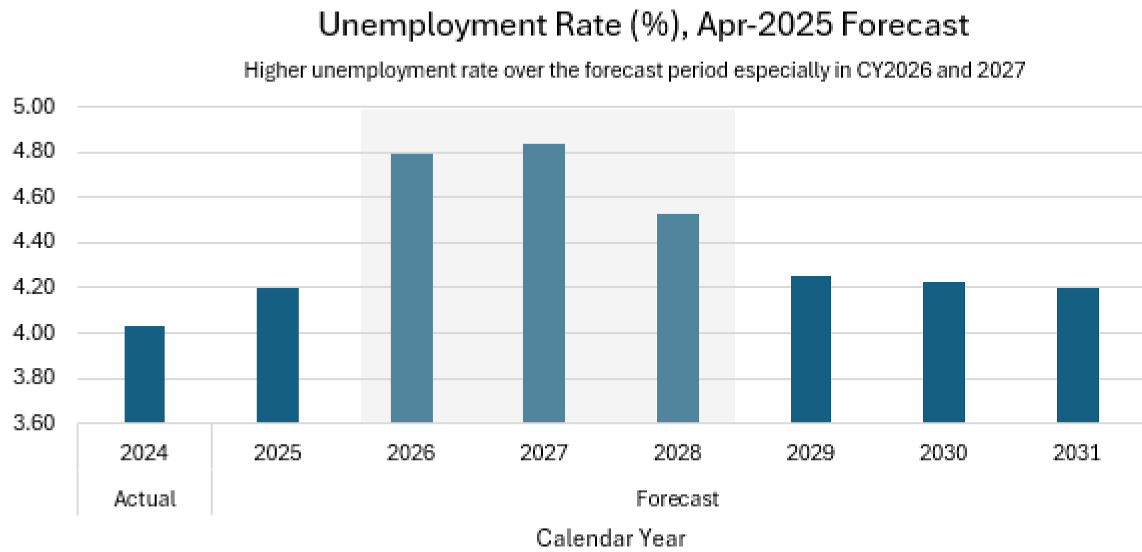
U.S. Unemployment Rate

The national unemployment rate reflects the overall condition of the national labor market. Decreases in this measure indicate a growing economy, potentially leading to higher passenger traffic. The negative and statistically significant regression coefficient of this variable confirms an inverse relationship.

Prior to the pandemic, the U.S. unemployment rate had consistently declined, reaching historic lows in 2019. However, this trend reversed in 2020, with unemployment rates rising sharply during the 2020 recession. They also retreated quickly to pre-pandemic low levels in 2022 and 2023. The labor market began to show signs of cooling in 2024, with an uptick in the unemployment rate.

Under the Base scenario, unemployment is projected to rise to just above 4.8 percent by CY2027 before returning to 4.2 percent by CY2031 (Figure 48). The Low scenario anticipates a significant rise in unemployment rate in the near term to a peak of 7.3 percent in CY2026, before falling to around 4.6 percent by CY2031.

Figure 48 | Actual and Projected U.S. Unemployment Rate, CY2024 – CY2031



Sources: Moody's Analytics.

Real Passenger Yield at SAN

Consumer theory suggests a negative relationship between air travel demand and price. Holding all else constant, an increase in price decreases passenger traffic, while a decrease in price increases passenger traffic. Our measure of price is the average real passenger yield, calculated as total airline passenger revenues divided by revenue passenger miles, adjusted for inflation. This measure, which accounts for trip distance, serves as a more accurate indicator of the price of air travel than average airfare. Regression analysis supports the theory, showing a negative and statistically significant regression coefficient for real passenger yield.

Between 2014 and 2019, SAN's real passenger yields remained relatively stable, hovering around 0.14-0.15. In 2020, airlines significantly reduced airfares to stimulate demand, causing yields to decline to approximately $0.12 at their lowest. Yields have since gradually recovered, trending toward historical levels. By CY2024, SAN's real passenger yield had returned to around $0.14, and it is expected to remain relatively stable in the Base scenario (CAGR=-0.1 percent). In the Low scenario, it is expected to be close to $0.15 (CAGR=0.4 percent).

Structural Changes

The regression model controls for the adverse effects of the 9/11-terrorist attacks and COVID-19 pandemic on passenger traffic and serial correlation in time series data.

Together, these explanatory variables are strong predictors of the Airport's enplanement trends.

3.10.4 | Forecast Results

Figure 49 presents the forecast results and compares the enplanement forecasts with the 2023 FAA Terminal Area Forecasts (TAF) published in January 2025. Table 15 to Table 21 present the forecast details, summarized below.

- Scenario 1 (Base) – Enplanements are projected to reach 12.8 million in FY2025, growing year over year by 3.0 percent. In the near term, due to anticipated economic slowdown, enplanement growth is projected to moderate before resuming robust growth after FY2027. They are expected to reach 14.1 million by FY2031 (CAGR, 1.8 percent).

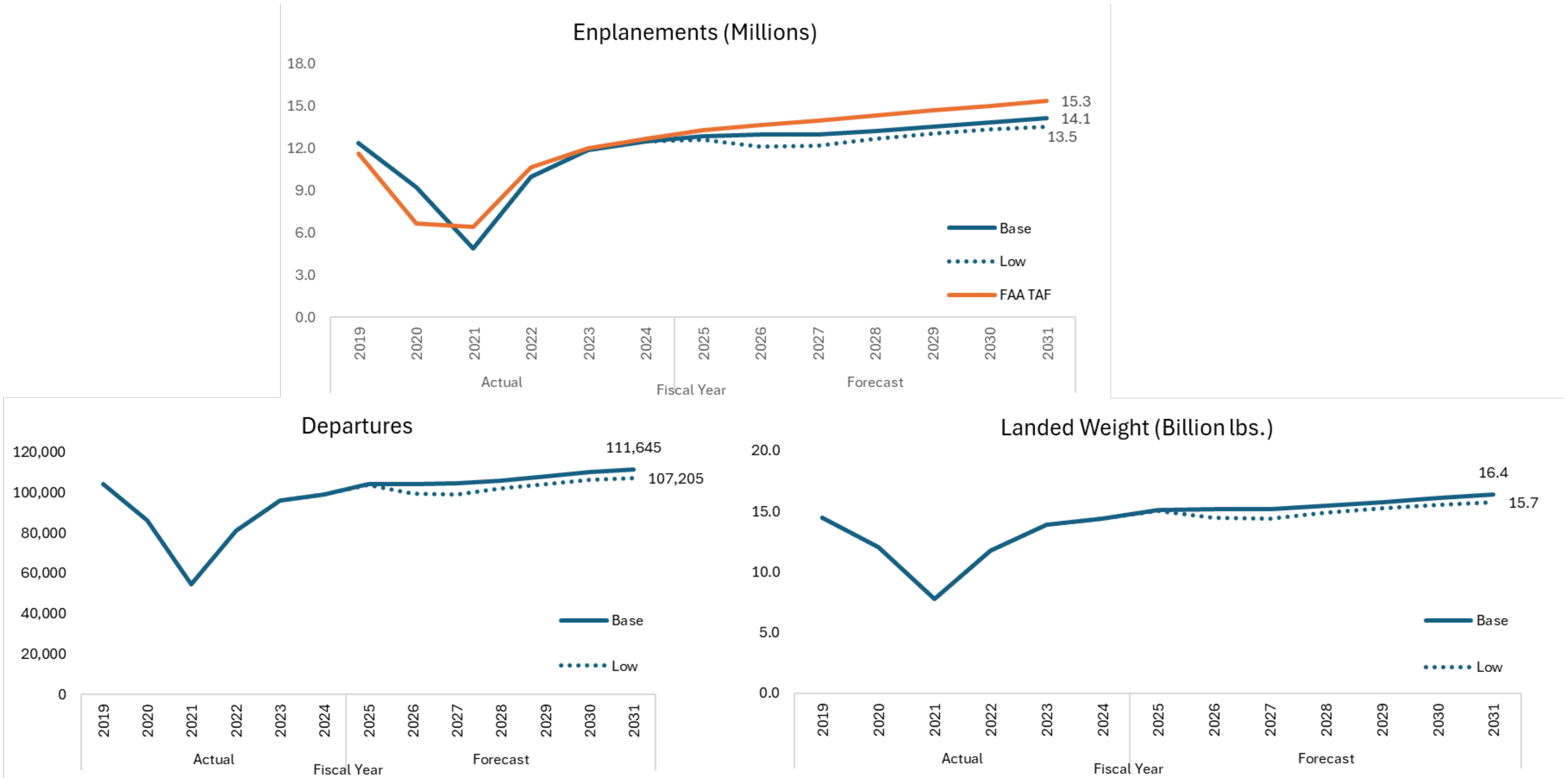
- Scenario 2 (Low) – A contraction in the economy and an uptick in unemployment, among other factors, are expected to dampen enplanement growth beginning in FY2025, leading to a decrease in enplanements in FY2026 before growth resumes in FY2027. Enplanements are expected to reach 13.5 million in FY2031 (CAGR, 1.2 percent).

- 2024 FAA TAF, January 2025 publication – The TAF is on a federal fiscal year basis, ending on September 30. Compared to this study's forecasts, the TAF projects higher enplanement levels than the Base scenario. At the end of the forecast period, enplanements are expected to reach around 15.3 million, which is around 9 percent above the Base scenario and around 13 percent above the Low scenario. Since the TAF was developed in CY2024, its projections may not reflect the latest developments in the U.S. economy.

We project seats and aircraft departures (landings) based on forecast annual enplanements, average seats per departure projections, and boarding load factors. Generally, flight departures grow slower than enplanements due to increases in average seats per departure and boarding load factors over time. By the end of the forecast period, annual aircraft departures reach 111,645 operations in the Base scenario (CAGR, 1.7 percent) and 107,205 operations in the Low scenario (CAGR, 1.1 percent).

We project landed weight based on forecast aircraft landings. Generally, landed weight increases faster than landings due to upgauging (the use of larger aircraft), which raises the average weight per landing. By the end of the forecast period, landed weight is expected to reach 16.4 billion pounds in the Base scenario (CAGR, 1.9 percent) and 15.7 billion pounds in the Low scenario (CAGR, 1.3 percent).

Figure 49 | Historical and Forecast Commercial Aviation Activity at SAN



Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 14 | Forecast Enplanements – Scenario 1 (Base)

	Actual						Forecast							CAGR
Fiscal Year Ending in June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2024-2031
Enplanements (1,000s)														
Alaska	1,702	1,325	807	1,741	1,941	2,025	2,342	2,363	2,370	2,411	2,468	2,523	2,574	3.5%
American	1,468	1,128	768	1,238	1,282	1,470	1,513	1,526	1,531	1,557	1,594	1,629	1,662	1.8%
Delta	1,505	1,168	568	1,238	1,452	1,591	1,631	1,646	1,651	1,679	1,719	1,757	1,793	1.7%
Southwest	4,656	3,475	1,628	3,394	4,190	4,087	3,984	4,019	4,031	4,100	4,198	4,291	4,379	1.0%
United	1,593	1,106	600	1,307	1,459	1,621	1,640	1,655	1,660	1,688	1,728	1,767	1,803	1.5%
Other signatory	1,179	859	445	880	1,253	1,372	1,353	1,365	1,369	1,393	1,426	1,457	1,487	1.2%
Passenger - Signatory	12,103	9,061	4,815	9,797	11,577	12,164	12,464	12,573	12,612	12,827	13,132	13,425	13,698	1.7%
Passenger - Nonsignatory	254	174	46	156	290	303	378	382	383	389	399	408	416	4.6%
Total	12,356	9,235	4,861	9,953	11,868	12,467	12,843	12,955	12,995	13,217	13,531	13,832	14,114	1.8%
Annual percentage change		-25.3%	-47.4%	104.8%	19.2%	5.1%	3.0%	0.9%	0.3%	1.7%	2.4%	2.2%	2.0%	
Enplanement Shares														
Alaska	13.8%	14.3%	16.6%	17.5%	16.4%	16.2%	18.2%	18.2%	18.2%	18.2%	18.2%	18.2%	18.2%	
American	11.9%	12.2%	15.8%	12.4%	10.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	
Delta	12.2%	12.7%	11.7%	12.4%	12.2%	12.8%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	
Southwest	37.7%	37.6%	33.5%	34.1%	35.3%	32.8%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	
United	12.9%	12.0%	12.3%	13.1%	12.3%	13.0%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	
Other signatory	9.5%	9.3%	9.2%	8.8%	10.6%	11.0%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	
Passenger - Signatory	97.9%	98.1%	99.1%	98.4%	97.6%	97.6%	97.1%	97.1%	97.1%	97.1%	97.1%	97.1%	97.1%	
Passenger - Nonsignatory	2.1%	1.9%	0.9%	1.6%	2.4%	2.4%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.
Note: Airline market shares are assumed to remain constant throughout the forecast period. The market shares for FY2025 are estimated based on airlines' OAG advanced schedules and boarding load factor assumptions through June 2025.

Table 15 | Forecast Seats and Aircraft Departures – Scenario 1 (Base)

	Actual						Forecast							CAGR
Fiscal Year Ending in June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2024-2031
Seats (1,000s)														
Alaska	2,139	1,811	1,451	2,151	2,303	2,455	2,838	2,847	2,853	2,902	2,967	3,033	3,087	3.3%
American	1,712	1,463	1,020	1,420	1,501	1,689	1,763	1,778	1,784	1,814	1,857	1,898	1,937	2.0%
Delta	1,727	1,489	1,056	1,445	1,687	1,842	1,923	1,940	1,944	1,977	2,022	2,067	2,103	1.9%
Southwest	6,060	5,428	2,686	4,319	5,851	5,435	5,277	5,294	5,305	5,396	5,518	5,641	5,740	0.8%
United	1,836	1,434	845	1,495	1,693	1,926	1,968	1,974	1,978	2,012	2,058	2,103	2,141	1.5%
Other signatory	1,382	1,100	691	1,113	1,491	1,684	1,722	1,730	1,734	1,763	1,804	1,844	1,878	1.6%
Passenger - Signatory	14,856	12,726	7,749	11,943	14,526	15,031	15,490	15,563	15,598	15,863	16,226	16,586	16,885	1.7%
Passenger - Nonsignatory	319	246	86	207	376	352	444	447	448	456	467	477	486	4.7%
Total	15,175	12,972	7,835	12,150	14,903	15,383	15,934	16,010	16,046	16,319	16,692	17,063	17,372	1.8%
Annual percentage change		-14.5%	-39.6%	55.1%	22.7%	3.2%	3.6%	0.5%	0.2%	1.7%	2.3%	2.2%	1.8%	
Aircraft Departures (Landings)														
Alaska	17,381	14,719	12,731	18,321	18,316	19,378	22,605	22,651	22,663	22,985	23,448	23,903	24,237	3.2%
American	10,912	8,756	5,689	7,594	7,879	8,906	9,293	9,363	9,377	9,511	9,713	9,902	10,067	1.8%
Delta	11,566	9,411	5,835	7,819	9,819	10,972	11,395	11,480	11,487	11,650	11,885	12,115	12,285	1.6%
Southwest	39,175	33,477	16,695	26,993	36,644	34,888	34,267	34,337	34,356	34,844	35,546	36,235	36,742	0.7%
United	12,272	9,239	5,879	9,371	10,407	11,280	11,506	11,529	11,536	11,700	11,935	12,167	12,337	1.3%
Other signatory	8,010	6,425	3,882	6,422	8,258	9,526	9,602	9,634	9,642	9,779	9,978	10,172	10,321	1.2%
Passenger - Signatory	99,316	82,027	50,711	76,520	91,323	94,950	98,668	98,994	99,061	100,470	102,504	104,494	105,989	1.6%
Passenger - Nonsignatory	1,502	1,062	497	1,029	1,562	1,592	2,176	2,188	2,191	2,222	2,269	2,313	2,349	5.7%
Subtotal - Passenger	100,818	83,089	51,208	77,549	92,885	96,542	100,844	101,182	101,252	102,692	104,773	106,807	108,338	1.7%
All-cargo - Signatory	2,783	2,755	3,017	2,913	2,516	2,064	2,381	2,412	2,396	2,404	2,400	2,402	2,401	2.2%
All-cargo - Nonsignatory	539	676	563	574	570	771	917	899	908	903	906	904	905	2.3%
Subtotal - All-Cargo	3,322	3,431	3,580	3,487	3,086	2,835	3,297	3,311	3,304	3,308	3,306	3,307	3,306	2.2%
Total	104,140	86,520	54,788	81,036	95,971	99,377	104,141	104,494	104,556	106,000	108,079	110,114	111,645	1.7%

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 16 | Forecast Enplanements per Departure, Seats per Departure, and Boarding Load Factors – Scenario 1 (Base)

	Actual						Forecast						
Fiscal Year Ending in June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Enplanements per Departure													
Alaska	98	90	63	95	106	104	104	104	105	105	105	106	106
American	135	129	135	163	163	165	163	163	163	164	164	165	165
Delta	130	124	97	158	148	145	143	143	144	144	145	145	146
Southwest	119	104	97	126	114	117	116	117	117	118	118	118	119
United	130	120	102	139	140	144	143	144	144	144	145	145	146
Other signatory	147	134	115	137	152	144	141	142	142	142	143	143	144
Passenger - Signatory	122	110	95	128	127	128	126	127	127	128	128	128	129
Passenger - Nonsignatory	169	164	92	152	186	190	174	174	175	175	176	176	177
Total	123	111	95	128	128	129	127	128	128	129	129	130	130
Seats per Departure													
Alaska	123	123	114	117	126	127	126	126	126	126	127	127	127
American	157	167	179	187	191	190	190	190	190	191	191	192	192
Delta	149	158	181	185	172	168	169	169	169	170	170	171	171
Southwest	155	162	161	160	160	156	154	154	154	155	155	156	156
United	150	155	144	160	163	171	171	171	171	172	172	173	174
Other signatory	173	171	178	173	181	177	179	180	180	180	181	181	182
Passenger - Signatory	150	155	153	156	159	158	157	157	157	158	158	159	159
Passenger - Nonsignatory	212	232	173	201	241	221	204	204	205	205	206	206	207
Total	151	156	153	157	160	159	158	158	158	159	159	160	160
Boarding Load Factors													
Alaska	79.6%	73.2%	55.6%	80.9%	84.3%	82.5%	82.5%	83.0%	83.1%	83.1%	83.2%	83.2%	83.4%
American	85.7%	77.1%	75.3%	87.2%	85.4%	87.0%	85.8%	85.8%	85.8%	85.8%	85.8%	85.8%	85.8%
Delta	87.1%	78.5%	53.8%	85.6%	86.1%	86.4%	84.8%	84.8%	84.9%	84.9%	85.0%	85.0%	85.2%
Southwest	76.8%	64.0%	60.6%	78.6%	71.6%	75.2%	75.5%	75.9%	76.0%	76.0%	76.1%	76.1%	76.3%
United	86.8%	77.1%	71.0%	87.5%	86.2%	84.1%	83.4%	83.8%	83.9%	83.9%	84.0%	84.0%	84.2%
Other signatory	85.3%	78.1%	64.4%	79.0%	84.0%	81.5%	78.6%	78.9%	79.0%	79.0%	79.0%	79.1%	79.2%
Passenger - Signatory	81.5%	71.2%	62.1%	82.0%	79.7%	80.9%	80.5%	80.8%	80.9%	80.9%	80.9%	80.9%	81.1%
Passenger - Nonsignatory	79.5%	70.7%	53.4%	75.3%	77.1%	86.1%	85.2%	85.4%	85.4%	85.4%	85.4%	85.4%	85.5%
Total	81.4%	71.2%	62.0%	81.9%	79.6%	81.0%	80.6%	80.9%	81.0%	81.0%	81.1%	81.1%	81.2%

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 17 | Forecast Landed Weight and Average Weight per Landing – Scenario 1 (Base)

	Actual						Forecast							CAGR
Fiscal Year Ending in June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2024-2031
Landed Weight (1,000,000 lbs.)														
Alaska	1,995	1,672	1,343	1,981	2,092	2,219	2,623	2,631	2,637	2,681	2,742	2,803	2,853	3.7%
American	1,566	1,299	918	1,239	1,318	1,498	1,557	1,570	1,575	1,602	1,640	1,677	1,711	1.9%
Delta	1,617	1,374	1,049	1,528	1,569	1,693	1,779	1,794	1,798	1,829	1,870	1,912	1,945	2.0%
Southwest	5,180	4,422	2,277	3,688	5,001	4,759	4,645	4,660	4,670	4,749	4,857	4,965	5,053	0.9%
United	1,702	1,285	771	1,321	1,514	1,755	1,800	1,806	1,809	1,840	1,882	1,924	1,958	1.6%
Other signatory	1,375	1,057	653	1,108	1,358	1,526	1,567	1,575	1,578	1,605	1,642	1,679	1,710	1.6%
Passenger - Signatory	13,435	11,110	7,010	10,866	12,851	13,450	13,970	14,036	14,068	14,307	14,634	14,959	15,229	1.8%
Passenger - Nonsignatory	447	307	70	231	416	433	550	554	556	565	578	591	603	4.9%
Subtotal - Passenger	13,882	11,417	7,080	11,097	13,268	13,882	14,520	14,590	14,623	14,872	15,213	15,551	15,832	1.9%
All-cargo - Signatory	593	587	613	621	550	467	441	454	448	451	449	450	450	-0.5%
All-cargo - Nonsignatory	7	49	87	45	41	52	118	101	110	106	108	107	107	10.8%
Subtotal - All-Cargo	600	636	700	667	591	519	560	556	557	556	557	557	557	1.0%
Total	14,481	12,053	7,780	11,764	13,859	14,401	15,080	15,146	15,181	15,429	15,769	16,107	16,389	1.9%
Avg. Landed Weight (1,000 lbs.)														
Alaska	115	114	105	108	114	115	116	116	116	117	117	117	118	
American	144	148	161	163	167	168	168	168	168	168	169	169	170	
Delta	140	146	180	195	160	154	156	156	157	157	157	158	158	
Southwest	132	132	136	137	136	136	136	136	136	136	137	137	138	
United	139	139	131	141	145	156	156	157	157	157	158	158	159	
Other signatory	172	165	168	173	164	160	163	163	164	164	165	165	166	
Passenger - Signatory	135	135	138	142	141	142	142	142	142	142	143	143	144	
Passenger - Nonsignatory	298	289	140	225	267	272	253	253	254	254	255	256	257	
Subtotal - Passenger	138	137	138	143	143	144	144	144	144	145	145	146	146	
All-cargo - Signatory	213	213	203	213	219	226	185	188	187	188	187	187	187	
All-cargo - Nonsignatory	12	73	154	79	72	68	129	113	121	117	119	118	118	
Subtotal - All-Cargo	180	185	195	191	192	183	170	168	169	168	168	168	168	
Total	139	139	142	145	144	145	145	145	145	146	146	146	147	

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 18 | Forecast Enplanements – Scenario 2 (Low)

	Actual						Forecast							CAGR
Fiscal Year Ending in June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2024-2031
Enplanements (1,000s)														
Alaska	1,702	1,325	807	1,741	1,941	2,025	2,295	2,209	2,222	2,312	2,380	2,430	2,469	2.9%
American	1,468	1,128	768	1,238	1,282	1,470	1,483	1,427	1,435	1,494	1,538	1,570	1,595	1.2%
Delta	1,505	1,168	568	1,238	1,452	1,591	1,600	1,540	1,549	1,612	1,659	1,694	1,721	1.1%
Southwest	4,656	3,475	1,628	3,394	4,190	4,087	3,896	3,750	3,772	3,925	4,041	4,126	4,192	0.4%
United	1,593	1,106	600	1,307	1,459	1,621	1,608	1,548	1,557	1,620	1,668	1,703	1,730	0.9%
Other signatory	1,179	859	445	880	1,253	1,372	1,330	1,280	1,287	1,340	1,379	1,408	1,431	0.6%
Passenger - Signatory	12,103	9,061	4,815	9,797	11,577	12,164	12,211	11,754	11,823	12,302	12,664	12,932	13,139	1.1%
Passenger - Nonsignatory	254	174	46	156	290	303	371	357	359	374	385	393	399	4.0%
Total	12,356	9,235	4,861	9,953	11,868	12,467	12,582	12,111	12,183	12,675	13,049	13,325	13,538	1.2%
Annual percentage change		-25.3%	-47.4%	104.8%	19.2%	5.1%	0.9%	-3.7%	0.6%	4.0%	2.9%	2.1%	1.6%	
Enplanement Shares														
Alaska	13.8%	14.3%	16.6%	17.5%	16.4%	16.2%	18.2%	18.2%	18.2%	18.2%	18.2%	18.2%	18.2%	
American	11.9%	12.2%	15.8%	12.4%	10.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	
Delta	12.2%	12.7%	11.7%	12.4%	12.2%	12.8%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	
Southwest	37.7%	37.6%	33.5%	34.1%	35.3%	32.8%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	
United	12.9%	12.0%	12.3%	13.1%	12.3%	13.0%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	12.8%	
Other signatory	9.5%	9.3%	9.2%	8.8%	10.6%	11.0%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	
Passenger - Signatory	97.9%	98.1%	99.1%	98.4%	97.6%	97.6%	97.1%	97.1%	97.1%	97.1%	97.1%	97.1%	97.1%	
Passenger - Nonsignatory	2.1%	1.9%	0.9%	1.6%	2.4%	2.4%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.
Note: Airline market shares are assumed to remain constant throughout the forecast period. The market shares for FY2025 are estimated based on airlines' OAG advanced schedules and boarding load factor assumptions through June 2025.

Table 19 | Forecast Seats and Aircraft Departures – Scenario 2 (Low)

	Actual						Forecast							CAGR
Fiscal Year Ending in June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2024-2031
Seats (1,000s)														
Alaska	2,139	1,811	1,451	2,151	2,303	2,455	2,838	2,717	2,702	2,797	2,869	2,926	2,963	2.7%
American	1,712	1,463	1,020	1,420	1,501	1,689	1,763	1,687	1,683	1,746	1,794	1,831	1,860	1.4%
Delta	1,727	1,489	1,056	1,445	1,687	1,842	1,923	1,841	1,837	1,904	1,955	1,995	2,020	1.3%
Southwest	6,060	5,428	2,686	4,319	5,851	5,435	5,277	5,052	5,020	5,194	5,326	5,431	5,500	0.2%
United	1,836	1,434	845	1,495	1,693	1,926	1,968	1,884	1,874	1,940	1,990	2,030	2,056	0.9%
Other signatory	1,382	1,100	691	1,113	1,491	1,684	1,722	1,650	1,644	1,703	1,748	1,783	1,807	1.0%
Passenger - Signatory	14,856	12,726	7,749	11,943	14,526	15,031	15,490	14,832	14,761	15,285	15,684	15,996	16,205	1.1%
Passenger - Nonsignatory	319	246	86	207	376	352	444	426	424	439	451	460	467	4.1%
Total	15,175	12,972	7,835	12,150	14,903	15,383	15,934	15,258	15,185	15,724	16,135	16,456	16,672	1.2%
Annual percentage change		-14.5%	-39.6%	55.1%	22.7%	3.2%	3.6%	-4.2%	-0.5%	3.5%	2.6%	2.0%	1.3%	
Aircraft Departures (Landings)														
Alaska	17,381	14,719	12,731	18,321	18,316	19,378	22,605	21,614	21,465	22,157	22,671	23,056	23,264	2.6%
American	10,912	8,756	5,689	7,594	7,879	8,906	9,293	8,886	8,850	9,154	9,385	9,550	9,664	1.2%
Delta	11,566	9,411	5,835	7,819	9,819	10,972	11,395	10,896	10,856	11,223	11,493	11,693	11,800	1.0%
Southwest	39,175	33,477	16,695	26,993	36,644	34,888	34,267	32,766	32,508	33,540	34,311	34,889	35,201	0.1%
United	12,272	9,239	5,879	9,371	10,407	11,280	11,506	11,002	10,929	11,282	11,545	11,741	11,847	0.7%
Other signatory	8,010	6,425	3,882	6,422	8,258	9,526	9,602	9,193	9,146	9,448	9,673	9,839	9,936	0.6%
Passenger - Signatory	99,316	82,027	50,711	76,520	91,323	94,950	98,668	94,357	93,753	96,804	99,079	100,768	101,713	1.0%
Passenger - Nonsignatory	1,502	1,062	497	1,029	1,562	1,592	2,176	2,085	2,074	2,142	2,193	2,231	2,255	5.1%
Subtotal - Passenger	100,818	83,089	51,208	77,549	92,885	96,542	100,844	96,442	95,827	98,946	101,273	102,999	103,968	1.1%
All-cargo - Signatory	2,783	2,755	3,017	2,913	2,516	2,064	2,311	2,368	2,340	2,354	2,347	2,350	2,349	1.9%
All-cargo - Nonsignatory	539	676	563	574	570	771	893	886	889	888	889	888	888	2.0%
Subtotal - All-Cargo	3,322	3,431	3,580	3,487	3,086	2,835	3,205	3,254	3,229	3,242	3,235	3,238	3,237	1.9%
Total	104,140	86,520	54,788	81,036	95,971	99,377	104,049	99,696	99,056	102,187	104,508	106,238	107,205	1.1%

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 20 | Forecast Enplanements per Departure, Seats per Departure, and Boarding Load Factors – Scenario 2 (Low)

	Actual						Forecast						
Fiscal Year Ending in June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Enplanements per Departure													
Alaska	98	90	63	95	106	104	102	102	104	104	105	105	106
American	135	129	135	163	163	165	160	161	162	163	164	164	165
Delta	130	124	97	158	148	145	140	141	143	144	144	145	146
Southwest	119	104	97	126	114	117	114	114	116	117	118	118	119
United	130	120	102	139	140	144	140	141	142	144	144	145	146
Other signatory	147	134	115	137	152	144	138	139	141	142	143	143	144
Passenger - Signatory	122	110	95	128	127	128	124	125	126	127	128	128	129
Passenger - Nonsignatory	169	164	92	152	186	190	170	171	173	174	175	176	177
Total	123	111	95	128	128	129	125	126	127	128	129	129	130
Seats per Departure													
Alaska	123	123	114	117	126	127	126	126	126	126	127	127	127
American	157	167	179	187	191	190	190	190	190	191	191	192	192
Delta	149	158	181	185	172	168	169	169	169	170	170	171	171
Southwest	155	162	161	160	160	156	154	154	154	155	155	156	156
United	150	155	144	160	163	171	171	171	171	172	172	173	174
Other signatory	173	171	178	173	181	177	179	180	180	180	181	181	182
Passenger - Signatory	150	155	153	156	159	158	157	157	157	158	158	159	159
Passenger - Nonsignatory	212	232	173	201	241	221	204	204	205	205	206	206	207
Total	151	156	153	157	160	159	158	158	158	159	159	160	160
Boarding Load Factors													
Alaska	79.6%	73.2%	55.6%	80.9%	84.3%	82.5%	80.9%	81.3%	82.2%	82.7%	83.0%	83.1%	83.3%
American	85.7%	77.1%	75.3%	87.2%	85.4%	87.0%	84.1%	84.6%	85.3%	85.5%	85.7%	85.7%	85.8%
Delta	87.1%	78.5%	53.8%	85.6%	86.1%	86.4%	83.2%	83.7%	84.3%	84.6%	84.9%	84.9%	85.2%
Southwest	76.8%	64.0%	60.6%	78.6%	71.6%	75.2%	73.8%	74.2%	75.1%	75.6%	75.9%	76.0%	76.2%
United	86.8%	77.1%	71.0%	87.5%	86.2%	84.1%	81.7%	82.2%	83.1%	83.5%	83.8%	83.9%	84.2%
Other signatory	85.3%	78.1%	64.4%	79.0%	84.0%	81.5%	77.2%	77.6%	78.3%	78.6%	78.9%	79.0%	79.2%
Passenger - Signatory	81.5%	71.2%	62.1%	82.0%	79.7%	80.9%	78.8%	79.3%	80.1%	80.5%	80.7%	80.8%	81.1%
Passenger - Nonsignatory	79.5%	70.7%	53.4%	75.3%	77.1%	86.1%	83.5%	83.8%	84.6%	85.0%	85.3%	85.4%	85.5%
Total	81.4%	71.2%	62.0%	81.9%	79.6%	81.0%	79.0%	79.4%	80.2%	80.6%	80.9%	81.0%	81.2%

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

Table 21 | Forecast Landed Weight and Average Weight per Landing – Scenario 2 (Low)

	Actual						Forecast							CAGR
Fiscal Year Ending in June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2024-2031
Landed Weight (1,000,000 lbs.)														
Alaska	1,995	1,672	1,343	1,981	2,092	2,219	2,623	2,511	2,497	2,585	2,652	2,704	2,738	3.0%
American	1,566	1,299	918	1,239	1,318	1,498	1,557	1,490	1,487	1,542	1,585	1,617	1,642	1.3%
Delta	1,617	1,374	1,049	1,528	1,569	1,693	1,779	1,703	1,699	1,762	1,808	1,845	1,869	1.4%
Southwest	5,180	4,422	2,277	3,688	5,001	4,759	4,645	4,447	4,419	4,572	4,688	4,781	4,841	0.2%
United	1,702	1,285	771	1,321	1,514	1,755	1,800	1,723	1,714	1,775	1,821	1,857	1,880	1.0%
Other signatory	1,375	1,057	653	1,108	1,358	1,526	1,567	1,503	1,497	1,551	1,592	1,623	1,645	1.1%
Passenger - Signatory	13,435	11,110	7,010	10,866	12,851	13,450	13,970	13,377	13,313	13,785	14,145	14,427	14,616	1.2%
Passenger - Nonsignatory	447	307	70	231	416	433	550	528	526	545	559	571	579	4.2%
Subtotal - Passenger	13,882	11,417	7,080	11,097	13,268	13,882	14,520	13,904	13,839	14,330	14,705	14,997	15,195	1.3%
All-cargo - Signatory	593	587	613	621	550	467	431	449	439	444	442	443	442	-0.8%
All-cargo - Nonsignatory	7	49	87	45	41	52	115	99	107	103	105	104	105	10.4%
Subtotal - All-Cargo	600	636	700	667	591	519	546	548	546	547	547	547	547	0.7%
Total	14,481	12,053	7,780	11,764	13,859	14,401	15,066	14,452	14,385	14,877	15,252	15,544	15,741	1.3%
Avg. Landed Weight (1,000 lbs.)														
Alaska	115	114	105	108	114	115	116	116	116	117	117	117	118	
American	144	148	161	163	167	168	168	168	168	168	169	169	170	
Delta	140	146	180	195	160	154	156	156	157	157	157	158	158	
Southwest	132	132	136	137	136	136	136	136	136	136	137	137	138	
United	139	139	131	141	145	156	156	157	157	157	158	158	159	
Other signatory	172	165	168	173	164	160	163	163	164	164	165	165	166	
Passenger - Signatory	135	135	138	142	141	142	142	142	142	142	143	143	144	
Passenger - Nonsignatory	298	289	140	225	267	272	253	253	254	254	255	256	257	
Subtotal - Passenger	138	137	138	143	143	144	144	144	144	145	145	146	146	
All-cargo - Signatory	213	213	203	213	219	226	186	189	188	189	188	188	188	
All-cargo - Nonsignatory	12	73	154	79	72	68	129	112	120	116	118	117	118	
Subtotal - All-Cargo	180	185	195	191	192	183	170	168	169	169	169	169	169	
Total	139	139	142	145	144	145	145	145	145	146	146	146	147	

Source: Airport records, OAG airline seats, and forecasts by Unison Consulting, Inc.

3.11 | Sources of Forecast Risk and Uncertainty

Forecasts rely on available data, measurable air traffic drivers, and assumptions about future trends. Actual results may deviate materially from the forecasts if these assumptions do not hold or unexpected events cause significant disruptions. The Airport operates in a dynamic environment with various interconnected factors, many of which are volatile and uncertain, introducing downside and upside risks to forecast activity.

3.11.1 | COVID-19 and Potential Disease Outbreaks

Passenger air travel demand is sensitive to disease outbreaks, which impact customer confidence, public health, international travel policies, and airport/airline staff wellbeing. The COVID-19 pandemic exemplifies this risk, initially causing a dramatic downturn before travel gradually recovered with widespread vaccination and the lifting of travel restrictions. Continued vigilance and health safety practices are essential to minimize future impacts.

Global health authorities have turned their attention to Mpox (formerly known as monkeypox), another infectious disease that poses a significant threat to public health. Several countries, including the United States, have begun Mpox screening protocols at major international airports to prevent the spread of the virus across borders.[37]

3.11.2 | Economic Conditions

The aviation industry is pro-cyclical, with traffic rising during economic expansions and falling during recessions. Economic downturns can be triggered by various factors—for example, the COVID-19 pandemic and its extreme mitigation measures at the time. The U.S. economy ended 2024 with strong fundamentals: moderate GDP growth, sustained consumer spending, strong labor market, low unemployment, and low inflation. However, 2025 brings heightened uncertainty and downside risks from federal policy changes particularly those involving trade, immigration, and federal spending, a cooling labor market, weakening consumer confidence, and spillover global economic impacts, amid continuing conflicts in Europe and the Middle East.

3.11.3 | Impact of U.S. Tariff Policies

U.S. tariff policies have created substantial uncertainty in the U.S. aviation industry, making it difficult for airlines to forecast and plan for the future. American Airlines, Southwest Airlines, and Alaska Airlines have pulled back their full-year outlooks as a result, and United Airlines has issued two separate forecasts, one for a stable economy and another for a recessionary one, which directly highlights the forecasting challenges posed by the unclear nature of the tariffs.[38]

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[37] "Mpox Screening Introduced at Airports Worldwide Amid Rising Concerns Over Global Health Security," *Travel and Tour World*, August 23, 2024, https://www.travelandtourworld.com/news/article/mpox-screening-introduced-at-airports-worldwide-amid-rising-concerns-over-global-health-security/.

[38] Lynn Cook, Alison Slider, Caitlin McCabe, "Corporate Giants Shred Outlooks Over Tariff Uncertainty," *Wall Street Journal*, April 24, 2025, https://www.wsj.com/business/company-earnings-tariffs-outlooks-2025-2ff68cd7.

This uncertainty surrounding the tariffs also affects consumers' willingness to travel. American Airlines, Southwest Airlines, and Alaska Airlines have reported a softening in leisure travel, noting that people are hesitant to plan international or domestic vacations. This in turn feeds into the difficulty airlines face in attempting to plan for the future, as consumer demand has become unpredictable under these conditions. As a result, airlines have taken a cautious approach, which means less hiring, slower or potentially halted fleet expansion, and ultimately a reduction in overall economic activity.

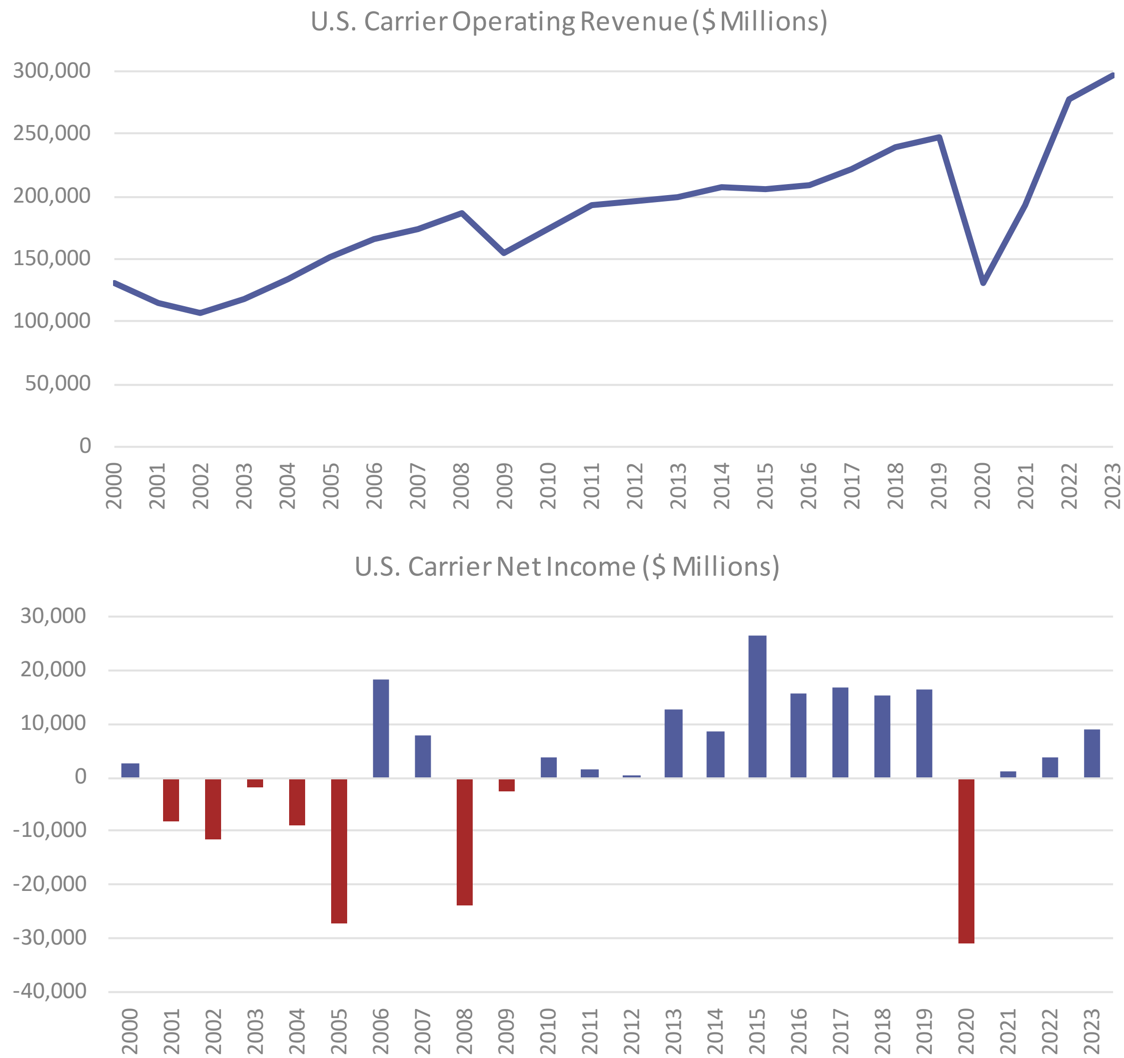
3.11.4 | U.S. Airline Industry Volatility

The U.S. airline industry is inherently volatile, with financial results susceptible to many external factors. Economic downturns, fluctuating oil prices, adverse weather, disease outbreaks, travel restrictions, terrorism threats, geo-political tensions, and aircraft groundings all directly impact airline revenues and net profits. This volatility is illustrated by the historical data on U.S. scheduled passenger airlines' operating revenue and net income (Figure 50).

The COVID-19 pandemic serves as a stark example of this vulnerability. While the seven years preceding the COVID-19 pandemic saw steady profits, thanks to restructuring, capacity restraint, cost-cutting, and productivity improvements implemented after the Great Recession, the industry experienced a dramatic downturn in 2020 as passenger travel ground to a halt. Despite government aid packages,[39] US passenger airlines incurred a staggering net loss of over $30 billion in 2020—the largest annual loss since 1977.

[39] To alleviate the negative financial impact of the COVID-19 pandemic on U.S. airlines' finances, the U.S. federal government provided financial relief to U.S. airlines in three federal aid packages: the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA); and the American Rescue Plan Act of 2021 (ARPA).

Figure 50 | U.S. Scheduled Passenger Airlines' Annual Operating Revenue and Net Profit, 2000-2023



Source: U.S. Bureau of Transportation Statistics and Unison Consulting, Inc.
Gray areas indicate economic recession periods.

Financial results improved in 2022, with the industry posting $1.6 billion in net income. Despite a challenging start to 2023 with a net loss of over $1.2 billion in the first quarter, U.S. passenger airlines managed to secure a net profit of approximately $5.5 billion in the second quarter.

3.11.5 | Oil Price Volatility and Aviation Fuel Costs

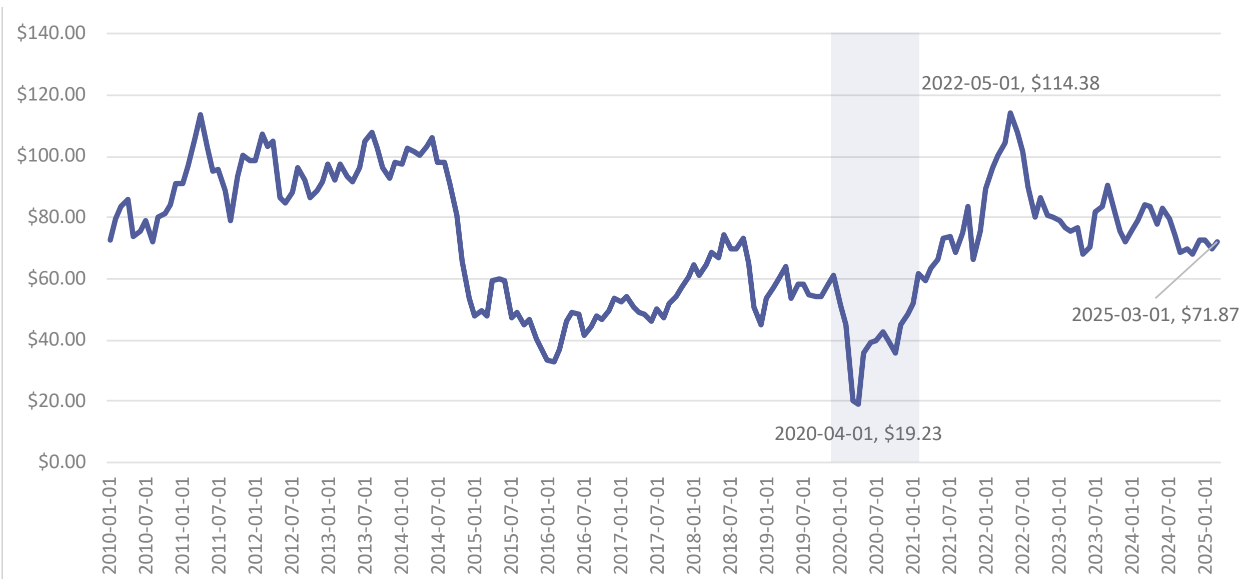
Oil price fluctuations directly affect aviation fuel costs, a significant component of airline operating expenses.[40] Rising oil prices, as seen in the 2000s, can strain airline finances and contribute to industry losses. Conversely, lower oil prices can boost airline profits, as experienced in the mid-

[40] The correlation coefficient between the monthly average prices of West Texas Intermediate (crude oil) and aviation fuel is approximately 0.994.

2010s. In 2020, the global economic recession and an oil supply glut led to a temporary drop in oil and fuel prices, which provided airlines some cost relief during the pandemic.

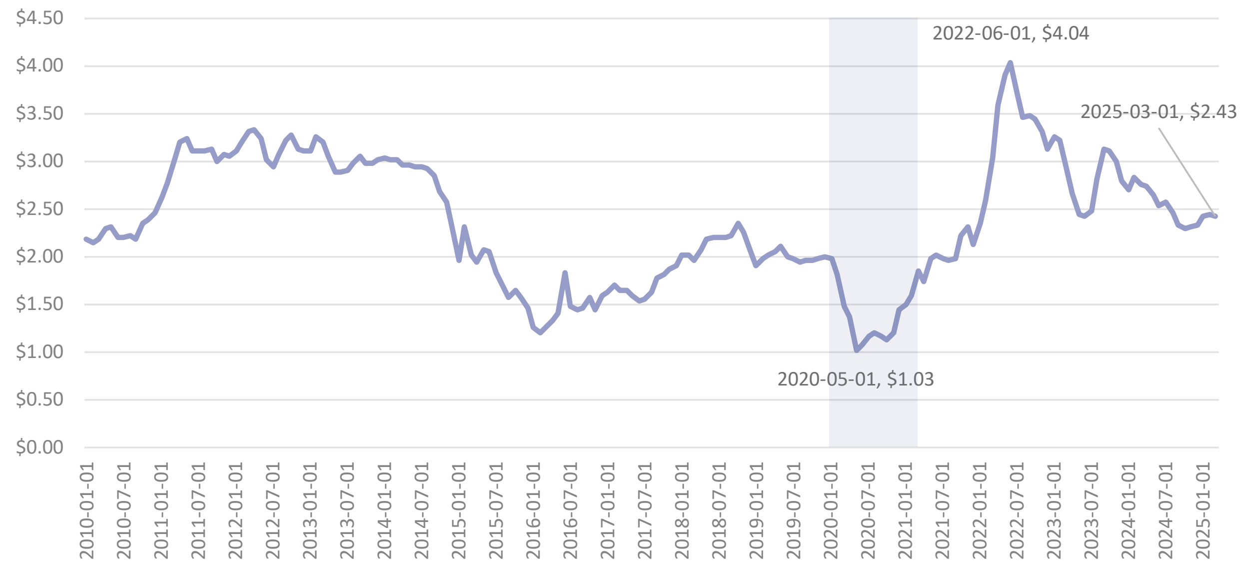
Figure 51 shows the history of oil prices from 2010 to March 2025, while Figure 52 shows the history of the cost of aviation fuel for the same period. In 2021, increased demand from the global economic recovery and supply disruptions from the Russia-Ukraine conflict began to raise oil prices. Between January 2021 and June 2022, the price of West Texas Intermediate (WTI) crude oil rose from $52 to $114 per barrel (121 percent), and the cost of aviation fuel increased from $1.51 to $4.04 per gallon (168 percent). Prices had dropped from those highs as of fall 2023 (WTI to $77.69 in November 2023 and aviation fuel to $3.12 in October 2023) and further in 2025 (WTI to $71.87 and aviation fuel to $2.43 in March).

Figure 51 | West Texas Intermediate Monthly Crude Oil Cost per Barrel, January 2010 - March 2025



Sources: U.S. Energy Administration.
Gray areas indicate economic recession periods.

Figure 52 | Monthly Aviation Fuel Cost per Gallon, January 2010 - March 2025



Sources: U.S. Bureau of Transportation Statistics.
Gray areas indicate economic recession periods.

3.11.6 | Airline Market Concentration, Competition, and Airfares

As of FY2024, the largest airline at SAN, Southwest, accounts for 32.8 percent of the Airport's enplanements, which is actually the smallest share Southwest has had in SAN's recent history, having gradually decreased since the airline's peak share size of 38.5 percent in FY2015. This is a positive observation, as high market concentration can lead to market power abuse and excessive fare increases. Higher airfares reduce passenger demand, especially for discretionary travel or shorter trips with ground transportation alternatives. While Southwest is still the leading airline at SAN, its shrinking share indicates strengthening competition within SAN's market.

Airfares have an important effect on passenger demand, particularly for relatively short trips where the automobile or other travel modes are alternatives and for price-sensitive "discretionary" travel, such as vacation travel. Airfares are influenced by airline operating costs and debt burden, passenger demand, capacity and yield management, market presence, and competition.

The Base scenario aviation activity forecasts for the Airport assume that, over the long term, airfare increases will not exceed inflation. Otherwise, the airfare increases would dampen forecast traffic growth.

3.11.7 | Airline Mergers

The airline industry has been consolidating in response to competition, cost, and regulatory pressure. Airline mergers can affect service and traffic at airports by consolidating facilities, optimizing route networks, and changing connecting traffic flows. The impact typically occurs within a few years and depends on the merging airlines' market share and connecting traffic volume at the affected airport.

Recent merger activity involves JetBlue's attempted takeover of Spirit and Alaska's acquisition of Hawaiian Airlines. Blocked by the U.S. Department of Justice (DOJ) in January 2024, JetBlue officially announced the termination of the merger agreement on March 4, 2024. According to DOJ, JetBlue's acquisition of Spirit would have eliminated an ultra-low-cost competitor, resulting in fewer choices and higher fares for travelers. Inversely, the DOJ approved Alaska and Hawaiian's merger in August 2024, and in the following month, the Department of Transportation also cleared the deal, allowing the completion of the merger on September 18, 2024.[41]

The timing of the merger means that its impact on SAN's market distribution will likely show itself starting in FY2025. As of FY2024, Alaska held the second largest share with 16.2 percent of SAN's enplanements, while Hawaiian made up a smaller 1.1 percent of enplanements. Combining Hawaiian's share into Alaska's will help Alaska pull further ahead of its closest competitors at SAN, but will most likely not be enough of an increase to encroach on Southwest's 32.8 percent market share.

3.11.8 | Structural Changes in Demand and Supply

Major crises can trigger lasting structural shifts in aviation demand and supply. For example, the 2001 terrorist attacks led to stricter airport security measures requiring passengers to arrive much earlier for departing flights, reducing travel time advantages for short-haul flights. The COVID-19 pandemic may have similar long-term consequences. Demand-side changes include altered travel preferences due to safety concerns or a shift towards virtual meetings. Supply-side changes might involve airlines maintaining streamlined operations due to labor and fleet constraints. One favorable trend is the adoption of no-touch technologies, which speed up passenger processing and stimulate traffic growth.

3.11.9 | Labor Supply Constraints

The COVID-19 pandemic led to airline employee layoffs and early retirements, creating workforce shortages that limit airline capacity and potentially hinder air traffic growth. Aircraft manufacturers like Airbus and Boeing also face a similar workforce shortage. Amid a tight labor market, competition between companies to attract and retain skilled personnel has intensified and threatens industry growth.

Airlines faced a declining pilot population, which was intensified by the early retirement of approximately 5,000 experienced pilots during the pandemic. While this scarcity still impacts smaller regional airlines, the pilot shortage has since been resolved for mainline carriers, with pilot hires surging through the past couple of years to replace pilots that have retired or been furloughed during the height of the COVID-19 pandemic. A more recent slowdown in pilot hiring is now due to supply chain issues on the aircraft side, particularly on Boeing experiencing delivery delays

[41] Alison Slider, "Transportation Department Blesses Alaska Air-Hawaiian Merger, With Strings," *Wall Street Journal*, September 17, 2024, https://www.wsj.com/business/airlines/transportation-department-blesses-alaska-air-hawaiian-merger-with-strings-d1edc2d5.

following recent safety events and quality problems.[42] However, the supply of pilots versus demand remains a consideration for future years. Boeing's forecast on the demand for aviation personnel from 2024-2043 projects a total need for 123,000 pilots in the United States.[43] The FAA-mandated pilot retirement age is 65 years old, and when combined with the fact that the U.S. Government Accountability Office found that 27 percent of actively certified pilots are between the ages of 55 and 64,[44] that means thousands of pilots are set to retire in the coming years, and will require new pilots to replace them.

Aircraft engineers are also in short supply. The COVID-19 pandemic also caused many engineers to retire or find work in other sectors. About a third of aircraft engineers are approaching retirement, and there are not enough new workers to replace them, an issue exacerbated by a 2 to 3-year pause in the training of new aircraft engineers during the pandemic.[45]

A significant shortage of air traffic controllers is another nationwide problem. As of September 2023, nearly half of the 290 FAA air traffic control facilities were understaffed. The FAA has attributed recent understaffing to the COVID-19 pandemic pausing or reducing training, a long training process (two-to-three years), and yearly attrition.[46] Currently, the FAA has roughly 10,700 fully certified controllers, which is about 3,000 short of its target. Adding onto that issue, about 500 controllers are eligible for retirement as of May 2025, with the mandatory retirement age for controllers being 56.[47]

3.11.10 | Geopolitical Conflicts and the Threat of Terrorism

Geopolitical conflicts and acts of terrorism disrupt air transportation. The terrorist attacks of September 11, 2001, serve as a constant reminder of the severe threat to the aviation industry. Travel advisories and heightened security measures can deter passengers due to longer screening times and increased anxiety.

More recently, the Russian invasion of Ukraine (since February 24, 2022) and the Israel-Hamas war (since October 7, 2023) led to airspace closures, increased costs, and longer flight times. Responding to Russia's invasion of Ukraine, the United States, Canada, and the European Union

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[42] Antonio Ferraz, "Pilot Hiring is cooling down in the U.S.: Is the pilot shortage over?" *Wader Aviation*, August 3, 2024, https://www.waderaviation.com/post/current-us-pilot-job-market-2024.

[43] *Boeing*, https://www.boeing.com/commercial/market/pilot-technician-outlook

[44] U.S. Government Accountability Office, "Aviation Workforce: Current and Future Availability of Airline Pilots and Aircraft Mechanics," May 17, 2023, https://www.gao.gov/products/gao-23-105571

[45] Sam Sprules, "Opinion: Industry Collaboration Needed To Solve MRO's Workforce Crisis," *Aviation Week Network*, September 13, 2023, https://aviationweek.com/mro/workforce-training/opinion-industry-collaboration-needed-solve-mros-workforce-crisis.

[46] USAFacts Team, "Is there a shortage of air traffic controllers?" *USAFacts,* March 31, 2025, https://usafacts.org/articles/is-there-a-shortage-of-air-traffic-controllers/.

[47] Andrew Tangel, "'I Don't Know Where You Are': The Race to Fix Air-Traffic Control," *Wall Street Journal*, May 5, 2025, https://www.wsj.com/business/airlines/air-traffic-control-fix-problems-2bffc11c.

have closed their airspace to Russian aircraft. In retaliation, Russia has limited its airspace to many foreign-flag carriers. As a result, airlines have had to change flight routes, significantly increasing flight times for global travel. The Israel-Hamas war caused the immediate cancellation and suspension of flights to Tel Aviv by three U.S. major airlines (American, Delta, and United).[48] Additionally, overall air travel demand dropped for destinations near the warzone, such as Egypt, Morocco, Tunisia, and Saudi Arabia.

[48] Shannon Thaler, "Airline stocks slump as carriers in US and abroad cancel flights to Tel Aviv," *New York Post*, October 9, 2023, https://nypost.com/2023/10/09/major-airlines-suspend-flights-as-war-escalates-in-israel/.

SECTION 4 | AIRLINE OPERATING AND LEASE AGREEMENT

The Airport Authority has entered into separate but substantially similar Airline Operating and Lease Agreements, as amended (the AOLA) with 14 passenger airlines operating at SAN (the Signatory Passenger Airlines) and three all-cargo carriers (the Signatory Cargo Carriers, and together with the Signatory Passenger Airlines, the "Signatory Airlines"). The Signatory Passenger Airlines are currently Air Canada, Alaska, American, British Airways, Delta, Frontier, Hawaiian, Japan Airlines, JetBlue, Southwest, Spirit, Sun Country, United and WestJet. During Fiscal Year 2023, the Signatory Airlines enplaned approximately 99.0% of the passengers at the Airport. The Signatory Cargo Carriers are currently Atlas, FedEx and UPS.

In an effort to better match capacity with demand in some markets, certain Signatory Airlines have entered into agreements with affiliated passenger airlines (the Affiliate Airlines) to operate smaller aircraft on behalf of those Signatory Airlines. The Affiliate Airlines have each executed an agreement with the Airport Authority and the applicable Signatory Airline (the Affiliate Airline Operating Agreement). The Affiliate Airline Operating Agreements allow the Affiliate Airlines to operate at SAN on behalf of the applicable Signatory Airlines without the Affiliate Airlines having to execute an AOLA. The same rates, fees, and charges applicable to the Signatory Airlines' operations at SAN generally apply to the Affiliate Airlines' operations at SAN. In the event an Affiliate Airline fails to pay fees to the Airport Authority, the applicable Signatory Airline is responsible for the fees and charges billed to its Affiliate Airline.

The following five passenger airlines currently operate at SAN pursuant to the Non-Signatory Airline Operating Agreement (the Non-Signatory Airlines): Allegiant, Breeze, KLM Royal Dutch, Lufthansa, and Porter. In addition, 21 Air, ABX, Ameriflight and IFL Group are all-cargo airlines that operate pursuant to the Non-Signatory Airline Operating Agreement.

4.1 | Term

The term of the AOLA began on July 1, 2019 and will terminate at the close of business on June 30, 2029.

4.2 | Use of Premises

The AOLA grants Signatory Airlines the right to use the Airport, in common with others so authorized, for the purpose of conducting their business for the commercial transportation by air of persons, property, mail, parcels and/or cargo. The Airport Authority leases to the Signatory Airlines the following types of premises (Premises) of the Airport, as defined in the AOLA: Exclusive Use Premises; Shared Use Premises; Joint Use Premises; Common Use Premises; Unenclosed Operations Premises; and Aircraft Parking Premises. The AOLA contains provisions that provide the Airport Authority flexibility to relocate Signatory Airlines, as necessary, to accommodate the implementation of improvements at the Airport, including implementation of the New T1, for accommodation of the traveling public, or in order to maximize the use of the terminals at SAN.

4.3 | Key Provisions to Enhance Funding of Capital Improvements

The AOLA contains provisions intended to enhance the Airport Authority's ability to meet its financial obligations and fund future capital improvements[49]. These key provisions are described in the paragraphs below.

4.3.1 | Major Maintenance Fund

A Major Maintenance Fund (MMF) was established to fund capital projects in the Airfield Area, Terminal Area, Common Use Systems, and Airline Terminal Support Cost Centers and Capital Projects in Indirect Cost Centers to the extent allocable to such cost centers. The AOLA stipulates that each Fiscal Year, the Airport Authority will deposit $40.0 million into the MMF, from the following revenue sources: $15.0 million from the Airfield Area, $15.0 million from the Terminal Area, and $10.0 million from non-airline revenue. However, to mitigate the effect of this provision on airline rates and charges during the COVID-19 pandemic, the Airport Authority reduced the FY2020 deposit to the MMF to $30.0 million in FY2020, with $10 million charged to the Airfield, $10.0 million charged to the Terminal, and $10.0 million from non-airline revenue sources. In FY2021 and FY2022, the MMF deposit was $10.0 million each year, all from non-airline sources, with no charges to either the Airfield Area or the Terminal Area. Beginning in FY2023, the Airport Authority deposited $50.0 million per year into the MMF to make up for the deposits that were deferred, with $20.0 million charged to each of the Airfield and Terminal cost centers and $10.0 million from non-airline revenue sources. The increased deposits will continue through FY2029. The airlines are required to pay these amounts as part of their landing fee and terminal rent obligations under the AOLA.

4.3.2 | Coverage Charges

Coverage Charges are included in the calculation of airline rates and charges, if needed, to ensure that 1.4 times debt service cash flow coverage is maintained. Coverage Charges are calculated in each Fiscal year as follows: 140 percent times Debt Service; plus O&M Expenses (as defined below); minus Revenues, PFCs used to pay Debt Service, and Federal funds applied to Debt Service. If the calculation results in a positive number, the Coverage Charges are allocated to the Airfield Area, Terminal Area, Common Use Systems, and Airline Terminal Support cost centers in proportion to the Debt Service in each of those cost centers. If the calculation of coverage charges results in a negative amount, no coverage charges shall be imposed.

Any Coverage Charges available for use after the year-end reconciliation shall be used by the Airport Authority to either (1) reduce the amount of outstanding bonds, or (2) make a supplemental deposit to the Major Maintenance Fund.

4.3.3 | Days Cash on Hand

Any available cash over 600 Days Cash on Hand (DCOH) may be used by the Airport Authority to either (1) reduce the amount of bonds outstanding in a subsequent Fiscal Year or (2) fund future capital projects.

[49] All capitalized terms used in this section refer to defined terms in the AOLA.

4.3.4 | Passenger Facility Charges

The Airport Authority may allocate PFCs each year in order to manage the level of Cost per Enplanement (CPE). The Airport Authority allocated $30.0 million of PFCs to debt service in FY2022. The Airport Authority did not allocate any PFCs to debt service during FY2023 or FY2024 and is not planning to allocate any PFCs in FY2025, in order to hold PFC collections to be used in later years, after the capitalized interest period ends on the Subordinate Series 2021AB Bonds, Series 2023AB Bonds and the Series 2025 AB Bonds. The Airport Authority will continue to collect PFCs each year during the forecast period. Currently, the Airport Authority plans to allocate approximately 368.3 million to debt service from FY2026 through FY2031.

4.4 | Rentals, Fees, and Charges

The Signatory Airlines pay the Airport Authority certain rentals, fees, and charges in consideration for their use of Airport facilities. The landing fee is calculated according to a cost center residual methodology, and the terminal rental rate is calculated according to a cost center compensatory methodology. The methodologies for calculating the airline rates and charges, as specified in the AOLA, are described in the following paragraphs.

In order to allocate the costs of operating, maintaining, and developing the Airport for the purposes of setting airline rates and charges, the Airport Authority has established various cost centers.

The Airport Authority establishes the following types of airline fees and charges:

- Landing Fees
- Aircraft Parking Position Rentals and Fees
- Terminal Rental Rates
    1. Rent for Exclusive and Shared Use Premises
    2. Joint Use Charges
    3. Federal Inspection Service (FIS) Use Fees
- Common Use Fees
- Non-Signatory carriers pay Non-Signatory Airline Rates, Fees, and Charges

The Airport Authority is required under the AOLA to review the rentals, fees and charges at least once during each Fiscal Year. If such a review reveals a variation of more than five (5) percent between actual expenses and/or activity levels and those originally estimated by the Airport Authority, the Airport Authority may adjust the rentals, fees, and charges after consulting with the Signatory Airlines. A year-end reconciliation is also required by the AOLA. Within six (6) months after the end of each Fiscal Year, the Airport Authority is required to calculate the final rentals, fees, and charges based on the actual expenses and activity for the Fiscal Year. Any variations between the amounts paid by the Signatory Airlines and the amounts calculated based on actual expenses and activity are to be either refunded by the Airport Authority to the Signatory Airlines or paid to the Airport Authority by the Signatory Airlines.

4.4.1 | Landing Fees

The Signatory Airlines are required to pay for their use of the Airfield Area based on the Landing Fee rate, which is set at the beginning of each Fiscal Year, by first determining the Airfield Area Requirement, which is calculated as the sum of: O&M Expenses; Annual Net Debt Service; Amortization Charges; Reserve Deposits; Coverage Charges; Major Maintenance Fund Deposits; Bad Debt Expenses; and Fuel System Costs; minus fuel flowage fee revenue; fingerprinting revenue; ground handling concession revenue; 70 percent of inflight catering revenue; and any federal, State, or local grants allocable to the Airfield Area. The Landing Fee Rate is calculated by deducting from the Airfield Area Requirement the sum of Non-Signatory Landing Fees; Aircraft Parking Position Rentals; Aircraft Parking Position Turn Fees; and Aircraft Parking Position Overnight Fees; and then dividing by the cumulative Maximum Gross Landed Weight of the Signatory Airlines (in thousand-pound units) for the Fiscal Year.

4.4.2 | Aircraft Parking Position Rental Fees

In consideration for their use of Aircraft Parking Positions, the Signatory Airlines pay the following rentals and fees:

- Aircraft Parking Position Rentals, which are paid by Signatory Airlines for Terminal parking positions associated with preferential use gates and cargo parking positions.
- Aircraft Parking Position Turn Fees, which are charged for each operation utilizing a Terminal parking position associated with any of the following: a common use gate; an accommodation of an airline requesting a gate on a preferential use basis or a cargo parking position; a cargo carrier operation on a remote parking position; and an accommodation of a cargo carrier on another cargo carrier's cargo parking position.
- Aircraft Parking Position Overnight Fees, which are charged for each operation parking overnight at any of the following locations: remote parking positions; Terminal parking positions associated with common use gates; accommodations on Terminal parking positions associated with preferential use gates; and accommodations on cargo parking positions.

The percentage of the Airfield Area Requirement allocated to the Aircraft Parking Position calculation is 20 percent.

4.4.3 | Terminal Rental Rates

The Signatory Airlines are required to pay rent for Exclusive Use Premises[50], Joint Use Charges, and Common Use Fees for their use of the Terminal Area based on the Terminal Rental Rate, which is

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[50] Exclusive Use Premises are defined in the AOLA as those areas in the Terminal used exclusively by an airline, including (a) ticket counters, free-standing self-service kiosks, skycap podiums, curbside positions,

set at the beginning of each Fiscal Year, by first determining the Base Terminal Area Requirement, which is the sum of: O&M Expenses, Annual Net Debt Service, Amortization Charges, and Reserve Deposits allocable to the Terminal Area; minus federal, State, or local grants received to offset those amounts, and minus FIS fee revenue. The Base Terminal Area Rental Rate is calculated by dividing the Base Terminal Requirement by the square footage of the Leasable Premises. The Supplemental Terminal Rental Rate is calculated by dividing the sum of Coverage Charges, Major Maintenance Fund Deposits, and Bad Debt Expense allocable to the Terminal Area by the square footage of the Airline Leased Premises. The Terminal Rental Rate is calculated as the sum of the Base Terminal Rental Rate and the Supplemental Terminal Rental Rate.

4.4.4 | Joint Use Charges

The Signatory Airlines and Non-Signatory Airlines are required to pay Joint Use Charges for their use of the Joint Use Premises and Airline Terminal Support[51]. The Joint Use Charges are determined by first calculating the Joint Use Requirement (the Terminal Rental Rate multiplied by the total square footage of the Joint Use Premises), plus the sum of the O&M Expenses, Annual Net Debt Service, Amortization, and Coverage Charges attributable or allocable to Airline Terminal Support[52], minus rental payments received for Unenclosed Operations Premises[53]. The Joint Use Charges are determined by two calculations. The first calculation takes 10 percent (10%) of the Joint Use Requirement, minus: (1) any Non-Signatory Airline Joint Use Charges, minus (2) the number of Signatory Airlines, excluding Cargo Carriers, with one percent (1%) or less of the enplanements at the Airport multiplied by two-tenths of one percent (0.2%) of the Joint Use Requirement, divided by (3) the number of Signatory Airlines, excluding Cargo Carriers, with more than one percent (1%) of enplanements at the Airport. The second calculation takes 90 percent (90%) of the Joint Use Requirement, minus any Non-Signatory Airline Joint Use Charges, divided by the total Signatory enplanements.

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and associated queuing space in Terminal 1 on a transitional basis until the DBO of new Terminal facilities to be constructed in the New T1; and (b) certain ticket offices and baggage service offices, airline clubrooms, and operational support areas.

[51] Joint Use Premises are defined in the AOLA as those areas used by one or more air carriers, including but not limited to hold rooms, passenger screening areas and baggage claim areas, as such areas may be modified and expanded from time to time by the Airport Authority. Airline Terminal Support is defined in the AOLA as Passenger Loading Bridges, Baggage Handling Systems, flight information displays (FIDS), gate information displays (GIDS), baggage information displays (BIDS), paging, and Airport Authority provided staffing, contractual services, facilities, equipment, and other support systems that provide security and other resources supporting Passenger Carrier operations not specifically identified in the Terminal Area.

[52] Once new Terminal facilities are completed and opened under the planned New T1, the Joint Use Requirement will include an additional amount equal to the Terminal Rental Rate multiplied by the total square footage of the Shared Use Premises.

[53] The Unenclosed Operations Premises are defined in the AOLA as those areas between the terminal building and the apron that are not equipped with utility services and that are assigned to airlines.

4.4.5 | Common Use Fees

The Signatory Airlines and Non-Signatory Airlines are required to pay Common Use Fees for their use of Common Use Premises and Common Use Systems. The Common Use Fee is determined by multiplying the Terminal Rental Rate by the total square footage of the Common Use Premises, plus the sum of the O&M Expenses, Annual Net Debt Service, Amortization, and Coverage Charges attributable or allocable to the Common Use Systems, minus the sum of the O&M Expenses, Annual Net Debt Service, Amortization, and Coverage Charges attributable or allocable to Signatory Airlines excluded from paying Common Use Fees, minus Non-Signatory Common Use Fees, divided by the total Signatory Airline enplanements in Common Use System equipped terminals.

4.5 | FINANCIAL ANALYSIS

This section reviews the framework for the financial operation of the Airport Authority, including key provisions of bond indentures that govern the Airport Authority's senior revenue bonds (Senior Bonds) and subordinate revenue obligations (Subordinate Obligations). This section also (1) reviews the recent historical financial performance of the Airport Authority, and examines the ability of the Airport Authority to generate sufficient Net Revenues and Subordinate Net Revenues (as defined in the bond indentures and explained later in this section)[54] in each Fiscal Year of the forecast period to meet the obligations of the bond indentures, and (2) discusses the information and assumptions underlying the financial forecasts, which include Revenues, Operation and Maintenance Expenses (O&M Expenses), debt service requirements, and debt service coverage. The financial analysis presented in this section reflects the base case air traffic forecast scenario presented in Section 3.

4.6 | Financial Framework

The Senior Series 2025 Bonds are being issued as Senior Bonds under and subject to the terms of the Master Trust Indenture, dated as of November 1, 2005, as amended (the Master Senior Indenture), by and between the Airport Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the Senior Trustee), and the Sixth Supplemental Trust Indenture, to be dated as of __________ 1, 2025 (the Sixth Supplemental Senior Indenture, and collectively with the Master Senior Indenture and all prior supplements, the "Senior Indenture"), by and between the Airport Authority and the Senior Trustee. Except as noted otherwise, all capitalized terms in this section have the meanings set forth in the Master Senior Indenture and the Master Subordinate Indenture (defined below).

The Senior Series 2025 Bonds are secured by a pledge of and first lien on the Airport Authority's Net Revenues on a parity with any additional bonds or obligations issued or incurred on a parity with the Senior Series 2025 Bonds under the terms and provisions of the Senior Indenture. The Senior Series 2025 Bonds are special obligations of the Airport Authority, payable solely from and secured by a pledge of and first lien on Net Revenues and certain funds and accounts held by the Senior Trustee under the Senior Indenture.

In October 2023, the Airport Authority issued $1,061.98 million of its Senior Airport Revenue Bonds Series 2023A (Governmental/Non-AMT) and Series 2023B (Private Activity/AMT) (the Senior Series 2023 Bonds) to provide funding for capital projects.

The Airport Authority had issued the following outstanding Subordinate Obligations pursuant to the Master Subordinate Trust Indenture, dated as of December 1, 2007, as amended (the Master Subordinate Indenture), by and between the Airport Authority and U.S. Bank Trust Company, National Associate, as successor trustee (the Subordinate Trustee) and various supplemental

[54] Capitalized terms not otherwise defined are used in this section as they are defined in the bond indentures.

subordinate trust indentures, that are secured by a pledge of Subordinate Net Revenues of the Airport Authority[55]:

- In December 2021, the Airport Authority issued $1,941.74 million of its Subordinate Airport Revenue Bonds Series 2021A (Governmental/Non-AMT), Series 2021B (Private Activity/AMT) and Subordinate Airport Revenue Refunding, and Bonds Series 2021C Bonds (Federally Taxable) (the Subordinate Series 2021 Bonds).
- In April 2020, the Airport Authority issued $241.64 million of its Subordinate Airport Revenue Refunding Bonds Series 2020A (Governmental/Non-AMT), Series 2020B (Private Activity/Non-AMT), and Series 2020C (Private Activity/AMT) (the Subordinate Series 2020 Bonds).
- In December 2019, the Airport Authority issued $463.68 million of its Subordinate Airport Revenue and Revenue Refunding Bonds Series 2019A (Governmental/Non-AMT) and Subordinate Airport Revenue Refunding Bonds Series 2019B (Private Activity/AMT) (the Subordinate Series 2019 Bonds).
- In August 2017, the Airport Authority issued $291.2 million of its Subordinate Airport Revenue Bonds Series 2017A (Non-AMT) and Series 2017B (AMT) (the Subordinate Series 2017 Bonds).
- In 2024, the Board authorized the issuance, from time to time, of up to $200.0 million of Subordinate Airport Revenue Revolving Obligations (the Subordinate Revolving Obligations) pursuant to the Master Subordinate Indenture and a revolving credit agreement entered into with Bank of America, N.A. As of the date of this Report, no Subordinate Revolving Obligations were outstanding.

The Subordinate Series 2021 Bonds, the Subordinate Series 2020 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2017 Bonds, and the Subordinate Revolving Obligations are special obligations of the Airport Authority, secured by a pledge of Subordinate Net Revenues, and certain funds and accounts held by the Subordinate Trustee.

Under the Master Senior Indenture, the Airport Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Net Revenues at least equal to the following amounts: (1) the aggregate annual debt service on any outstanding Senior Bonds; (2) the required deposits to any Senior Debt Service Reserve Fund; (3) the reimbursement owed to any credit provider or liquidity provider as required by a Supplemental Senior Indenture; (4) the interest on and principal of any indebtedness other than Outstanding Senior Bonds, including

[55] On February 1, 2014, the Airport Authority issued $305.3 million of Senior Special Facilities Revenue Bonds (the Series 2014 Bonds), which are special limited obligations of the Airport Authority, payable from and secured by a pledge of CFCs. The Series 2014 Bonds are not secured by a pledge of the Net Revenues or Subordinate Net Revenues of the Airport Authority.

Subordinate Obligations; and (5) payments of any reserve requirement for debt service for any indebtedness other than Outstanding Senior Bonds, including Subordinate Obligations.

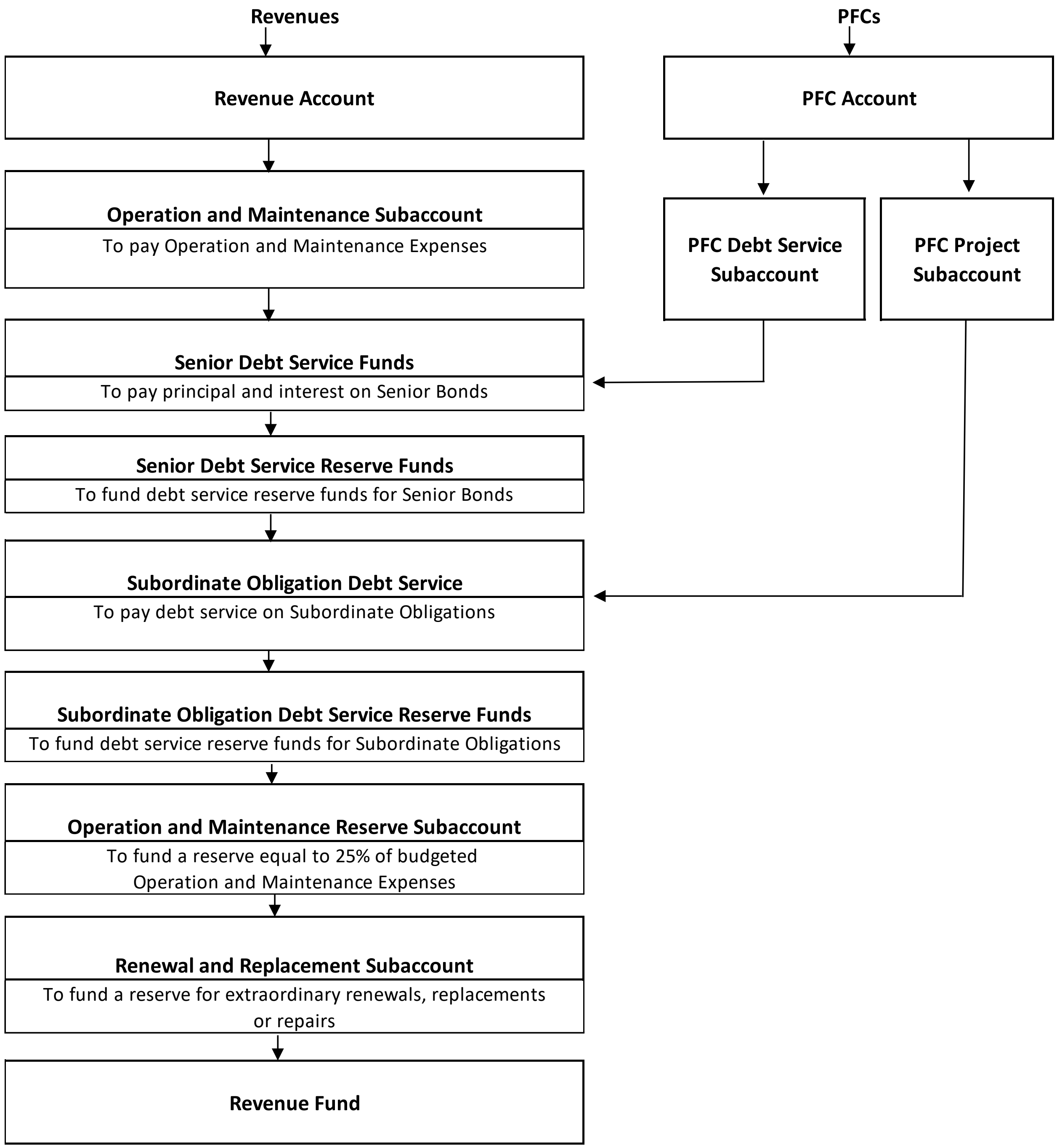
The Airport Authority has also covenanted in the Master Senior Indenture to establish and collect fees and charges in each Fiscal Year, which will generate Net Revenues at least equal to 125 percent of aggregate annual debt service on the Outstanding Senior Bonds. This provision is known as the "Senior Rate Covenant."

Under the Master Subordinate Indenture, the Airport Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Subordinate Net Revenues at least equal to the following amounts: (1) the interest on and principal of the Outstanding Subordinate Obligations required to be funded by the Airport Authority in such Fiscal Year; (2) the required deposits to any Subordinate Debt Service Reserve Fund; (3) the reimbursement owed to any credit provider or liquidity provider; (4) the interest on and principal of any indebtedness other than Special Facility Obligations, Senior Bonds and Outstanding Subordinate Obligations, including obligations issued with a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations; (5) payments of any reserve requirement for debt service for any indebtedness other than Senior Bonds and Outstanding Subordinate Obligations, including obligations issued with a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations.

The Airport Authority has also covenanted in the Master Subordinate Indenture to establish and collect fees and charges in each Fiscal Year which will generate Subordinate Net Revenues of at least 110 percent of Aggregate Annual Debt Service on the Outstanding Subordinate Obligations. This provision is known as the "Subordinate Rate Covenant."

Figure 53 illustrates the application and priority in the uses of Revenues and PFCs, as specified in the Master Senior Indenture and the Master Subordinate Indenture.

Figure 53 | Flow of Funds



4.7 | Airport Authority Financial Statements

The basic financial statements of the Airport Authority are reported using the economic resources measurement focus and the accrual basis of accounting, which means that revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. The Independent Auditor's Report for the year ended June 30, 2024 (the most recent fiscal year for which audited financial statements are available) states that, in the opinion of the independent auditors, the Airport Authority's financial statements for those years were presented in conformity with accounting principles generally accepted in the United States of America. Financial information is presented based on the Airport Authority's fiscal year beginning July 1 of each calendar year and ending on June 30 of the succeeding calendar year. The Airport Authority's FY2024 audited financial statements show that as of June 30, 2024, the Airport Authority had total assets of approximately $6,711.0 million, total liabilities of $5,046.2 million, and total net assets of approximately $1,301.2 million.

Table 22 summarizes the Airport Authority's operating results for FY2020 through FY2024 presented in the audited financial statements, the Net Revenues presented in this Report, and a reconciliation between the two presentations. The Net Revenues presented in this Report are calculated pursuant to the definitions of Revenues, O&M Expenses, and Net Revenues included in the Master Senior Indenture—with the exception of grant reimbursements. Grant reimbursements are included in the definition of Revenues in the Master Senior Indenture, but they are excluded from the projections of Revenues in this Report, in order to reflect only the ongoing operations of the Airport Authority.

The reconciling items between the annual Operating Profit or Loss reported in the audited financial statements and the Net Revenues presented in this Report consist of depreciation and amortization expense[56], interest income (excluding interest earned on unspent PFCs and CFCs)[57], Federal relief funds[58], RCC busing expenses paid with CFCs[59], Governmental Accounting Standards Board (GASB) non-cash funded liability [60], the Joint Studies Program expenses[61], and GASB 87 Lease Adjustment[62].

[56] Depreciation and amortization expense is included in Operating Expenses in the audited financial statements, but it is excluded from the definition of O&M Expenses in the Master Senior Indenture.

[57] Interest Income, excluding interest earned on unspent PFCs and CFCs, is included in the definition of Revenues in the Master Senior Indenture, but is not included in the calculation of Operating Profit or Loss on the audited financial statements because it is classified as Non-Operating Revenue.

[58] This amount represents that amount of Federal relief funds related to COVID-19 that were applied to O&M Expenses in FY2020, FY2021 and FY2022.

[59] The definition of O&M Expenses in the Master Senior Indenture excludes expenses paid with CFCs (the definition of Revenues excludes CFC revenue).

[60] The GASB non-cash funded liability represents non-cash accounting entries made by the Airport Authority to comply with reporting requirements for the audited financial statements.

[61] Joint Studies Program expenses are included in the definition of O&M Expenses in the Master Senior Indenture, but they are not part of the calculation of Operating Profit or Loss on the financial statements because they are included in Non-Operating Expenses.

[62] Effective July 1, 2020, GASB 87 requires the recognition of certain leases to be recorded as liabilities and right-of-use assets. This has resulted in non-cash entries to re-classify operating revenues and expenses to balance sheet assets and liabilities and modifies in the timing and the classification, operating vs non-operating, of the recognition of revenues and expenses.

Table 22 | Historical Financial Results

Category	For Fiscal Years Ended June 30				
	2020	2021	2022	2023	2024
Audited Statement of Revenues and Expenses					
Operating Revenues	$ 263,035,972	$ 223,973,900	$ 319,253,894	$ 360,762,000	$ 399,899,000
Less: Operating Expenses	(293,837,620)	(277,808,147)	(291,233,232)	(305,926,000)	(314,462,000)
Operating Gain (Loss)	**$ (30,801,648)**	**$ (53,834,247)**	**$ 28,020,662**	**$ 54,836,000**	**$ 85,437,000**
Net Revenues per Master Senior Indenture					
Revenues	$ 280,572,988	$ 227,747,144	$ 324,096,640	$409,432,063	$478,883,956
Federal Relief Funds	16,080,061	51,218,785	60,790,418	-	-
Less: O&M Expenses	(152,377,707)	(139,258,325)	(156,925,386)	(177,921,959)	($189,012,370)
Net Revenue per Master Senior Indenture	**$ 144,275,342**	**$ 139,707,604**	**$ 227,961,672**	**$ 231,510,103**	**$ 289,871,586**
Reconciliation					
Operating Gain (Loss) per Financial Statements	$ (30,801,648)	$ (53,834,247)	$ 28,020,662	$ 54,836,000	$ 85,437,000
Depreciation and Amortization Expense	131,587,039	137,495,515	141,918,773	131,586,000	122,175,000
Interest excluding interest on PFCs and CFCs	17,838,099	11,973,199	13,754,961	36,297,181	66,999,140
Federal Relief Funds	16,080,061	51,218,785	60,790,418	-	-
RCC Expenses	8,497,367	6,793,029	7,617,800	10,957,504	14,646,683
Actuarial Liability non cash Adjustments	1,074,421	4,120,467	(5,062,107)	(4,225,090)	(1,052,747)
GASB 87 94 and 96 (Non Cash Adjustment)	2	(18,232,435)	(18,980,774)	1,987,131	1,679,223
Other		173,291	(98,061)	71,377	(12,713)
Net Revenue per Master Senior Indenture	**$ 144,275,342**	**$ 139,707,604**	**$ 227,961,672**	**$ 231,510,103**	**$ 289,871,586**

Source: Airport Authority records and the San Diego County Regional Airport Authority's FY2024 Annual Comprehensive Financial Report.

4.8 | Operation and Maintenance Expenses

The Master Senior Indenture defines "Operation and Maintenance Expenses," or "O&M Expenses," as the total operation and maintenance expenses of the Airport as determined in accordance with generally accepted accounting principles, excluding depreciation expense and any operation and maintenance expenses payable from moneys other than Revenues, such as PFCs and CFCs.

Table 23 presents audited historical O&M Expenses from FY2020 through FY2024. Total O&M Expenses decreased from approximately $152.4 million in FY2020 to a low of $139.3 million in FY2021. The decreases resulted from the Airport Authority implementing cost-cutting measures in response to the decrease in passenger traffic caused by the COVID-19 pandemic.

As airport activity began to return to pre-pandemic levels, total O&M Expenses increased to $156.9 million in FY2022, $177.9 million in FY2023, and $189.0 million in FY2024. The historical changes in the various categories of O&M Expenses are discussed in the subsections below.

The projections of O&M Expenses reflect the Airport Authority's FY2025 estimate. The remaining years in the forecast period reflect projections that anticipate future expense trends, including an inflation factor, the impact of increased passenger activity, and the projected operating expense impacts of projects in the Capital Program. Increases in certain categories of O&M Expenses are projected in FY2026 to reflect the anticipated effects of the opening of the first phase of the new Terminal 1. O&M Expenses are estimated to increase to $205.8 million in FY2025 and $237.3 million in FY2026. During the forecast period, total O&M Expenses are projected to increase to approximately $301.7 million in FY2031, as shown in Table 24. The projected changes in the various elements of O&M Expenses are explained in the sub-sections below.

Table 23 | Historical O&M Expenses

O&M Expense Categories	For Fiscal Years Ended June 30 – Actual 2020	2021	2022	2023	2024	Compound Annual Growth
Personnel	$50,592,427	$48,801,890	$51,435,175	$55,456,051	$58,496,716	3.7%
Contractual Services	29,196,265	18,183,567	26,873,149	34,623,139	37,843,131	6.7%
Safety and Security	29,456,871	35,085,809	34,190,686	33,042,629	36,777,849	5.7%
Utilities	12,747,898	11,729,710	14,193,387	17,567,259	19,518,127	11.2%
Maintenance	11,584,301	9,110,600	10,746,604	16,417,015	14,125,325	5.1%
Space Rent	10,207,066	10,266,658	11,330,487	10,804,633	11,037,370	2.0%
Business Development	2,033,123	208,640	1,781,323	1,916,108	2,279,873	2.9%
Other Expenses	6,559,756	5,871,451	6,374,575	8,095,125	8,933,979	8.0%
Total O&M Expenses	**$152,377,707**	**$139,258,325**	**$156,925,386**	**$177,921,959**	**$189,012,370**	5.5%

Source: Airport Authority records.

Table 24 | Projected O&M Expenses

O&M Expense Categories	Fiscal Years Ending June 30 – Estimate 2025	Projected 2026	2027	2028	2029	2030	2031	Compound Annual Growth
Personnel	$60,641,520	$68,995,151	$73,820,053	$77,883,568	$82,152,477	$86,637,272	$91,348,984	7.1%
Contractual Services	43,060,657	49,137,011	50,171,461	52,676,604	55,056,903	56,708,610	58,409,868	5.2%
Safety and Security	40,038,517	45,761,042	47,975,356	49,414,617	50,897,055	52,423,967	53,996,686	5.1%
Utilities	20,800,680	24,536,009	27,179,945	33,145,343	38,789,704	39,953,395	41,151,997	12.0%
Maintenance	16,415,593	18,805,446	19,845,371	20,440,732	22,008,965	22,669,234	23,349,311	6.0%
Space Rent	11,059,705	11,072,855	11,082,428	11,082,428	11,082,428	11,082,428	11,082,428	0.0%
Business Development	3,328,950	5,214,290	5,719,208	5,890,784	6,067,508	6,249,533	6,437,019	11.6%
Other Expenses	10,410,096	13,766,340	13,614,818	13,986,272	15,033,758	15,447,779	15,874,222	7.3%
Total O&M Expenses	**$205,755,717**	**$237,288,143**	**$249,408,640**	**$264,520,349**	**$281,088,797**	**$291,172,217**	**$301,650,515**	**6.6%**

Source: Airport Authority and Unison Consulting, Inc.

4.8.1 | Personnel

Personnel expenses are the largest category of O&M Expenses. Due to the cost-cutting measures implemented in response to the COVID-19 pandemic, personnel expenses decreased from $50.6 million in FY2020 to $48.8 million in FY2021. Personnel expenses increased to $51.4 million, $55.5 million, and $58.5 million in FY2022, FY2023, and FY2024, respectively, due to wage increases and the Airport Authority filling some of its vacancies as air traffic recovered.

Personnel expenses are estimated to continue increasing to $60.6 million in FY2025 and approximately $69.0 million in FY2026 due to budgeted position increases as the new Terminal 1 is activated, wage increases, and increasing benefit costs. Due to anticipated headcount increases, annual wage increases and increased benefit costs, personnel expenses are projected to increase to $91.3 million in FY2031.

4.8.2 | Contractual Services

The Contractual Services category consists primarily of fees incurred for contracts for services supplied by vendors, such as parking management and parking shuttle costs, janitorial services for the terminals and Airport Administration space, contracts with program management support services, legal consultants, and other consultants. Contractual Services decreased from $29.2 million in FY2020 to $18.2 million in FY2021 due to decreases in terminal janitorial costs, shuttle and parking costs, and various cost-cutting measures implemented by the Airport Authority during the air traffic downturn. Contractual Services increased to $26.9 million in FY2022, $34.6 million in FY2023, and $37.8 million in FY2024 due to increased activity in the terminal buildings, the reopening of valet parking, increased inter-terminal shuttle services, increased employee parking shuttle services, and San Diego Flyer shuttle services.

Contractual Services are estimated to continue increasing to $43.1 million in FY2025 and $49.1 million in FY2026, mainly due to increased costs and activity associated with The new Terminal 1 facility. Contractual Services are projected to increase to $58.4 million in FY2031, with the majority of the increase expected to occur when the new Terminal 1 is partially opened in FY2026 and fully opened in FY2028.

4.8.3 | Safety and Security

Charges for police and fire services represent the majority of the expenses under the Safety and Security category (84.3 percent of Safety and Security expenses FY2024). Most of the remainder of the Safety and Security category is composed of the costs of a private security company that provides staff to perform inspections, secure perimeter gates, and certain communication and dispatching functions. Police services are provided by the Port District Law Enforcement-Harbor Police Department, as mandated by the Act that created the Airport Authority. Airfield Rescue and Fire Fighting (ARFF) services are provided by the City of San Diego. Total Safety and Security expenses increased from $29.5 million in FY2020 to $35.1 million in FY2021 before decreasing to $34.2 million and $33.0 million in FY2022 and FY2023, respectively. Safety and Security expenses increased to $36.8 million in FY2024. The increases were driven by increased Harbor Police hourly rates, retirement benefits, and overhead costs.

Safety and Security expenses are estimated to increase to $40.0 million in FY2025 and $45.8 million in FY2026. The increase in FY2026 is projected to occur because of additional Harbor Police and guard services when the new Terminal 1 opens and increased Harbor Police labor, burden, and overhead costs. Safety and Security expenses are projected to continue to increase to $54.0 million in FY2031 due to further additional staff requirements related to the opening of the new Terminal 1 and general increases in salary and benefits.

4.8.4 | Utilities

Utilities expenses include costs paid for the use of electricity, natural gas, water, telephone, and internet services. These expenses decreased from approximately $12.7 million in FY2020 to $11.7 million in FY2021 due to decreased utility usage during the downturn in air traffic. Utility expenses increased to $14.2 million in FY2022 due to increased usage from increased activity at the Airport.

Utilities expenses increased to $17.6 million and $19.5 million in FY2023 and FY2024 due to higher utility rates and increased usage.

Utilities expenses are estimated to continue to increase in FY2025 and FY2026 to $20.8 million and $24.5 million, respectively. The increase in FY2026 is driven by an anticipated 10% mid-year rate increase and higher usage due to the additional square footage associated with the new Terminal 1. In FY2027 utilities expenses are projected to increase to $27.2 million as the new Terminal 1 operates for a full year, and in FY2028 increases to $33.1 million as the final phase of the New T1 opens. Utilities expenses are expected to grow to $41.2 million in FY31 because of anticipated rate increases.

4.8.5 | Maintenance

During the pandemic, the Airport Authority limited all non-essential maintenance at the Airport. As a result, Maintenance expenses decreased from $11.6 million in FY2020 to $9.1 million in FY2021. In FY2022, Maintenance expenses increased to $10.7 million as a result of the Airport Authority completing more maintenance projects. In FY2023, The Airport Authority completed deferred maintenance projects, and the expenses increased to $16.4 million. Maintenance expenses decreased to $14.1 million due to the completion of major annual maintenance tasks in FY2023.

In FY2025 and FY2026, Maintenance expenses are estimated to increase to $16.4 million and $18.8 million. The estimated increase in FY2026 is due to increases in HVAC and escalator/elevator maintenance due to the new space and facilities associated with the new Terminal 1, with further increases to $22.0 million in FY2029 due to the additional space and equipment that will be added with the full completion of the new Terminal 1. Maintenance expenses are expected to grow to $23.3 million in FY2031.

4.8.6 | Space Rent

Space rental expense consists of lease payments to the Port District for properties adjacent to the Airport, including the former General Dynamics and Teledyne Ryan parcels. Space rental payments increased slightly, from approximately $10.2 million in FY2020 and FY2021 to $11.3 million in FY2022, reflecting contractual lease adjustments. Space rental expenses were $11.0 million in FY2024. This line item is projected to remain at that level throughout the forecast period, reflecting the long-term nature of the Airport Authority's lease agreements.

4.8.7 | Business Development

Business Development expenses include costs for advertising, membership and dues, postage and shipping, promotional activities and materials, and travel. Business Development expenses decreased from $2.0 million in FY2020 to $0.2 million in FY2021. The decreases in FY2020 and FY2021 resulted from cost-cutting measures, which included a reduction in the concessions marketing program, advertising expenses, and limited air service development incentives. Business Development expenses increased to $1.8 million, $1.9 million, and $2.3 million in FY2022, FY2023, and FY2024, respectively, as the Airport Authority resumed marketing and advertising programs with air traffic recovery.

Business Development expenses are estimated to increase to $3.3 million in FY2025 and $5.2 million in FY2026. These expenses are projected to continue increasing to $5.7 million in FY2027, primarily due to the Airport Authority's plans to market the new Terminal 1, parking facilities, and concessions programs. Business development expenses are projected to increase 3.0 percent annually, beginning in FY2028 and ending at $6.4 million in FY2031.

4.8.8 | Other

Other expenses include employee development and support, equipment rentals and repairs, insurance, operating equipment and systems, operating supplies, tenant improvements, and other expenses. Due to the Authority's cost-cutting measures, the total amount of these expenses decreased from $6.6 million in FY2020 to $5.9 million in FY2021. Beginning in FY2022, these expenses increased to $8.9 million in FY2024, primarily due to increases in costs related to insurance and tenant improvements.

Other expenses are estimated to increase to $10.4 million in FY2025 and $13.8 million in FY2026. The increases in FY2026 are expected to occur because of additional expenses related to the partial opening of the new Terminal 1, including software systems, IT maintenance and support contracts, common-use system maintenance, and insurance. With the completion of the new Terminal 1, other expenses are projected to increase further to $15.0 million in FY2029. Other expenses are projected to increase 2.8 percent annually to $15.9 million in FY2031.

4.9 | Debt Service and Amortization Charges

As discussed in Section 1, the funding plan for the Airport Authority's Capital Program includes approximately $718.9 million in project funding from the proceeds of the Senior Series 2025 Bonds. The estimated sources and uses of the Senior Series 2025 Bonds are presented in Table 25.

Table 25 | Estimated Sources and Uses of the Senior Series 2025 Bonds

	Series 2025A	**Series 2025B**	**Total Series 2025**
Sources			
Par Amount	$96,000,000	756,406,297.48	$852,406,297
Premium	3,279,725	10,896,530	14,176,254
Interest Earnings	7,420,464	73,149,267	80,569,731
Total Sources	**$106,700,189**	**$840,452,094**	**$947,152,283**
Uses			
Project Fund	83,845,687	636,144,383	719,990,070
Capitalized Interest	12,164,990	100,759,267	112,924,257
Debt Service Reserve Fund	6,843,047	52,815,025	59,658,072
Capitalized Interest on Previous Bonds	3,317,093	46,574,974	49,892,067
Underwriters Discount/COI/Rounding	312,000	2,454,888	2,766,888
Cost of Issuance	217,372	1,703,558	1,920,929
Total Uses	**$106,700,189**	**$840,452,094**	**$947,152,283**

Source: Frasca & Associates, LLC.

The estimated debt service for the Senior Series 2025 Bonds assumes an all-in True Interest Cost (TIC) of 5.3 percent, with capitalized interest assumed through about January 1, 2028.[63] All assumptions are preliminary and subject to change. The actual terms of the Senior Series 2025 Bonds may differ from what is assumed for this financial analysis.

While no additional debt is expected to be needed to fund the New T1, the funding plan for the Capital Program assumes additional debt will be issued during the forecast period to fund a portion of the costs of the Terminal 2E Connector project. The debt service projections assume one future senior bond issue in July 2028 (the Senior Series 2028 Bonds). For this analysis, it is assumed that the Senior Series 2028 Bonds will have a par amount of approximately $189.9 million, with an all-in TIC of 6.0 percent and the majority of capitalized interest extending through January 2030. The Airport Authority will continue to evaluate the funding plan as other capital projects are needed, and the assumptions regarding a future bond issue may be revised as more information becomes available.

The projected debt service is presented on Table 26, including the estimated Senior Series 2025 debt service and the estimated debt service for a future series of bonds. All amounts are shown net of estimated capitalized interest.

Total debt service is projected to decrease from $102.8 million in FY2024 to $96.7 million in FY2025 due to reductions in debt service for the Subordinate Series 2020 Bonds and the Subordinate Series 2019 Bonds. In FY2026 total debt service is projected to increase to $175.4 million as the capitalized interest ends for the Subordinate Series 2021 Bonds and for a portion of the Senior Series 2023 Bonds. Debt service is projected to increase to $248.2 million in FY2028 and $287.5 million in FY2029 when the debt service for the Senior Series 2023 Bonds and Senior Series 2025 Bonds begins following the capitalized interest period. Debt service is projected to increase to $320.2 million in FY2031 due to the anticipated future Senior Series 2028 debt service payments beginning in FY2030.

[63] Capitalized interest is assumed to coincide with the estimated construction periods for the various projects assumed to be funded with the Series 2025 Bonds. The majority of the capitalized interest is anticipated to end by January 1, 2028.

Table 26 | Projected Debt Service

Bond Series	For Fiscal Years Ended June 30							
	Actual	Estimate	Projected					
	2024	2025	2026	2027	2028	2029	2030	2031
Senior Bonds:								
Series 2023 A	3,150,560	4,093,094	2,768,875	3,478,750	4,158,750	4,154,750	4,154,250	5,372,000
Series 2023 B	63,678	93,188	31,862,753	33,926,048	55,889,355	64,084,163	64,081,163	64,082,163
Total Series 2023	3,214,238	4,186,282	34,631,628	37,404,798	60,048,105	68,238,913	68,235,413	69,454,163
Planned Series 2025 A	-	-	-	-	28,060,350	56,129,950	56,134,200	56,129,700
Planned Series 2025 B	-	-	-	-	3,088,231	6,092,288	6,089,038	6,092,038
Total Planned Series 2025	-	-	-	-	31,148,581	62,222,238	62,223,238	62,221,738
Planned Future Series 2028	-	-	-	-	-	-	7,031,100	14,062,100
Total Planned Future Series 2028	-	-	-	-	-	-	7,031,100	14,062,100
Total Senior Lien	$ 3,214,238	$ 4,186,282	$ 34,631,628	$ 37,404,798	$ 91,196,687	$ 130,461,150	$ 137,489,750	$ 145,738,000
Subordinate Obligations:								
Series 2017 A	9,497,750	9,495,500	9,496,000	9,498,750	9,498,250	9,499,250	9,496,250	9,499,000
Series 2017 B	9,417,750	9,416,750	9,418,500	9,417,500	9,418,500	9,416,000	9,419,750	9,419,000
Total Series 2017	$18,915,500	$18,912,250	$18,914,500	$18,916,250	$18,916,750	$18,915,250	$18,916,000	$18,918,000
Series 2019 A Refunding	9,572,500	8,470,000	8,470,000	8,470,000	8,470,000	8,470,000	8,470,000	18,300,000
Series 2019 A	10,359,750	10,361,250	10,360,250	10,361,500	10,359,500	10,359,000	10,359,500	10,360,500
Series 2019 B	8,062,100	8,058,100	8,058,350	8,062,350	8,059,600	8,060,100	8,058,350	8,059,100
Total Series 2019	27,994,350	26,889,350	26,888,600	26,893,850	26,889,100	26,889,100	26,887,850	36,719,600
Series 2020 A Refunding	3,260,000	2,726,750	2,724,500	2,727,750	2,731,000	2,729,000	2,726,750	599,000
Series 2020 B/C Refunding	22,606,750	17,609,750	17,603,250	17,603,500	17,604,000	17,608,500	17,605,500	17,409,000
Total Series 2020	25,866,750	20,336,500	20,327,750	20,331,250	20,335,000	20,337,500	20,332,250	18,008,000
Series 2021 A	4,427,125	5,179,950	21,008,704	25,279,550	25,278,550	25,275,800	25,276,050	25,273,800
Series 2021 B	-	-	45,549,026	57,505,400	57,509,900	57,508,900	57,501,650	61,827,400
Series 2021 C Refunding	22,397,658	21,245,289	8,065,892	8,065,892	8,065,892	8,065,892	8,570,892	13,704,499
Total Series 2021	26,824,783	26,425,239	74,623,621	90,850,842	90,854,342	90,850,592	91,348,592	100,805,699
Total Subordinate	99,601,383	92,563,339	140,754,471	156,992,192	156,995,192	156,992,442	157,484,692	174,451,299
Total Debt Service	**$102,815,621**	**$96,749,621**	**$175,386,099**	**$194,396,990**	**$248,191,878**	**$287,453,592**	**$294,974,442**	**$320,189,299**

Source: Airport Authority records and Frasca & Associates, LLC. The above table reflects assumptions regarding a future bond issue in 2028. The Airport Authority will continue to evaluate the funding plan for future capital projects, and the assumptions regarding future bond issues may be revised as more information becomes available.

4.10 | Revenues

The Master Senior Indenture defines "Revenues" as all income, receipts, earnings and revenues received by the Airport Authority from the operation and ownership of the Airport. Excluded from the definition of Revenues are PFCs, CFCs, interest income on unspent PFCs and CFCs, Federal relief funds, and certain other items. The Airport Authority has covenanted that all Revenues will be deposited into the Revenue Account within the Revenue Fund to be pledged as security for the Senior Bonds, the Subordinate Obligations, and any additional bonds issued pursuant to the Master Senior Indenture and the Master Subordinate Indenture.

Historical and projected Revenues are presented on Table 27 and Table 28, respectively. Revenues decreased from approximately $280.6 million in FY2020 to $227.7 million in FY2021 as a result of decreased passenger activity. Revenues increased to $324.1 million in FY2022, $409.4 million in FY2023, and $478.9 million FY2024 due to the factors described in the sub-sections below. Revenues are estimated to increase to $527.4 million in FY2025 and $576.4 million in FY2026, and are projected to increase to $705.7 million in FY2031. The projections of the various categories of Revenues are explained in the sub-sections below.

4.10.1 | Airline Revenues

Airline revenues consist of landing fees, aircraft parking fees, terminal rentals, common use fees, FIS use charges, joint use fees, and other aviation revenue, net of reductions for the Air Service Incentive Program, as discussed later in this section.

Total Airline revenues increased by an average of 13.8 percent per year from $131.8 million in FY2020 to $221.1 million in FY2024. Approximately $58 Million of this increase related to non-operating and Pandemic related adjustments. Firstly, $30 million annual PFC debt service offset is preserved (to apply to future New T1 debt service) from FY2023 through FY2025 which increased debt service is recovered in Airline revenues. Secondly, pandemic era federal relief was applied to reduce airline costs (and hence airline revenue) through the FY2020-FY2024 timeframe but $18 million more was applied in FY2020 compared to FY2024. Lastly, the MMF fund has an additional $10 million annual catch-up contribution from FY2024- FY2029 after MMF contributions were suspended during the pandemic, between FY2021-FY2023 The remaining increases are mostly driven by increased O&M Expenses allocated to the airline cost centers and increased debt service from the Series 2019 Bonds. Total Airline revenues are estimated to continue to increase to $239.8 million in FY2025 and $279.6 million in FY2026 because of additional increases in the O&M expenses and debt service allocated to the airline cost centers. Airline revenues are projected to increase to $428.1 million in FY2031 predominantly because of debt service allocated to the Terminal in support of the new Terminal 1 and additional O&M expenses. The components of the airline revenues are discussed below.

4.10.2 | Landing Fees

Landing fees increased from $33.2 million in FY2020 to $34.0 million in FY2021 and 35.4 million in FY2022 because of increased O&M Expenses and debt service allocated to the Airfield cost center. The Airport Authority offset the increased Airfield Area Requirement in FY2021 and FY2022 by deferring the MMF deposit in those years. Landing fees increased to $44.8 million and $54.0 million in FY2023 and FY2024 respectively, mainly due to increased O&M Expenses allocated to the Airfield cost center, the deferral of the PFC offset, and the resumption of the annual deposit to the MMF, which increased to $20 million (it was originally $15 million) to recoup the deposits that had been deferred in FY2020 through FY2022. To offset these increases, $20.1 million of Federal Relief Grants were applied to the airfield cost center during FY2023 and FY2024. The increased annual deposit to the MMF will continue until FY2029. Landing fees are projected to increase to $80.7 million in FY2031 as a result of increased debt service, amortization and O&M expenses allocated to the Airfield cost center. The calculation of the projected Airfield Net Requirement and landing fee rate is shown on Table 29.

Table 27 | Historical Revenues

Revenue Categories	For Fiscal Years Ended June 30 – Actual 2020	2021	2022	2023	2024	Compound Annual Growth
Airline Revenue						
Landing Fees	$33,241,411	$34,046,302	$35,350,349	$44,755,025	$54,015,759	12.9%
Aircraft Parking Fees	8,354,053	8,541,326	8,859,770	11,188,756	13,469,179	12.7%
Terminal Rentals	29,764,891	26,948,140	32,531,441	48,605,846	53,296,392	15.7%
Common Use Fees	7,627,629	7,369,019	8,230,945	10,950,913	10,094,442	N/A
FIS Use Charge	3,261,820	984,860	2,201,290	3,219,300	3,432,130	N/A
Joint Use Fees	49,426,560	55,330,838	62,362,974	77,976,937	88,440,800	N/A
Other Aviation Revenue	161,162	884,586	235,174	267,877	252,092	11.8%
Incentive Program	-	(62,080)	(2,078,912)	(4,097,315)	(1,780,592)	N/A
Total Airline Revenue	$131,837,525	$134,042,991	$147,693,032	$192,867,339	$221,220,203	13.8%
Non-Airline Revenue						
Building and Other Rents	2,460,888	2,589,064	2,647,034	2,729,414	2,729,944	2.6%
Concessions						
Rental Cars	26,070,018	16,973,062	38,647,373	43,123,785	40,498,287	11.6%
Food and Beverage	10,753,084	4,206,180	14,317,798	14,409,646	15,644,953	9.8%
Gifts and News	6,343,380	3,245,777	7,958,709	8,621,769	8,824,787	8.6%
License Fees	6,174,751	3,369,435	6,325,839	8,660,733	9,818,408	12.3%
Other Terminal Concessions	3,854,855	1,633,340	5,219,779	4,114,434	5,647,019	10.0%
Cost Recovery	4,047,234	1,669,075	4,495,512	4,703,824	5,640,966	8.7%
Total Concessions	$57,243,322	$31,096,869	$76,965,010	$83,634,191	$86,074,421	10.7%
Parking and Ground	50,750,966	27,446,678	57,074,673	65,398,498	72,483,692	9.3%
Ground rentals	18,925,455	19,259,872	23,286,341	25,062,616	26,407,711	8.7%
Other Operating Revenue	1,516,733	1,338,471	2,675,590	3,442,823	2,968,846	18.3%
Interest Income	17,838,099	11,973,199	13,754,961	36,297,181	66,999,140	39.2%
Total Non-Airline Revenue	$148,735,463	$93,704,153	$176,403,608	$216,564,723	$257,663,753	14.7%
Total Revenues	**$280,572,988**	**$227,747,144**	**$324,096,640**	**$409,432,063**	**$478,883,956**	**14.3%**

Source: Airport Authority records.

Table 28 | Projected Revenues

Revenue Categories	Fiscal Years Ending June 30							Compound Annual Growth
	Estimate	Projected						
	2025	2026	2027	2028	2029	2030	2031	
Airline Revenue								
Landing Fees	$60,068,098	$59,589,539	$61,322,873	$63,912,008	$70,172,835	$73,562,587	$80,678,068	5.0%
Aircraft Parking Fees	15,017,025	15,122,136	15,562,403	16,219,447	17,808,333	18,668,797	20,474,687	5.3%
Terminal Rentals	57,488,827	36,383,646	29,816,432	37,488,685	41,208,758	45,281,973	47,128,909	-3.3%
Common Use Fees	10,432,215	16,919,801	18,967,771	22,271,112	23,762,581	26,400,267	27,456,228	17.5%
FIS Use Charge	3,844,318	4,499,705	4,589,687	4,681,481	4,775,110	4,870,612	4,980,201	4.4%
Joint Use Fees	94,748,649	149,253,324	165,629,414	200,195,484	216,528,956	238,740,111	248,070,978	17.4%
Other Aviation Revenue	285,835	286,793	286,990	291,072	296,971	302,736	307,076	1.2%
Incentive Program	(2,078,912)	(2,500,000)	(2,500,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	-11.5%
Total Airline Revenue	$239,806,056	$279,554,945	$293,675,571	$344,059,288	$373,553,543	$406,827,084	$428,096,147	10.1%
Non-Airline Revenues								
Building and Other Rents	2,758,927	3,030,907	3,128,047	3,145,670	3,163,645	3,181,979	3,200,680	2.5%
Concessions:								
Rental Cars	40,670,302	41,190,655	42,020,177	43,143,963	44,160,849	45,142,531	46,068,170	2.1%
Food and Beverage	16,227,158	17,013,369	17,458,480	18,164,912	18,596,419	19,010,809	19,398,437	3.0%
Gifts and News	9,478,592	10,345,205	10,615,861	11,045,416	11,307,799	11,559,774	11,795,477	3.7%
License Fees	10,566,552	10,615,708	10,893,441	11,259,065	11,526,524	11,783,373	12,023,635	2.2%
Other Terminal Concessions	5,501,606	6,848,741	7,027,921	7,147,894	7,317,692	7,480,754	7,633,286	5.6%
Cost Recovery	4,863,311	6,854,549	7,563,056	7,726,717	7,894,060	8,065,168	8,240,126	9.2%
Total Concessions	87,307,521	92,868,227	95,578,936	98,487,967	100,803,342	103,042,410	105,159,131	3.1%
Parking & Ground Transportation	77,299,714	88,129,376	97,031,363	98,691,535	101,034,185	103,285,040	105,392,154	5.3%
Ground rentals	27,217,406	27,685,504	27,987,488	28,593,123	29,212,385	29,845,581	30,493,023	1.9%
Other Operating Revenue	2,823,814	2,432,239	2,518,340	2,567,346	2,617,455	2,668,691	2,721,080	-0.6%
Interest Income	90,133,862	82,649,661	59,511,148	33,546,098	31,388,357	33,078,181	30,642,998	-16.5%
Total Non-Airline Revenues	$287,541,244	$296,795,915	$285,755,323	$265,031,739	$268,219,369	$275,101,882	$277,609,067	-0.6%
Total Revenues	$527,347,300	$576,350,859	$579,430,894	$609,091,027	$641,772,912	$681,928,965	$705,705,213	5.0%

Source: Airport Authority records and Unison Consulting, Inc.

4.10.3 | Aircraft Parking Fees

Aircraft parking fees represent 20% of the Airfield requirement (the other 80% is collected in landing fees). Aircraft parking fees increased from approximately $8.4 million in FY2020 to $8.9 million in FY2022. Aircraft Parking Fees increased to $11.2 million and $13.5 million in FY2023 and FY2024, respectively, due to increased O&M Expenses, debt service, and the reinstated MMF deposit allocated to the Airfield.

Aircraft parking fees are estimated to increase to $15.0 million in FY2025 because of anticipated increases in O&M Expenses. Aircraft parking fees are projected to increase to $20.5 million in FY2031 because of increased O&M Expenses and debt service allocated to the Airfield.

4.10.4 | Terminal Rentals

Terminal rentals decreased from $29.8 million in FY2020 to $26.9 million in FY2021 because the Airport Authority deferred the Terminal's portion of the MMF deposit to reduce airline costs. In FY2022, Terminal rentals increased to $32.5 million because of increased O&M Expenses allocated to the Terminal cost center. Terminal rentals increased to $48.6 million and $53.3 million in FY2023 and FY2024, respectively, due to increased O&M Expenses and debt service allocated to the Terminal and the Terminal's portion of the MMF deposit being reinstated and increased to $20 million, offset by the application of $13.4 million in Federal Relief Grants.

Terminal rentals are estimated to increase to $57.5 million in FY2025. These increases are expected to occur because of further increases to O&M Expenses allocated to the Terminal cost center. In the FY2026 , the total signatory leased space is declining 189,591 square feet to 128,041 square feet due to space that is reallocated to Joint Use and Common Use with New T1 opening under the terms of the AOLA. As a result of this reduction, the Terminal rental revenues are estimated to decrease to $36.4 million in FY2026. Because of the space reallocation, Joint Use and Common Use revenues will increase with New T1 opening, as further discussed below. The signatory leased space is estimated to decline further in FY2027, reflecting a full year of New T1, which results in Terminal rental revenues decreasing to $29.8 million. Beginning in FY2028, Terminal rental revenues are projected to increase as the signatory leased space is estimated to increase and O&M and debt service allocated to the Terminal cost center increases. Terminal rental revenue is projected to be $47.1 million in FY2031.

Table 30 presents the terminal rental rate, which is projected to increase from $285.91 in FY2024 to $382.18 in FY2031 because of increased terminal O&M Expenses, debt service, and amortization.

Table 29 | Projected Landing Fees

Calculation Elements	Fiscal Years Ending June 30						
	Estimate	Projected					
	2025	2026	2027	2028	2029	2030	2031
Airfield Costs							
O&M Expenses	$66,289,674	$69,772,371	$69,135,556	$71,637,909	$74,209,373	$76,605,206	$79,100,895
Debt Service	9,521,929	6,477,680	5,942,774	6,249,038	6,539,032	6,541,310	10,614,816
Amortization Charges	4,918,800	5,164,939	5,510,496	6,173,557	11,932,102	18,982,083	21,500,265
Reserve Deposits	2,234,912	1,189,291	1,438,559	1,559,954	1,019,535	1,052,441	1,086,735
Major Maintenance Fund	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	15,000,000	15,000,000
Total Airfield Requirement	$102,965,314	$102,604,282	$102,027,385	$105,620,458	$113,700,042	$118,181,040	$127,302,710
Credits:							
Fuel Flowage	(285,835)	(286,793)	(286,990)	(291,072)	(296,971)	(302,736)	(307,076)
Finger Printing Revenue	(151,783)	(154,210)	(157,293)	(160,697)	(164,177)	(167,736)	(171,374)
Ground Handling Concession Revenue	(7,499,547)	(7,484,528)	(7,680,342)	(7,991,115)	(8,180,944)	(8,363,242)	(8,533,768)
Inflight Services Revenue (70%)	(2,146,904)	(2,191,826)	(2,249,170)	(2,287,565)	(2,341,906)	(2,394,092)	(2,442,907)
Quieter Home Program Grants	(17,796,123)	(18,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)	(15,000,000)
Total Credits	($27,880,191)	($28,117,357)	($25,373,794)	($25,730,449)	($25,983,998)	($26,227,806)	($26,455,125)
Airfield Area Requirement	**$75,085,123**	**$74,486,924**	**$76,653,591**	**$79,890,010**	**$87,716,044**	**$91,953,234**	**$100,847,585**
Less: Non-Signatory Landing Fees	3,168,187	3,069,060	3,197,548	3,305,460	3,631,808	3,791,831	4,157,713
Less: Aircraft Parking Position Fees	15,017,025	14,897,385	15,330,718	15,978,002	17,543,209	18,390,647	20,169,517
Airfield Net Requirement	**$56,899,912**	**$56,520,479**	**$58,125,325**	**$60,606,547**	**$66,541,027**	**$69,770,756**	**$76,520,355**
Signatory Landed Weight (1,000 lb. units)	14,411,211	14,490,615	14,515,229	14,758,029	15,083,346	15,409,568	15,679,033
Signatory Landing Fee Rate	$3.95	$3.90	$4.00	$4.11	$4.41	$4.53	$4.88
Non-Signatory Landing Fee Rate	$4.74	$4.68	$4.81	$4.93	$5.29	$5.43	$5.86

Source: Airport Authority records and Unison Consulting, Inc.

4.10.5 | Common Use Fees

Common Use fees are charged to the airlines for the use of the common use systems. Common Use fees decreased from $7.6 million in FY2020 to $7.4 million in FY2021 because of the reduction in the Terminal rental rate that was driven by the deferral of the deposit to the MMF. In FY2022, Common Use fees increased to $8.2 million because of increased O&M Expenses and debt service allocated to the Terminal cost center. Common Use fees increased to $11.0 million in FY2023 because of the increases to the Terminal described above. Common Use fees decreased to $10.1 million in FY2024 because of decreased amortization charges.

Common Use fees are estimated to increase to $10.4 million in FY2025 and $16.9 million in FY2026 as square footage is reassigned from exclusive to common use when Southwest moves to common use facilities in the new Terminal 1. Common Use fees are projected to continue increasing to $27.5 million in FY2031 because of cost increases associated with the new Terminal 1, including debt service and O&M Expenses.

Table 30 | Projected Terminal Rental Rate

Calculation Elements	Fiscal Years Ending June 30						
	Estimate	Projected					
	2025	2026	2027	2028	2029	2030	2031
Terminal Costs							
O&M Expenses	81,015,211	96,815,080	100,198,075	107,973,071	116,616,920	121,139,405	125,846,352
Debt Service	57,531,289	87,171,774	97,632,050	152,869,956	174,859,361	207,310,653	219,712,711
Amortization Charges	8,578,333	8,790,510	9,492,509	10,904,347	14,146,004	22,669,575	20,635,258
Reserve Deposits	4,469,823	2,378,583	2,877,118	3,119,908	2,039,070	2,104,883	2,173,469
Total Terminal Requirement	**$151,594,656**	**$195,155,947**	**$210,199,752**	**$274,867,282**	**$307,661,355**	**$353,224,515**	**$368,367,789**
Credits:							
FIS Use Charge	(3,844,318)	(4,499,705)	(4,589,687)	(4,681,481)	(4,775,110)	(4,870,612)	(4,980,201)
Total Credits	($3,844,318)	($4,499,705)	($4,589,687)	($4,681,481)	($4,775,110)	($4,870,612)	($4,980,201)
Base Terminal Area Requirement	**$147,750,338**	**$190,656,243**	**$205,610,065**	**$270,185,802**	**$302,886,245**	**$348,353,902**	**$363,387,588**
Terminal Leasable Square Footage	576,926	783,110	860,979	935,366	1,003,748	1,003,748	1,003,749
Base Terminal Area Rental Rate	**$256.10**	**$243.46**	**$238.81**	**$288.86**	**$301.76**	**$347.05**	**$362.03**
Supplemental Terminal Area Requirement							
Major Maintenance Fund	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$20,000,000	$15,000,000	$15,000,000
Airline Leased Square Footge	452,922	619,684	681,357	712,929	744,498	744,498	744,498
Supplemental Terminal Rate	**$44.16**	**$32.27**	**$29.35**	**$28.05**	**$26.86**	**$20.15**	**$20.15**
Terminal Rental Rate	**$300.26**	**$275.73**	**$268.16**	**$316.91**	**$328.62**	**$367.20**	**$382.18**
NonSignatory Terminal Rental Rate	**$360.31**	**$330.88**	**$321.80**	**$380.29**	**$394.34**	**$440.64**	**$458.61**

Source: Airport Authority records and Unison Consulting, Inc.

4.10.6 | FIS Use Charge

The Airport Authority charges airlines $10.00 for each international arriving seat for the use the Airport’s international facilities. The revenue is subsequently credited back to the terminal cost center. In FY2020, the Airport Authority collected approximately $3.3 million in FIS Use Charge revenues. This revenue decreased to approximately $1.0 million in FY2021 as a result of the significant reduction in international arriving seats. This revenue increased to $2.2 million, $3.2 million, $3.4 million in FY2022, FY2023, and FY2024. As international traffic continues to increase, FIS Use Charge revenues are projected to increase to $5.0 million in FY2031.

4.10.7 | Joint Use Fees

As described above in Section 4, Joint Use fees are charged to the airlines for the use of the joint use facilities at the Airport. Joint Use fees increased from $49.4 million in FY2020 to $62.4 million in FY2022 because of increased O&M Expenses and debt service. Joint Use fees increased to $78.0 million and $88.4 million in FY2023 and FY2024 respectively because of the increased O&M Expenses, debt service allocated to the Terminal, and the increased deposit to the MMF. Joint Use fees are projected to increase from $94.7 million in FY2025 to $149.3 million in FY2026 because of the space reallocation associated with the opening of New T1. Joint Use fees are projected to increase to $248.1 million in FY2031. The significant increases are expected to occur because of increased O&M Expenses and debt service allocated to the Terminal and the Airline Terminal Support cost centers and an increase in Joint Use square footage in the new T1.

4.10.8 | Other Aviation Revenue

Other Aviation Revenues consist primarily of fuel farm franchise fees. These revenues increased from $161,000 in FY2020 to $885,000 in FY2021 due to minimum fees owed by some Signatory airlines while air traffic was still recovering. These revenues decreased to $235,000 in FY2022. These revenues remained relatively stable growing to $252,000 in FY2024. Other Aviation revenues are estimated to increase to $307,000 in FY2031.

4.10.9 | Incentive Program

The Air Service Incentive Program (ASIP), which started on January 1, 2021, is intended to increase SAN's nonstop destinations, enable fair access for new entrants, promote competition, and restart air service that was impacted in recent years. This revenue category is a reduction in airline revenues because it represents the credits awarded by the Airport Authority to qualifying airlines. ASIP credits totaled approximately $62,000 in FY2021 and increased to $2.1 million in FY2022. ASIP credits increased to $4.1 million in FY2023 before decreasing to $1.8 million FY2024. ASIP credits are estimated to increase to $2.1 million in FY2025 and $2.5 million in FY2026. ASIP credits are estimated to remain at $2.5 million in FY2027 before decreasing to $1.0 million annually for the remainder of the forecast period.

4.10.10 | Non-Airline Revenues

Non-airline revenues consist of building rents, terminal concession revenues, parking and ground transportation revenues, ground rentals, other operating revenue, and interest income. Non-airline revenues decreased from $148.7 million in FY2020 to $93.7 million in FY2021 because of the pandemic related reduction in passenger activity. As passenger traffic began to recover, non-airline revenues increased to $176.4 million in FY2022, $216.6 million in FY2023, and $257.7 million in FY2024. Non-airline revenues are estimated to be $287.6 million in FY2025 and $296.8 million in FY2026. These revenues are projected to decrease to $277.6 million in FY2031, driven by a decrease in interest revenue. The projected changes are discussed below.

4.10.11 | Building and Other Rents

The Airport Authority receives rent from non-airline tenants for space rented in the terminal buildings and other areas. This revenue category increased from $2.5 million in FY2020 to $2.7 million in FY2024, due to the increase in terminal rental rates. Building and Other Rent revenue is projected to increase by 2.5 percent per year to $3.2 million in FY2031.

4.10.12 | Concessions

The Airport Authority receives percentage concession fees, subject to a minimum annual guarantee (MAG), from rental car, food and beverage, news and gift, and other concessionaires. The concession revenue is calculated as a percentage of each concessionaire's sales, subject to MAG amounts. The various types of concession revenues and the historical trends and projected future increases are described in the sub-sections below. The concession revenue projections are based on the percentage of gross sales only. Starting in FY2020, the MAGs were reset in response to the effect of the downturn in air traffic and concession revenues.

Rental Car Revenues

The largest component of the concession revenue category, as shown on Table 36, is rental car concession revenue. Currently, the following rental car brands operate at the Airport: Alamo, Avis, Budget, Dollar, Enterprise, Fox, Hertz, National, Payless, Sixt, Thrifty, Zipcar, and U-Save. The rental car companies that operate at the Airport pay a concession fee of 10 percent of their gross revenues, plus a cost recovery fee for the operating expenses of the RCC (defined in Section 1). Rental car concession revenue, including the RCC cost recovery component, decreased from $26.1 million in FY2020 to $17.0 million in FY2021, reflecting the reduced activity. Rental car revenues increased to $38.6 million in FY2022 and $43.1 million in FY2023 as passenger recovery continued. Rental car revenues decreased to $40.5 million in FY2024 as a result of the timing of revenue recognition per GASB 87 partially offset by increased sales driven by passenger activity.

Rental car concession revenue at SAN, expressed on a per-originating enplanement basis, increased significantly from $2.83 in FY2020, to $3.59 in FY2021, and $3.90 in FY2022, reflecting nationwide industry trends, as the rental car companies reduced inventory and increased prices. Rental car concession revenue per originating enplanement declined to $3.65 in FY2023, which indicates that rental car companies may have reduced prices or passengers chose alternate modes of transportation. In FY2024, rental car concession revenue per originating enplanement decreased to $3.30 as rental car companies continued to reduce prices. The ratio of rental car transaction days per originating enplanement remained relatively stable from FY2020 to FY2022, ranging from 0.54 to 0.59. In FY2023 and FY2024, this ratio reduced to 0.45 which indicates passengers were either renting cars for less days or choosing alternate modes of transportation.

Beginning in FY2022, rental car concession revenue, including the RCC cost recovery component exceeded pre-pandemic levels. For FY2025 and subsequent years, rental car concession revenue is projected based on an assumed return to FY2019 rental car pricing, using the historical average ratio of transaction days to originating enplanements, applied to forecast air traffic activity. Rental car concession revenue, including the RCC cost recovery component, is projected to increase to $46.1 million in FY2031.

Food and Beverage/Gifts and News Revenues

In March 2015, the Airport Authority completed its previous concession development program, which involved a complete revamp of the shopping and dining options in the passenger terminals. As part of its concession development program, the Airport Authority entered into 18 leases with a variety of vendors for 63 food, beverage and retail units at the Airport. The leases with respect to the food and beverage units commenced on the date the applicable concession space was available for beneficial use by the vendor and expired on a date 10 years after such date of available use. The leases with respect to the retail units commenced on the date the applicable concession space was available for beneficial use by the vendor and expired on a date 7 years after such date of available use. All existing concession leases executed as part of the transition from the master concessionaire model in 2011 through 2014 expired in late 2023 or early 2024 and are currently in holdover status. In 2024, the Airport Authority completed a study of the performance of Terminal 2 West concessions since the inception of that program. Based on the results of this study, the Airport Authority plans to make significant improvements in the overall square footage allocations and space use by category in Terminal 2. In order to accomplish these improvements, some modifications to Terminal 2 have been identified for completion in 2026. Concurrently, the Airport Authority expects to begin solicitations for new restaurant and retail concessionaires for Terminal 2 in a phased approach during calendar year 2025.

The leases provide for rental payments equal to the greater of a minimum annual guarantee (MAG) or a percentage of gross income. The leases also provide for the cost recovery of terminal concessions program costs. including: the capital and operating costs of the Receiving and Distribution Center (RDC) located on the north side of the airfield; and marketing, storage, and other O&M Expenses related to the terminal concessions, as discussed in the Cost Recovery revenue category, below.

In June 2023, the Airport Authority completed its solicitation of new concessions for the new Terminal 1. After the first phase of the new Terminal 1 opens in September 2025, the new concessions will occupy approximately 20,000 square feet of food & beverage and 10,000 square feet of retail space. This represents more than a 200% increase in square footage as compared to the current Terminal 1. Phase 1B, expected to open in early 2028, will add a further 19,000 square feet of concession space with 13 Restaurant and stores. Due to the significant investment required by the vendors, the duration of the lease agreements with the new concessionaires will increase to 15 years for food & beverage and twelve years for retail. The selected concessionaires designed and permitted the Phase 1A concession units in FY2024 and began construction in FY2025. Similar to the expiring lease agreements, the new leases will provide for rental payments equal to the MAG or a percentage of gross income. The MAG will be set at 85% of the previous year's total rent paid after the first full year of operation. The percentage rent offers for these new concession agreements as compared to the previous generation are slightly lower Food and Beverage but slightly higher for News and Gifts.

Food and Beverage revenue decreased from approximately $10.8 million in FY2020 to $4.2 million in FY2021. Gifts and News revenue decreased from $6.3 million in FY2020 to $3.2 million in FY2021. Both decreases occurred due to significant decreases in passenger activity. As passenger activity recovered, Food and Beverage and Gift and News concession revenues increased to approximately $15.6 million and $8.8 million, respectively, in FY2024.

The projections of concession revenues for Food and Beverage and Gift and News are based on recent ratios of revenue per enplanement for each category, with assumed increases to account for inflation and the phased opening of the new Terminal 1 and applied to forecast enplanements. Concession revenue is projected to increase to $19.4 million in FY2031 for Food and Beverage, and $11.8 million for Gift and News.

License Fees

The Airport Authority receives license fees from companies that provide ground handling and in-flight food services. These license fees, which are based on a percentage of the providers' gross revenues, decreased from $6.2 million in FY2020 to $3.4 million in FY2021 due to decreased activity, net of license fee waivers of $0.6 million for in-flight food services in FY2021. As activity increased, License Fees increased to $6.3 million in FY2022, $8.7 million in FY2023, and $9.8

million in FY2024. Based on anticipated increases in future passenger activity, License Fees are projected to increase to approximately $12.0 million in FY2031.

Other Terminal Concessions

This category includes rents and fees received for advertising displays, luggage carts, ATMs, Wi-Fi service providers, security bin advertisements, and other miscellaneous sources. This revenue category decreased from $3.9 million in FY2020 to $1.6 million in FY2021 because of the reduction in passenger activity. These revenues increased to $5.2 million in FY2022 as passenger activity began to recover. Other Terminal Concession revenues increased to $5.6 million in FY2024. These revenues are projected to increase at the rate of enplanement growth and inflation to $7.7 million in FY2031.

Cost Recovery

The Airport Authority receives cost recovery fees as reimbursement for terminal concessions program costs. including: the capital and operating costs of the Receiving and Distribution Center (RDC) located on the north side of the airfield; and marketing, storage, and other O&M Expenses related to the terminal concessions. This revenue decreased from $4.0 million in FY2020 to $1.7 million in FY2021. The decreases were driven by the reduction in traffic. In FY2022, FY2023, and FY2024 these revenues increased to $4.5 million, $4.7 million, and $5.6 million respectively, as activity began to return. These revenues are projected to increase to $8.3 million in FY2031 because of increased reimbursements from the larger concessions program.

4.10.13 | Parking and Ground Transportation Revenues

The Airport Authority receives revenues from the public parking lots at the Airport, ground transportation permit and trip fees from TNCs and other ground transportation users, and parking citation revenues. Parking and Ground Transportation revenues decreased from approximately $50.8 million in FY2020 to $27.5 million in FY2021, as a result of the reduction in passenger traffic. As passenger activity recovered, Parking and Ground Transportation revenues increased to $57.1 million in FY2022, $65.4 million in FY2023, and $72.5 million in FY2024.

Parking revenue and TNC trip fees together constituted 96.9 percent of total Parking and Ground Transportation revenue in FY2024. The following paragraphs discuss the trends in these two revenue sources:

Parking revenue, which accounted for 70.1 percent of total FY2024 Parking and Ground Transportation revenue, decreased from $36.4 million in FY2020 to $22.2 million in FY2021. Parking revenues increased to $44.2 million in FY2022, $46.3 million in FY2023, and $50.8 million in FY2024. The ratio of parking transactions per originating enplanement remained relatively consistent from FY2020 to FY2022, ranging between 0.10 and 0.11. In FY2023 and FY2024, the ratio declined to 0.08 and 0.07, most likely because of the reduced number of parking facilities and the construction at SAN. Parking revenue per originating enplanement increased from $4.20 in FY2020 to $4.87 in FY2021. Parking revenue per originating enplanement decreased to $4.72 in FY2022 and $4.15 in FY2023 before increasing to $4.33 in FY2024. As mentioned above, the decrease is a result in the reduced amount of parking at SAN during the construction period. Parking revenue is budgeted to increase to $55.0 million in FY2025, reflecting the expected increase in parking transactions from the opening of the first phase of the new parking structure. Parking revenue through the remainder of the forecast period is projected to increase based on estimated increases in parking transactions per originating enplanement, plus an assumed additional increase in parking transactions in FY2026, with the full parking structure being complete. Parking revenue is projected to increase to $74.6 million in FY2031.

TNC trip fees, which accounted for 26.8 percent of total FY2024 Parking and Ground Transportation revenue. At the beginning of FY2019, the Airport Authority set a $3.00 TNC pick-up fee and a $3.00 drop-off fee, and in FY2020, the pick-up and drop-off fees were each increased to $3.50. TNC transactions per originating enplanement decreased from 0.39 in FY2020 to 0.27 in FY2021, and revenue per originating enplanement decreased from $1.38 in FY2020 to $0.93 in FY2021. In FY2022, the ratios of transactions and revenue per originating enplanement were 0.32 and $1.11, respectively. In FY2023, TNC revenue per originating enplanement increased to $1.49 and TNC transactions per originating enplanement increased to 0.39. In FY2024, TNC revenue per originating enplanement increased to $1.66 and TNC transactions per originating enplanement increased to 0.42. These increases were driven by changing passenger preferences that most likely were the response to increased rental car prices and reduced parking at SAN. TNC revenues increased from $4.4 million in FY2021 to $10.8 million in FY2022 as a result of increasing air traffic activity. TNC revenues increased to $16.6 million in FY2023, with an increase in the pick-up and drop-off fees to $3.75. In FY2024, the Airport Authority increased the pick-up and drop-off fee to $4.00, and as a result, the TNC revenues increased to $19.4 million. TNC revenues throughout the remainder of the forecast period are projected based on current ratios of transactions and revenue per originating enplanement with estimated increases in the ratios with assumed future modest increases in TNC per-trip fees assumed for the revenue projections. The TNC per-trip rates are assumed to increase in FY2026 and FY2027 to $4.50 and $5.00 respectively. TNC revenues are projected to increase to $27.1 million in FY2031.

Based on the assumptions described above, total Parking and Ground Transportation revenues, including Parking revenue, TNC trip fees, and other Ground Transportation revenues are projected to increase to $105.4 million in FY2031.

4.10.14 | Ground Rental Revenues

The Airport Authority receives rentals for land parcels containing various facilities, including the RCC, FBO facilities, and facilities used by the passenger and all-cargo airlines. Ground and Non-Terminal Rentals increased from $18.9 million in FY2020 to $19.3 million in FY2020 and FY2021. These revenues increased in FY2022 to $23.3 million, $25.1 million in FY2023, and $26.4 million in FY2024 because the Airport Authority began to recover capital costs expended for the fuel consortium and O&M Expenses incurred for the Airline Support Building (ASB). This revenue category is projected to increase by an average of 1.9 percent per year to $30.5 million in FY2031.

4.10.15 | Other Operating Revenues

This revenue category includes curfew violation revenue, reimbursement of utility expenses, service charges, equipment rentals, non-airline remote aircraft parking fees, fingerprint revenue, and other miscellaneous revenues. These revenues decreased from $1.5 million in FY2020 to $1.3 million in FY2021 due to less activity. As activity recovered, these revenues increased to $3.0

million in FY2024. Other Operating Revenues are estimated to decrease to $2.8 million in FY2025 and $2.4 million in FY2026. Beginning in FY2027, these revenues are projected to relatively stable growing to $2.7 million in FY2031.

4.10.16 | Interest Income

The Airport Authority receives interest income on Airport Authority discretionary cash, promissory notes from the Port District, and the various bond funds and accounts established pursuant to the Master Senior Indenture and the Subordinate Indenture. Interest Income decreased from $17.8 million in FY2020 to $12.0 million in FY2021 as balances decreased. Interest income increased to $13.7 million due to higher cash balances in FY2022. Interest Income increased to $36.3 million in FY2023 because of the deposit of bond proceeds into the Construction Fund. Interest income increased to $67.0 million in FY2024, as a result of high cash balances and interest rates. Interest income is projected to increase to a high of $90.1 million in FY2025 due to the deposit of proceeds of the bond funds into the Construction Fund. Interest income will decrease through the remainder of the forecast period as funds are used for the construction of the new Terminal 1. Interest income is projected to be $30.6 million in FY2031.

4.11 | Key Financial Indicators

This sub-section discusses the projections of the following key financial indicators: (1) the application of Revenues pursuant to the provisions of the Master Senior Indenture and the Master Subordinate Indenture, (2) the Airport Authority's ability to satisfy the Additional Bonds Test, as evidenced by its ability to meet the Senior Rate Covenant and the Subordinate Rate Covenant; and (3) the airline cost per enplaned passenger (CPE).

4.11.1 | Application of Revenues

The projected application of Revenues pursuant to the provisions of the Master Senior Indenture is shown on Table 31. Revenues are applied in the order shown on Figure 53.

4.11.2 | Rate Covenants

The calculations of the Senior Rate Covenant and the Subordinate Rate Covenant, presented in Table 32, reflect the projected debt service of the Senior Bonds and the Subordinate Obligations after the issuance of the Senior Series 2025 Bonds.

Under the Master Senior Indenture, the Airport Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Net Revenues that will satisfy all the Airport Authority's obligations under the Master Senior Indenture, and that will at least equal 125 percent of aggregate annual debt service on the outstanding Senior Bonds (the Senior Rate Covenant). Under the Master Subordinate Indenture, the Airport Authority has covenanted to establish and collect fees and charges in each Fiscal Year which will generate Subordinate Net Revenues that will satisfy all the Airport Authority's obligations under the Master Subordinate Indenture, and that will at least equal 110 percent of aggregate annual debt service on the outstanding Subordinate Obligations (the Subordinate Rate Covenant).

Net Revenues are defined in the Master Senior Indenture as Revenues minus O&M Expenses. Subordinate Net Revenues are defined in the Master Subordinate Indenture as Net Revenues minus deposits to the Debt Service Funds for the payment of debt service on the Senior Bonds and any reserve fund deposits required pursuant to the Master Senior Indenture.

Table 31 | Application of Revenues

Calculation Elements	Fiscal Years Ending June 30						
	Estimate	Projected					
	2025	2026	2027	2028	2029	2030	2031
Airport Revenues	$527,347,300	$576,350,859	$579,430,894	$609,091,027	$641,772,912	$681,928,965	$705,705,213
Application of Airport Revenues							
Operation & Maintenance Subccount	$205,755,717	$237,288,143	$249,408,640	$264,520,349	$281,088,797	$291,172,217	$301,650,515
Senior Obligation Debt Service	4,186,282	34,631,628	37,404,798	91,196,687	130,461,150	137,489,750	145,738,000
PFCs Applied to Senior GARB Debt Service	-	(24,071,458)	(30,631,762)	(26,353,069)	(41,293,685)	(16,298,380)	(15,470,857)
Senior Debt Service net of PFCs	4,186,282	10,560,169	6,773,036	64,843,618	89,167,465	121,191,370	130,267,143
Debt Service Reserve Funds	-	-	-	-	-	-	-
Subordinate Obligation Debt Service	92,563,339	140,754,471	156,992,192	156,995,192	156,992,442	157,484,692	174,451,299
PFCs Applied to Subordinate GARB Debt Service	-	(32,467,314)	(34,781,848)	(34,783,232)	(34,781,615)	(34,779,720)	(42,601,843)
Subordinate Debt Service, net of PFCs	92,563,339	108,287,158	122,210,344	122,211,960	122,210,827	122,704,972	131,849,456
Subordinate Debt Service Reserve Funds	-	-	-	-	-	-	-
O&M Reserve Subaccount	4,197,079	7,883,106	3,030,124	3,777,927	4,142,112	2,520,855	2,619,574
Renewal and Replacement Subaccount	-	-	-	-	-	-	-
Airport Revenue Fund	220,644,883	212,332,283	198,008,749	153,737,173	145,163,711	144,339,551	139,318,525
Total Airport Revenues Applied	$527,347,300	$576,350,859	$579,430,894	$609,091,027	$641,772,912	$681,928,965	$705,705,213

Source: Airport Authority records and Unison Consulting, Inc.

Table 32 | Projected Debt Service Coverage

Calculation Elements	Fiscal Years Ending June 30						
	Estimate	Projected					
	2025	2026	2027	2028	2029	2030	2031
Senior Bonds:							
Revenues	$527,347,300	$576,350,859	$579,430,894	$609,091,027	$641,772,912	$681,928,965	$705,705,213
Minus O&M Expenses	(205,755,717)	(237,288,143)	(249,408,640)	(264,520,349)	(281,088,797)	(291,172,217)	(301,650,515)
Net O&M Expenses	(205,755,717)	(237,288,143)	(249,408,640)	(264,520,349)	(281,088,797)	(291,172,217)	(301,650,515)
Net Revenues	$321,591,583	$339,062,717	$330,022,253	$344,570,678	$360,684,115	$390,756,748	$404,054,699
Senior Bonds Debt Service	$4,186,282	$34,631,628	$37,404,798	$91,196,687	$130,461,150	$137,489,750	$145,738,000
Minus PFCs	-	(24,071,458)	(30,631,762)	(26,353,069)	(41,293,685)	(16,298,380)	(15,470,857)
Senior Bonds Debt Service, Net	$4,186,282	$10,560,169	$6,773,036	$64,843,618	$89,167,465	$121,191,370	$130,267,143
Senior Bonds Debt Service Coverage [1]	**76.82**	**32.11**	**48.73**	**5.31**	**4.05**	**3.22**	**3.10**
Subordinate Bonds:							
Senior Lien Net Revenues	$321,591,583	$339,062,717	$330,022,253	$344,570,678	$360,684,115	$390,756,748	$404,054,699
Minus Senior Bonds Debt Service, Net	($4,186,282)	($10,560,169)	($6,773,036)	($64,843,618)	($89,167,465)	($121,191,370)	($130,267,143)
Subordinate Lien Net Revenues	$317,405,301	$328,502,547	$323,249,218	$279,727,060	$271,516,650	$269,565,378	$273,787,555
Subordinate Debt Service	92,563,339	140,754,471	156,992,192	156,995,192	156,992,442	157,484,692	174,451,299
Minus PFCs	-	(32,467,314)	(34,781,848)	(34,783,232)	(34,781,615)	(34,779,720)	(42,601,843)
Subordinate Debt Service, Net	92,563,339	108,287,158	122,210,344	122,211,960	122,210,827	122,704,972	131,849,456
Subordinate Debt Service Coverage	**3.43**	**3.03**	**2.65**	**2.29**	**2.22**	**2.20**	**2.08**
Total Debt Service, Net	$96,749,621	$118,847,327	$128,983,380	$187,055,577	$211,378,292	$243,896,342	$262,116,599
Total Debt Service Coverage	**3.32**	**2.85**	**2.56**	**1.84**	**1.71**	**1.60**	**1.54**
Net Revenues plus PFCs and Federal Rel	$321,591,583	$395,601,489	$395,435,863	$405,706,979	$436,759,415	$441,834,848	$462,127,399
Total Debt Service	96,749,621	175,386,099	194,396,990	248,191,878	287,453,592	294,974,442	320,189,299
Coverage - Revenue Method	**3.32**	**2.26**	**2.03**	**1.63**	**1.52**	**1.50**	**1.44**

Source: Airport Authority records and Unison Consulting, Inc.

The Airport Authority is not allocating PFCs to debt service from FY2023 through FY2025, in order to preserve its PFC capacity until later years, after the capitalized interest period ends on the Senior Series 2025 Bonds, the Senior Series 2023 Bonds, and the Subordinate Series 2021 Bonds. Currently, the Airport Authority plans to allocate a total of $368.3 million in PFCs to debt service (Senior and Subordinate) in FY2026 through FY2031. The amount of PFCs applied to pay debt service on the Senior Bonds or the Subordinate Obligations reduces the debt service for purposes of the Rate Covenant calculations.

Debt service coverage calculated according to the Senior Rate Covenant is projected to equal at least 3.10 times throughout the forecast period. Debt service coverage calculated according to the Subordinate Rate Covenant is projected to equal at least 2.08 times throughout the forecast period. Therefore, the Airport Authority is projected to satisfy the coverage requirements for both the Master Senior Indenture and the Master Subordinate Indenture.

Total debt service coverage (reflecting Senior Bonds and Subordinate Obligations) is projected to remain at or above 1.54 times throughout the forecast period.

The Revenue Method Debt Service coverage is calculated by dividing the Net Revenues plus PFCs and Federal Relief funds applied to debt by the Total Debt Service (Total Debt Service, reflecting Senior Bonds and Subordinate Obligations). According to the Revenue Method, the debt service coverage is projected to remain at or above 1.44 times throughout the forecast period.

4.11.3 | PFC Cash Flow

The projected PFC cash flow is presented on Table 33. The projections assume the PFC collection level will remain at the current rate of $4.50. PFC collections, net of the airline collection fee, are projected to increase from $51.9 million in FY2025 to $57.0 million in FY2031.

As discussed above, the Airport Authority did not allocate PFCs to debt service in FY2023, FY2024 or FY2025, to preserve its PFC revenues until later years, after the capitalized interest period ends on the Senior Series 2025 Bonds, the Senior Series 2023 Bonds, and the Subordinate Series 2021 Bonds. Currently, the Airport Authority plans to allocate the following amounts to debt service: $56.5 million in FY2026, $65.4 million in FY2027, $61.1 million in FY2028, $76.1 million in FY2029, $51.1 million in FY2030, and $58.1 million in FY2031.

The Airport Authority plans to apply an annual amount to fund a portion of the Quieter Home Program, in the amount of $3.1 million in FY2025, $3.5 million per year in FY2026 and FY2027, and $3.0 million per year from FY2028 through FY2031.

The balance in the PFC Fund is projected to decrease from $212.6 million at the end of FY2025 to $171.3 million in FY2031.

Table 33 | Projected PFC Cash Flow

Calculation Elements	Fiscal Years Ending June 30						
	Estimate	Projected					
	2025	2026	2027	2028	2029	2030	2031
PFC Collections							
Projected Enplanements	12,842,719	12,954,800	12,994,848	13,216,681	13,530,643	13,832,151	14,114,187
% Eligible	89.8%	89.8%	89.8%	89.8%	89.8%	89.8%	89.8%
PFC Eligible Enplanements	11,535,100	11,635,800	11,671,700	11,871,000	12,153,000	12,423,800	12,677,100
Gross PFC Collections							
$4.50 Per Eligible EP	$51,908,000	$52,361,100	$52,522,700	$53,419,500	$54,688,500	$55,907,100	$57,047,000
Less: Airline Collection Fee							
$0.11 Per Eligible EP	(1,268,900)	(1,279,900)	(1,283,900)	(1,305,800)	(1,336,800)	(1,366,600)	(1,394,500)
Net PFC Collections	$50,639,100	$51,081,200	$51,238,800	$52,113,700	$53,351,700	$54,540,500	$55,652,500
PFC Fund							
Beginning Balance	$158,418,961	$212,637,070	$211,168,136	$199,646,749	$191,535,975	$169,421,954	$173,311,691
Net PFC Collections	50,639,100	51,081,200	51,238,800	52,113,700	53,351,700	54,540,500	55,652,500
Amounts Applied to:							
Debt Service	-	(56,538,772)	(65,413,610)	(61,136,301)	(76,075,300)	(51,078,100)	(58,072,700)
PFC Pay-Go	-	-	-	-	-	-	-
Quieter Home Program	(3,100,000)	(3,500,000)	(3,508,800)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Interest Income	6,679,009	7,488,638	6,162,223	3,911,827	3,609,579	3,427,336	3,446,497
Ending Balance	$212,637,070	$211,168,136	$199,646,749	$191,535,975	$169,421,954	$173,311,691	$171,337,988

Source: Airport Authority records and Unison Consulting, Inc.

4.11.4 | Airline Cost per Enplanement

An important component of the financial feasibility report is an assessment of how the planned capital improvements and the related financings will affect airline rates and charges, as measured through the CPE. The projected CPE through FY2031 is presented on Table 34. The FY2024 CPE was $17.11. The CPE is projected to increase due to higher airline rates and charges that occur because of the additional O&M Expenses and debt service costs, as described above. The CPE is projected to increase to $29.43 in FY2031.

Several large hub airports reported a CPE in 2023 at or above $25, including LAX, JFK, EWR, and ORD. A few other large hub airports that reported a CPE in the $15 to $20 range will likely experience an increase in CPE as they implement future capital improvements. As of 2023, the average large hub CPE is $14.78.[64] Therefore, SAN's projected CPE reflecting the completion of the new Terminal 1 appears to be reasonable in light of industry trends.

[64] According to the FAA's CATS Report 127. The report states that data from 30 large hub commercial service airports was included.

Table 34 | Projected Airline Cost per Enplanement

Calculation Elements	Fiscal Years Ending June 30						
	Estimate	Projected					
	2025	2026	2027	2028	2029	2030	2031
Landing Fees	$57,764,465	$57,342,008	$59,003,356	$61,540,078	$67,621,324	$70,945,705	$77,856,376
Aircraft Parking Fees	$12,401,582	$12,371,654	$12,731,313	$13,226,237	$14,523,816	$15,229,327	$16,709,560
Terminal Rents	161,901,161	202,831,114	214,893,978	259,780,448	281,239,647	309,651,655	321,779,818
Incentive Fees	(2,078,912)	(2,500,000)	(2,500,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Total Airline Revenue [1]	**$229,988,296**	**$270,044,777**	**$284,128,648**	**$333,546,764**	**$362,384,786**	**$394,826,686**	**$415,345,754**
Enplanements	12,842,719	12,954,800	12,994,848	13,216,681	13,530,643	13,832,151	14,114,187
Cost Per Enplanement	**$17.91**	**$20.85**	**$21.86**	**$25.24**	**$26.78**	**$28.54**	**$29.43**

Source: Unison Consulting, Inc.

[1] Total Airline Revenue excludes cargo landing fees and airline lounge rental fees.

4.11.5 | Sensitivity Analysis

A sensitivity analysis was prepared using the low enplanement forecast scenario presented in Section 3. The projections of the key financial variables under the sensitivity analysis, and for comparative purposes, the base enplanement forecast scenario, are summarized on Table 35. Under the low enplanement forecast scenario, the senior debt service coverage and subordinate debt service coverage will be at least 3.05 times and 2.02 times debt service, respectively, throughout the forecast period. The landing fee rate is projected to rise to a high of $5.10 (in FY2031), and the airline cost per enplanement is projected to increase to a high of $30.71 (in FY2031). The projected airline costs under the low enplanement forecast scenario would still be reasonable considering that the projections reflect the estimated costs of the Capital Program. Under the low forecast scenario, the PFC Fund balance is projected to equal $154.2 million in FY2031.

Table 35 | Key Financial Projections for Sensitivity Analysis

	For Fiscal Years Ending June 30					
	2026	2027	2028	2029	2030	2031
Base Forecast						
Net Revenues	$339,062,717	$330,022,253	$344,570,678	$360,684,115	$390,756,748	$404,054,699
Debt Service Coverage						
Senior	32.11	48.73	5.31	4.05	3.22	3.10
Subordinate	3.03	2.65	2.29	2.22	2.20	2.08
Total	2.85	2.56	1.84	1.71	1.60	1.54
Landing Fee Rate	$3.90	$4.00	$4.11	$4.41	$4.53	$4.88
Airline Cost per Enplanement	$20.85	$21.86	$25.24	$26.78	$28.54	$29.43
PFC Fund Balance	$211,168,136	$199,646,749	$191,535,975	$169,421,954	$173,311,691	$171,337,988
Days Cash on Hand	959	978	955	830	680	634
Low Forecast						
Net Revenues	$329,073,942	$319,822,232	$337,899,599	$354,815,567	$384,558,096	$396,961,816
Debt Service Coverage						
Senior	31.16	47.22	5.21	3.98	3.17	3.05
Subordinate	2.94	2.56	2.23	2.17	2.15	2.02
Total	2.77	2.48	1.81	1.68	1.58	1.51
Landing Fee Rate	$4.12	$4.26	$4.28	$4.58	$4.71	$5.10
Airline Cost per Enplanement	$22.34	$23.37	$26.34	$27.80	$29.66	$30.71
PFC Fund Balance	$206,696,884	$191,788,048	$181,361,644	$157,123,394	$158,743,059	$154,181,100
Days Cash on Hand	943	963	946	822	673	626

Source: Unison Consulting, Inc.

4.12 | Summary

The following points highlight the significant findings of the financial analysis contained in this section:

- Debt service coverage calculated according to the Senior Rate Covenant is projected to equal at least 3.10 times debt service during the forecast period.
- Debt service coverage calculated according to the Subordinate Rate Covenant is projected to equal at least 2.08 times debt service during the remainder of the forecast period.
- The airline CPE is projected to remain reasonable, remaining under $29.43 during the forecast period.
- PFC revenues are projected to increase from $51.9 million in FY2025 to $57.0 million in FY2031. Beginning in FY2026, the Airport Authority plans to apply PFCs to offset a portion of the annual debt service. The PFC fund balance is projected to decrease from $158.4 million at the beginning of FY2025 to a low of $169.4 million in FY2029 and ending the forecast period in FY2031 at $171.3 million.

Under the low enplanement forecast scenario, senior debt service coverage and subordinate debt service coverage are projected to remain well above the minimum requirements throughout the forecast period. The airline cost per enplanement is projected to reach a high of $30.71, and the PFC fund balance is projected to equal $154.2 million in FY2031.

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "***Certificate***") is executed and delivered by the San Diego County Regional Airport Authority (the "***Airport Authority***") in connection with the issuance of its (a) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT) (the "***Senior Series 2025A Bonds***"), and (b) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT) (the "***Senior Series 2025B Bonds***," and together with the Senior Series 2025A Bonds, the "***Senior Series 2025 Bonds***"). The Senior Series 2025 Bonds are being issued pursuant to the Master Trust Indenture, dated as of November 1, 2005, as amended (the "***Master Senior Indenture***"), by and between the Airport 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 (the "***Senior Trustee***"), and the Sixth Supplemental Trust Indenture, dated as of ________ 1, 2025 (the "***Sixth Supplemental Senior Indenture***," and collectively with the Master Senior Indenture and all supplements thereto, the "***Senior Indenture***"), by and between the Airport Authority and the Senior Trustee. Additionally, the Senior Series 2025 Bonds have been authorized by Resolution No. 2025-______ adopted by the board of directors of the Airport Authority on June 5, 2025 (the "***Resolution***"). The Senior Series 2025 Bonds are being issued pursuant to Section 170000 et seq. of the California Public Utilities Code (the "***Act***"), and in accordance with 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.

In consideration of the purchase of the Senior Series 2025 Bonds by the Participating Underwriter (as defined below), the Airport Authority covenants and agrees as follows:

Section 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Airport Authority for the benefit of the Holders and Beneficial Owners of the Senior Series 2025 Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Senior Indenture, which apply to any capitalized term used in this Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the Airport Authority pursuant to, and as described in, Sections 3 and 4 hereof.

"*Beneficial Owner*" means any person which (a) has or shares the power, directly or indirectly, to vote or consent with respect to, to make investment decisions concerning the ownership of, or to dispose of ownership of, any Senior Series 2025 Bonds (including persons holding Senior Series 2025 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Senior Series 2025 Bonds for federal income tax purposes.

"*Dissemination Agent*" means the Airport Authority, or any successor Dissemination Agent designated in writing by the Airport Authority and which has filed with the Airport Authority a written acceptance of such designation.

"*EMMA System*" means the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"*Financial Obligation*" shall mean, for purposes of the Listed Events set forth in Sections 5(a)(10) and (5)(b)(8) hereof, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"*Holders*" means either the registered owners of the Senior Series 2025 Bonds, or if the Senior Series 2025 Bonds are registered in the name of The Depository Trust Company or other recognized securities depository, any applicable participant in its depository system.

"*Listed Events*" means any of the events listed in Sections 5(a) and 5(b) hereof.

"*MSRB*" means the Municipal Securities Rulemaking Board, or any successor thereto.

"*Obligated Person*" means the Airport Authority and each airline or other entity using the Airport System under a lease or use agreement extending for more than one year from the date in question and including bond debt service as part of the calculation of rates and charges, under which lease or use agreement such airline or other entity has paid amounts equal to at least 20% of the Revenues of the Airport System for the prior two Fiscal Years of the Airport Authority. At the time of issuance of the Senior Series 2025 Bonds, the Airport Authority is the only Obligated Person.

"*Official Statement*" means the Official Statement, dated ___________, 2025, prepared and distributed in connection with the initial sale of the Senior Series 2025 Bonds.

"*Participating Underwriter*" means any of the original underwriters of the Senior Series 2025 Bonds required to comply with the Rule in connection with the offering of the Senior Series 2025 Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State*" means the State of California.

Section 3. Provision of Annual Reports.

(a) The Airport Authority shall provide, or shall cause the Dissemination Agent to provide, to the MSRB through the EMMA System (in an electronic format and accompanied by identifying information all as prescribed by the MSRB) an Annual Report which is consistent with the requirements of Section 4 hereof by not later than 181 days after the end of the Airport Authority's fiscal year in each fiscal year. The Airport Authority's first Annual Report shall be due December 28, 2025. Not later than 15 Business Days prior to said date, the Airport Authority shall provide the Annual Report to the Dissemination Agent (if other than the Airport Authority). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 hereof. The audited financial statements of the Airport Authority may be submitted separately from the balance of the Annual Report if they are not available by the date of submission, provided such financial statements are submitted within 210 days after the end of the Airport Authority's fiscal year. If the Airport Authority's fiscal year changes, the Airport Authority, upon becoming aware of such change, shall give notice of such change in the same manner as for a Listed Event under Section 5(e) hereof.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Dissemination Agent (if other than the Airport Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Airport Authority to determine if the Airport Authority is in compliance with subsection (a).

(c) If the Airport Authority is unable to provide to the MSRB or the Dissemination Agent (if other than the Airport Authority), an Annual Report by the date required in subsection (a), the Airport Authority shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent (if other than the Airport Authority) shall confirm in writing to the Airport Authority that the Annual Report has been filed as required hereunder, stating the date filed.

Section 4. Content of Annual Reports.

(a) The Airport Authority's Annual Report shall contain or incorporate by reference the following, updated to incorporate information for the most recent fiscal or calendar year, as applicable (the tables referred to below are those appearing in the Official Statement relating to the Senior Series 2025 Bonds, unless otherwise noted):

(i) Audited financial statements of the Airport Authority, updated to incorporate information for the most recent fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Airport Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Airport Authority, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available;

(ii) Outstanding principal amounts of the Senior Bonds (including the Senior Series 2023 Bonds and the Senior Series 2025 Bonds) and the Subordinate Obligations (including the Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2020 Bonds, the Senior Series 2021 Bonds and the Subordinate Revolving Obligations);

(iii) Table 4 — San Diego County Regional Airport Authority, Future Rental Commitments;

(iv) Table 5 — San Diego International Airport, Air Carriers Serving San Diego International Airport;

(v) Table 6 — San Diego International Airport, Total Enplanements and Deplanements;

(vi) Table 7 — San Diego International Airport, Revenue Operations;

(vii) Table 8 — San Diego International Airport, Historical Enplaned and Deplaned Freight and U.S. Mail Cargo;

(viii) Table 9 — San Diego International Airport, Enplanements by Air Carriers;

(ix) Table 10 — San Diego International Airport, Total Revenue Landed Weight;

(x) Table 13 — San Diego County Regional Airport Authority, Investments;

(xi) Table 14 — San Diego County Regional Airport Authority, Statements of Revenues, Expenses and Change in Net Position;

(xii) Table 15 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Providers;

(xiii) Table 16 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Sources;

(xiv) Table 17 — San Diego County Regional Airport Authority, Historical Senior and Subordinate Debt Service Coverage;

(xv) Table 18 — San Diego International Airport, Airline Derived Revenue Per Passenger;

(xvi) Table 20 — San Diego County Regional Airport Authority, Approved PFC Applications; and

(xvii) Table 21 — San Diego County Regional Airport Authority, Annual Receipt of PFCs.

(b) All or any portion of the information of the Annual Report may be incorporated in the Annual Report by cross reference to any other documents which have been filed with the MSRB.

(c) Information contained in an Annual Report for any fiscal year containing any modified operating data or financial information (as contemplated by Section 8 hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Report being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Report shall present a comparison between the financial statements or information prepared on the basis of modified accounting principles and those prepared on the basis of former accounting principles.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Airport Authority or related public entities, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Airport Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The Airport Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Senior Series 2025 Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions with respect to the tax status of the Senior Series 2025 Bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to the Senior Series 2025A Bonds and/or the Senior Series 2025B Bonds;

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the Obligated Person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Department, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

(b) The Airport Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Senior Series 2025 Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Senior Series 2025 Bonds or other material events affecting the tax status of the Senior Series 2025 Bonds;

2. Modifications to rights of the Beneficial Owners or Holders of the Senior Series 2025 Bonds;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Senior Series 2025 Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

8. Incurrence of a Financial Obligation of the Airport Authority, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Airport Authority, any of which affect security holders;

(c) The Airport Authority shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3(a) hereof, as provided in Section 3 hereof.

(d) Whenever the Airport Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Airport Authority shall determine if such event would be material under applicable federal securities laws.

(e) If the Airport Authority learns of an occurrence of a Listed Event described in Section 5(a) hereof, or determines that knowledge of a Listed Event described in Section 5(b) hereof would be material under applicable federal securities laws, the Airport Authority shall within ten business days of occurrence file a notice of such occurrence with the MSRB through the EMMA System in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in (b)(3) need not be given under this subsection any earlier than the notice of such event is given to Beneficial Owners and Holders of the affected Senior Series 2025 Bonds pursuant to the Senior Indenture.

(f) The Airport Authority intends to comply with the Listed Events described in Sections 5(a)(10) and 5(b)(8) hereof, and the definition of "Financial Obligation" in Section 2 hereof, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the SEC in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the SEC or its staff with respect the amendments to the Rule effected by the 2018 Release.

Section 6. Termination of Reporting Obligation. The Airport Authority's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment of amounts fully sufficient to pay and discharge the Senior Series 2025 Bonds, or upon delivery to the Dissemination Agent (if other than the Airport Authority) of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Senior Series 2025 Bonds, the Airport Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5(e) hereof.

Section 7. Dissemination Agent. From time to time, the Airport Authority may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Airport Authority) shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out of pocket expenses (including, but not limited to, attorneys' fees). The Dissemination Agent (if other than the Airport Authority) shall not be responsible in any manner for the content of any notice or report prepared by the Airport Authority pursuant to this Certificate.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the Airport Authority may amend this Certificate, and any provision of this Certificate may be waived, provided that all of the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or in interpretations thereof, or change in the identity, nature or status of an Obligated Person with respect to the Senior Series 2025 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Senior Series 2025 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Senior Series 2025 Bonds in the same manner as provided in the Senior Indenture for amendments to the Senior Indenture with the consent of Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners of the Senior Series 2025 Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Airport Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Airport Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Airport Authority from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the Airport Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Certificate, the Airport Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Airport Authority to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Senior Series 2025 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Airport Authority or the Dissemination Agent (if other than the Airport Authority), as the case may be, to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Senior Indenture and the sole remedy under this Certificate in the event of any failure of the Airport Authority or the Dissemination Agent (if other than the Airport Authority) to comply with this Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent (if other than the Airport Authority) shall have only such duties as are expressly and specifically set forth in this Certificate, and the Airport Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any claims, losses, expenses and liabilities which such Dissemination Agent may incur arising out of or in the exercise or performance of the powers and duties given to the Dissemination Agent hereunder, including the costs and expenses (including attorneys' fees) of defending, in any manner or forum, against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, subject to the Senior Indenture. The obligations of the Airport Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Senior Series 2025 Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Airport Authority, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Senior Series 2025 Bonds, and shall create no rights in any other person or entity.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the undersigned has hereunto signed and executed this Continuing Disclosure Certificate this ___ day of _________________, 2025.

SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY

By ____________________________________
Scott M. Brickner
Vice President, Chief Financial Officer

Approved as to form:

By _________________________________
Amy Gonzalez
General Counsel

[Signature page to Continuing Disclosure Certificate]

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Diego County Regional Airport Authority

Name of Bond Issue: Senior Airport Revenue Bonds, Series 2025A (Governmental/Non-AMT)

Senior Airport Revenue Bonds, Series 2025B (Private Activity/AMT)

Date of Issuance: _________, 2025

CUSIP: 79739G___

NOTICE IS HEREBY GIVEN that the San Diego County Regional Airport Authority (the "Airport Authority") has not provided an Annual Report with respect to the above named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated ___________, 2025, executed by the Airport Authority for the benefit of the holders and beneficial owners of the above referenced bonds. The Airport Authority anticipates that the Annual Report will be filed by _________, 20__.

Dated:________________________

SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY

By ___________________________________
Authorized Representative

Item 23

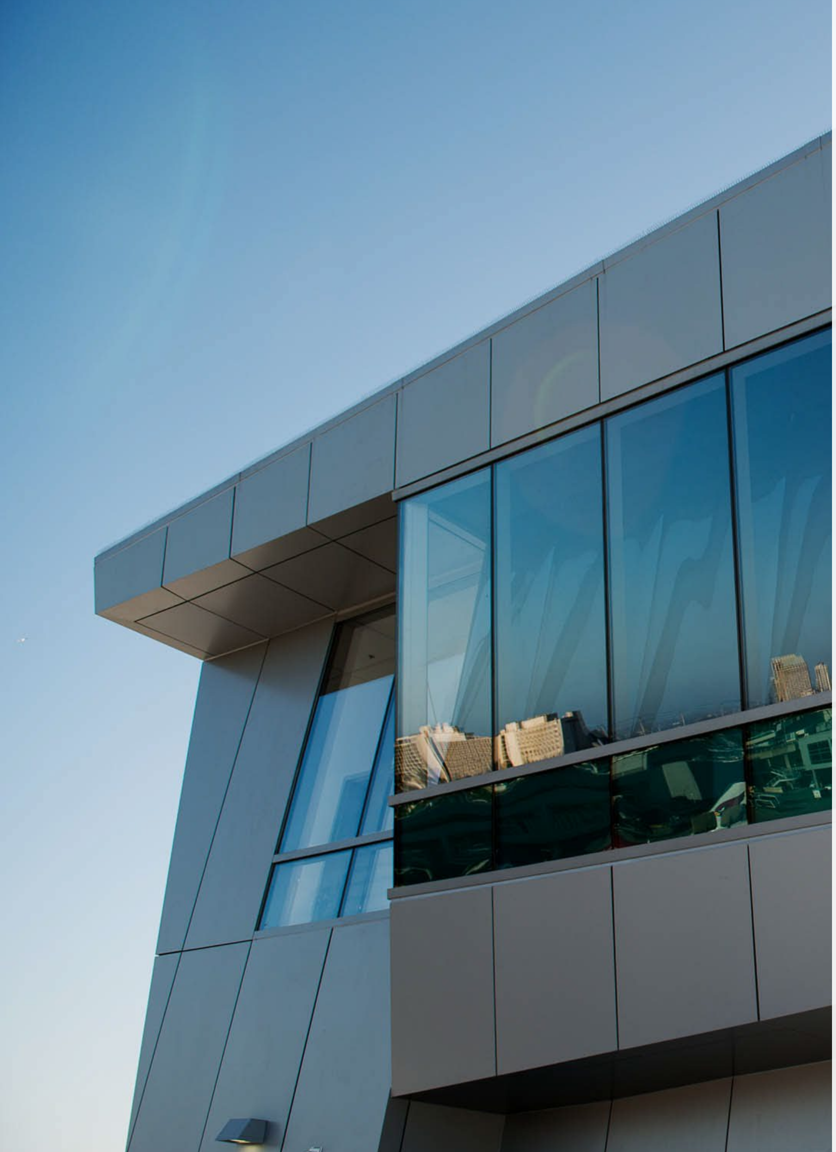
San Diego County Regional Airport Authority

Senior Airport Revenue Bonds Series 2025A (Non-AMT)

Senior Airport Revenue Bonds Series 2025B (AMT)

BOARD: June 5, 2025

Presenter: Geoff Bryant Finance Manager



Introduction

The Airport Authority plans to price Senior Lien General Airport Revenue (GARBs)in Mid-June or July to:

- Complete The bond funding for the New T1 Projects, and
- Pay cost of issuance, capitalized interest and fund required reserves

Staff is seeking Board Approval to issue up to $1.0 Billion of 2025 Senior GARB Bonds

The Capital Program

In January 2024, the Board adopted the revised NT1 Budget of $3.834 Billion

The NT1 Budget remains unchanged in the proposed FY26-30 Capital Program

NT1 is funded with $3.2 billion of airport revenue bonds, including prior bonds and the proposed 2025 Bonds

(in millions)	
New T1 Program	**TOTAL**
Airport Revenue Bonds	$ 3,198
Airport Cash	312
Federal Grants	310
Other	13
New T1 Program Total	**$ 3,834**
Capital Improvement Program (CIP)	
Airport Revenue Bonds	$ 292
Airport Cash	246
Major Maintenance Funds	85
Federal Grants	61
Other	5
CIP Total	**$ 689**
Total Capital Program [1]	**$ 4,523**

[1]Pending Board approval June 2025.

SAN DIEGO INTERNATIONAL AIRPORT

LET'S GO.

Planned 2025 Debt Issuance

- Previously, the Authority issued Senior Series 2023 Bonds and Subordinate Series 2021 Bonds to fund portions the New T1

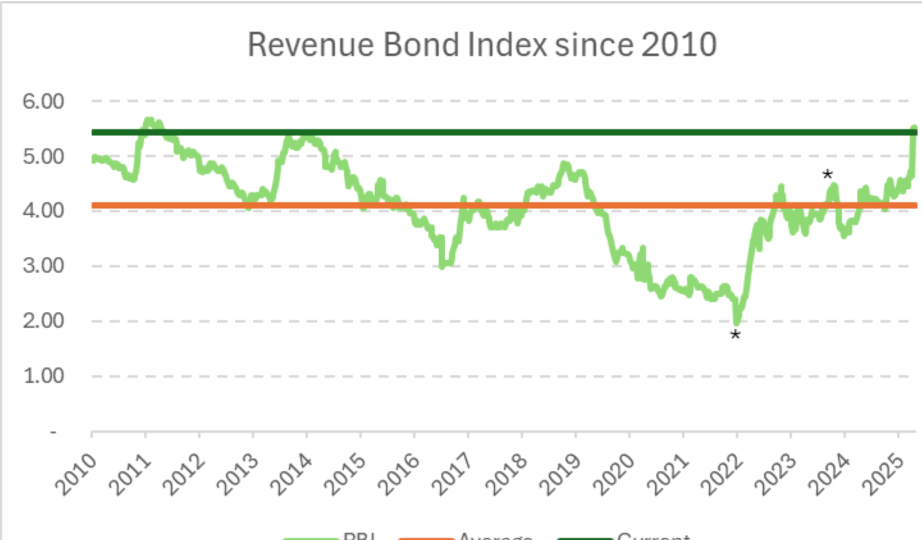
- Authority has available Debt Funds until middle of 2026

- The Authority is seeking to mitigate future market risks by issuing in mid-2025

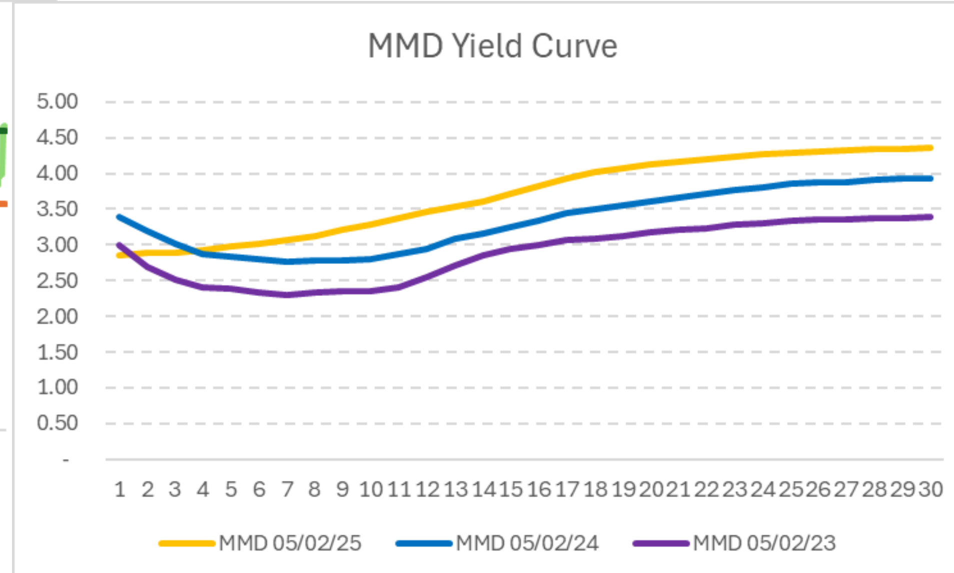
- Some uncertainty remains about potential proposals to limit or eliminate the tax-exempt status of municipal bonds in general or targeted toward private activity (AMT) bonds

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Municipal Bond Market



* timing of 2021 and 2023 Bond issuances



The municipal market has experienced recent volatility due to risks and uncertainties over tariff policies, and interest rates are higher since the 2023 bond issue, but remain below interest rates assumed when the NT1 plan of finance was developed

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Planned 2025 Debt Issuance

Preliminary estimates (in millions)

	Prior Bonds	Proposed 2025 Bonds[1]	Total
Debt issuance	$ 3,024	$ 867	$ 3,891
Interest earnings [2]	$ 68	81	148
Total Sources	**$ 3,092**	**$ 947**	**$ 4,039**
			-
Project Funds NT1	2,479	$ 720	3,198
Project Funds Other/refunding	103	-	103
Capitalized Interest Fund Deposit	336	$ 163	499
Reserve Fund Deposit	165	$ 60	225
Costs of Issuance	9	$ 4	13
Total Uses	**$ 3,092**	**$ 947**	**$ 4,039**

[1]Pending Board approval June 5 2025

[2]Interest earned on series 21, 23 and estimated interest on series 25 bonds project funds

- New T1 Plan of Finance includes estimated $3.9 Billion of debt, which funds $3.2 Billion of Project costs plus COI, capitalized interest and reserve deposits
- The 2025 Bonds are the final issuance for NT1 and will mitigate future risks
- The bond sizing will depend on updated project cashflows, anticipated interest earning and market conditions

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Airport Authority's GARB Debt Profile*

Outstanding Debt	Lien	Par ($Millions)	Term	Tax Status	TIC
2017A	Subordinate	$ 128.1	2017-2047	Non-AMT	3.74%
2017B	Subordinate	127.0	2017-2047	AMT	3.74%
2019A	Subordinate	325.2	2031-2040	Non-AMT	3.35%
2019B	Subordinate	116.9	2020-2049	AMT	3.35%
2020A/B	Subordinate	160.9	2021-2040	Non-AMT	2.85%
2020C	Subordinate	20.3	2021-2040	AMT	2.85%
2021A	Subordinate	495.3	2026-2056	Non-AMT	3.34%
2021B	Subordinate	1,089.3	2026-2056	AMT	3.34%
2021C	Subordinate	278.3	2022-2043	Taxable	3.01%
2023A	Senior	72.4	2024-2058	Non-AMT	4.73%
2023B	Senior	987.3	2028-2058	AMT	5.20%
Total		**$3801.0**			
2025A	Senior	756.4	2028-2055	AMT	TBA
2025B	Senior	96.0	2028-2055	Non-AMT	TBA
Total		**$4,653.4**			

* 2014 Special Facility CFC Bonds not listed

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Principal Documents of the 2025 Bonds

DOCUMENT	PURPOSE OF DOCUMENT
Resolution	Authorizes the issuance of the Series 2025 and approves the bond financing documents
Continuing Disclosure Certificates	Sets forth the Authority's obligation to provide updated financial and operational information and notices of certain material events (as and if they occur) annually to Municipal Securities Rule Making Board
Supplemental Indenture Sixth Supplemental Trust Indenture (2025 Series Bonds)	**Supplements the Master Indenture[1] by presenting the specific terms and features of the Series 2025 GARBS and establishes:** The principal amounts, coupons and payment dates for the 2025 Bonds The funds and accounts for 2025 Bonds The redemption terms of 2025 Bonds

[1] This Master Indenture is the financing document that sets forth the general terms of the Authority's pledge of Net Revenues and provides for the terms and conditions upon which airport revenue obligations may be issued by the Authority

SAN DIEGO INTERNATIONAL AIRPORT.
LET'S GO.

Principal Documents of the 2025 Bonds

DOCUMENT	PURPOSE OF DOCUMENT
Official Statement (Preliminary & Final)	Discloses to investors information about the GARBs, the projects being financed with GARB proceeds and the Airport Authority's activities and financial condition
Bond Purchase Contract	Commits the Underwriters to purchase the bonds from the Authority, and the Authority to sell the bonds to the Underwriters at the publicly offered prices. Sets forth the conditions that must be met by the Authority prior to the Underwriters purchasing bonds.
Feasibility Report	Provides an independent forecast of traffic, revenues and expenses, and demonstrates the projected sufficiency of net revenues to repay the GARBs. The Financial Feasibility Report includes an enplanement forecast (Base and low), estimated net revenues and related metrics for the period FY25-F31. In the base forecast, estimates of debt service coverage remain above 1.4 times and Cost Per Enplanement remains below $30 through the forecast period.

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

The Authority's Team

ROLE	FIRM	PRINCIPAL TASKS
Bond/ Disclosure Counsel	***Kutak Rock***	• Prepares Indentures, Resolution and other bond documents, and provides Validity and Tax Opinions • Prepares Official Statement and provides 10(b)5 ("no material omission") opinion
Financial Advisor	***Frasca & Associates***	• Provides financial analysis, prepares Rating Agency materials, negotiates with Underwriters
Feasibility Consultant	***Unison Consulting***	• Prepares Report appended to the Official Statement that forecasts traffic and projects net revenues over the next five years in order to satisfy the "Additional Bonds Test" and the "Rate Covenant"

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

The Authority's Team

ROLE	FIRM	PRINCIPAL TASKS
Underwriters	***Bank of America (Sr Manager)*** ***Samuel A Ramirez (Co-Senior)*** ***Academy Securities*** ***Jefferies*** ***Morgan Stanley*** ***RBC Capital Markets*** ***Siebert Williams Shank & Co.*** ***Stern Brothers***	• Price and distribute Bonds to investors
Underwriters' Counsel	***Squire Patton Boggs***	• Prepares Bond Purchase Contracts and documents related to the underwriters
Trustee	***Bank of New York Mellon Trust***	• Holds funds that are pledged to Bondholders and takes action on their behalf

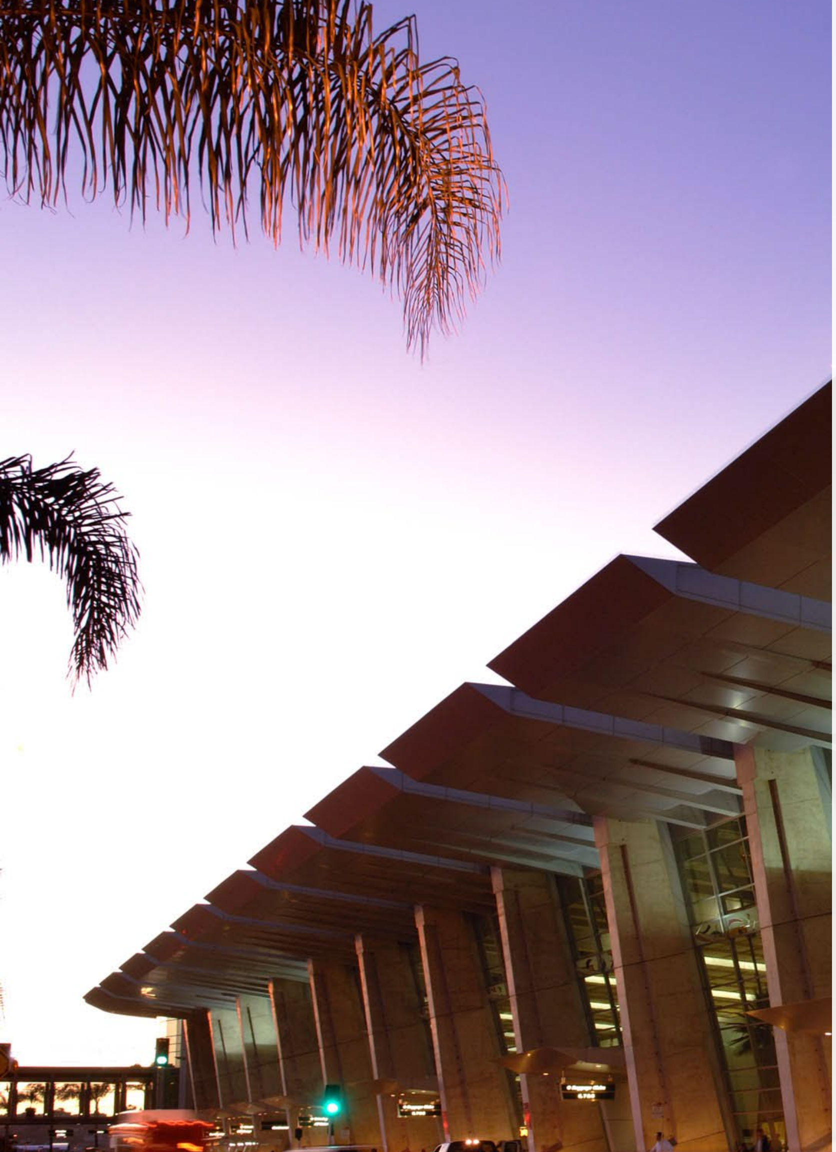
SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.

Preliminary Timeline for 2025 Bonds

DATE	EVENT	RESPONSIBLE PARTY
05/22/25	**Finance Committee** Meeting to Forward Item to Board	Finance Committee
06/05/25	**Board Meeting** to Approve Transaction	Authority Board
Week of 06/9/25	Receive Ratings & Post POS	Authority Staff, Financial Advisor
Posting POS to Pricing	Marketing Period	Underwriters, Authority Staff
Mid-June/Early July[1]	Price Bonds	Underwriters, Authority Staff, Financial Advisor
Late July	Closing & Delivery of 2025 bonds	Entire Team

[1]Currently anticipate Pricing in mid-June/ early July but market conditions may result in deferring pricing.

SAN DIEGO INTERNATIONAL AIRPORT. LET'S GO.



Recommendation

Staff is seeking Board Approval to issue up to $1.0 Billion of 2025 Senior GARB Bonds

SAN DIEGO
INTERNATIONAL AIRPORT
LET'S GO.

RESOLUTION NO. 2025-0043

RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED $1.0 BILLION IN AGGREGATE PRINCIPAL AMOUNT OF ONE OR MORE SERIES OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY SENIOR AIRPORT REVENUE BONDS; APPROVING THE FORMS OF A SIXTH SUPPLEMENTAL TRUST INDENTURE, PRELIMINARY AND FINAL OFFICIAL STATEMENTS, A PURCHASE CONTRACT AND A CONTINUING DISCLOSURE CERTIFICATE; 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) developing an airport land use compatibility plan or plans for the public use and military airports in the entire County, and (c) 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, Bonds (as defined in the Master Senior Indenture, and referred to herein as "Senior Bonds") for the purposes set forth in the Act and 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 that such Bonds be payable from and secured by Net Revenues (as defined in the Master Senior Indenture); and

WHEREAS, the Authority has determined that it is in its best interests to issue Senior Bonds in an aggregate principal amount not to exceed $1.0 billion in one or more separate series in accordance with the Master Senior Indenture; and

WHEREAS, the Authority has determined that each series of such Senior Bonds shall be designated as "San Diego County Regional Airport Authority Senior Airport Revenue Bonds Series 2025" (the "Senior Series 2025 Bonds"), with each series of the Senior Series 2025 Bonds being given a separate letter designation as shall be set forth in the hereinafter defined Sixth Supplemental Senior Indenture; and

WHEREAS, the proceeds from the sale of the Senior Series 2025 Bonds shall be used to provide funds to (a) finance certain capital improvements at San Diego International Airport ("Airport"), including a portion of the New T1 program, (b) fund one or more reserve funds for the Senior Series 2025 Bonds and/or purchase a reserve fund surety policy or policies if it is determined by the Vice President, Chief Financial Officer of the Authority that the purchase of a reserve fund surety policy or policies is in the best interest of the Authority, (c) pay a portion of the interest accruing on the Senior Series 2025 Bonds, the Authority's Senior Airport Revenue

Bonds Series 2023A/B (the “Senior Series 2023 Bonds”) and the Authority’s Subordinate Airport Revenue Bonds, Series 2021A/B (the “Subordinate Series 2021 Bonds”), (d) purchase a municipal bond insurance policy or policies, if it is determined by the Vice President, Chief Financial Officer of the Authority that the purchase of a municipal bond insurance policy or policies is in the best interest of the Authority, and (e) pay the costs of issuance of the Senior Series 2025 Bonds; and

WHEREAS, the Senior Series 2025 Bonds will be issued pursuant to the Act, certain other provisions of the laws of the State (including California Government Code §53580 *et seq*.), the Master Senior Indenture and the Sixth Supplemental Senior Indenture; and

WHEREAS, the Senior Series 2025 Bonds will be issued so that the interest paid on the Senior Series 2025 Bonds will be 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”); and

WHEREAS, there have been presented to the Board the following documents:

(a) a form of the Sixth Supplemental Trust Indenture (“Sixth Supplemental Senior Indenture”), to be entered into by and between the Authority and the Senior Trustee, with respect to the Senior Series 2025 Bonds;

(b) a form of the Purchase Contract (“Purchase Contract”), to be entered into by and between BofA Securities Inc., on its own behalf and on behalf of Samuel A. Ramirez & Co., Inc., Academy Securities, Inc., Jefferies LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Siebert Williams Shank & Co., LLC, and Stern Brothers & Co. (collectively, the “Underwriters”) and the Authority with respect to the purchase and sale of the Senior Series 2025 Bonds;

(c) a form of the Preliminary Official Statement (including the Financial Feasibility Report, prepared by Unison Consulting, Inc., to be contained therein as Appendix A) (“Preliminary Official Statement”) relating to the Senior Series 2025 Bonds; and

(d) a form of the Continuing Disclosure Certificate ("Continuing Disclosure Certificate") to be entered into by the Authority with respect to the Senior Series 2025 Bonds;

WHEREAS, said documents will be modified and amended to reflect the various details applicable to the Senior Series 2025 Bonds and said documents are subject to completion to reflect the results of the sale of the Senior Series 2025 Bonds and the results of the invitation to tender and purchase of the Subordinate Series 2021C Bonds, if any; and

WHEREAS, Section 5852.1 of the California Government Code requires that the governing body of a public body obtain from an underwriter, municipal advisor or private lender and disclose, prior to authorizing the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

NOW, THEREFORE, BE IT RESOLVED that the Board of the San Diego County Regional Airport Authority:

Section 1. Issuance of Senior Series 2025 Bonds; Terms of Senior Series 2025 Bonds. For the purposes set forth in the foregoing recitals, including, among other things, the financing of certain capital improvements at the Airport, including a portion of the New T1 program, the Board hereby authorizes the issuance of the Senior Series 2025 Bonds, in one or more series, in a total aggregate principal amount not to exceed $1.0 billion, plus the amount of any original issue premium at which the Senior Series 2025 Bonds may be sold. In addition to the above uses of the proceeds of the Senior Series 2025 Bonds, the proceeds from the Senior Series 2025 Bonds, and any other moneys made available in connection with the issuance of the Senior Series 2025 Bonds, may be used to (i) fund one or more reserve funds for the Senior Series 2025 Bonds and/or purchase a reserve fund surety policy or policies if it is determined by the Vice President, Chief Financial Officer of the Authority that the purchase of a reserve fund surety policy or policies is in the best interest of the Authority, (ii) pay a portion of the interest accruing on the Senior Series 2025 Bonds, the Senior Series 2023 Bonds and the Subordinate

Series 2021 Bonds, (iii) purchase a municipal bond insurance policy or policies, if it is determined by the Vice President, Chief Financial Officer of the Authority that the purchase of a municipal bond insurance policy or policies is in the best interest of the Authority, and (iv) pay the costs of issuance of the Senior Series 2025 Bonds.

No Senior Series 2025 Bonds shall bear interest at a rate in excess of 6.00% *per annum*. The Senior Series 2025 Bonds shall bear interest at such rates with respect to the various maturities such that the all-in true interest cost for the Senior Series 2025 Bonds does not exceed 6.00% *per annum*. The all-in true interest cost for the Senior Series 2025 Bonds shall be that rate which, when used in computing the present worth of all payments of principal and interest to be paid on the Senior Series 2025 Bonds (compounded on the first interest payment date, and semiannually thereafter), produces an amount equal to the purchase price of the Senior Series 2025 Bonds taking into account any original issue premium/discount, accrued interest, underwriters' fees and any and all costs of issuance of the Senior Series 2025 Bonds.

The Senior Series 2025 Bonds shall be issued in fully registered form and may be issued as Book-Entry Bonds as provided for in the Master Senior Indenture and the Sixth Supplemental Senior Indenture. Payment of principal and premium, if any, of, and interest on the Senior Series 2025 Bonds shall be made at the place or places and in the manner provided in the Master Senior Indenture and the Sixth Supplemental Senior Indenture. The Senior Series 2025 Bonds shall be issued as current interest bonds and shall be available in denominations of $5,000 and integral multiples thereof. The Senior Series 2025 Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as provided in the Master Senior Indenture and the final form of the Sixth Supplemental Senior Indenture. The Senior Series 2025 Bonds may be issued as serial bonds or as term bonds or as both serial bonds and term bonds, all as set forth in the Master Senior Indenture and the Sixth Supplemental Senior Indenture. Interest on the Senior Series 2025 Bonds shall be paid on the dates set forth in the Sixth Supplemental Senior Indenture. No Senior Series 2025 Bond shall have a term greater than 40 years from its date of issuance. The Senior Series 2025 Bonds shall be subject to redemption at the option of the Authority on such terms and conditions as shall be set forth in the Master Senior Indenture, the Sixth Supplemental Senior Indenture and the Purchase Contract. The Senior Series 2025 Bonds which are term bonds shall also be subject to mandatory sinking fund redemption as shall be set forth in the Master Senior Indenture, the Sixth Supplemental Senior Indenture and the Purchase Contract.

Section 2. Pledge to Secure the Senior Series 2025 Bonds. The pledge to secure the Senior Series 2025 Bonds as set forth in the Master Senior Indenture and the Sixth Supplemental Senior Indenture is hereby approved.

Section 3. Special Obligations. The Senior Series 2025 Bonds shall be special obligations of the Authority, secured by, and payable from, Net Revenues and from the funds and accounts held by the Senior Trustee and the Authority under the Master Senior Indenture and the Sixth Supplemental Senior Indenture, as and to the extent therein described. The Senior Series 2025 Bonds shall also be secured by and be paid from such other sources as the Authority may hereafter provide.

Section 4. Forms of Senior Series 2025 Bonds. The Senior Series 2025 Bonds and the Senior Trustee's Certificate of Authentication to appear thereon shall be in substantially the form set forth in Exhibit A to the Sixth Supplemental Senior Indenture with necessary or appropriate variations, omissions and insertions as permitted or required by the Master Senior Indenture or the Sixth Supplemental Senior Indenture or as appropriate to adequately reflect the terms of the Senior Series 2025 Bonds and the obligation represented thereby.

Section 5. Execution of the Senior Series 2025 Bonds. Each of the Senior Series 2025 Bonds shall be executed by the President/CEO of the Authority, the Vice President, Chief Financial Officer of the Authority, or any other representative of the Authority designated by the President/CEO of the Authority or the Vice President, Chief Financial Officer of the Authority, and attested by the Authority Clerk. Any such signatures may be by manual or facsimile signature and the seal of the Authority may be impressed or printed on the Senior Series 2025 Bonds. Additionally, each of the Senior Series 2025 Bonds shall be authenticated by the signature of the Senior Trustee or an agent of the Senior Trustee as required and permitted by the Master Senior Indenture. Any facsimile signature of the President/CEO of the Authority, the Vice President, Chief Financial Officer of the Authority, or the Authority Clerk shall be of the same force and effect as if such signature were manually placed on such Senior Series 2025 Bonds.

Section 6. Approval of Bond Documents; Authorization for Execution. The form, terms and provisions of the Sixth Supplemental Senior Indenture and the Continuing Disclosure Certificate (collectively, the "Bond Documents") are in all respects approved and the President/CEO of the Authority and the Vice President, Chief Financial Officer 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 Bond Documents including counterparts thereof, in the name and on behalf of the Authority. The Bond Documents, as executed and delivered, shall be in substantially the forms now before this meeting and hereby approved, or with such changes therein (including any changes required by a municipal bond insurer or insurers in order to obtain a municipal bond insurance policy or policies with respect to the Senior Series 2025 Bonds or any changes required by a provider of a reserve fund surety policy or policies) as shall be approved by the officer or officers of the Authority 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 Bond Documents now before this meeting; and from and after the execution and delivery of the Bond 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 Bond Documents as may be necessary to carry out and comply with the provisions of the Bond Documents.

Section 7. Sale of the Senior Series 2025 Bonds. The sale of the Senior Series 2025 Bonds is hereby approved through a negotiated sale to the Underwriters. Each Designated Officer, any one of them, is hereby authorized to approve the final terms of the sale of the Senior Series 2025 Bonds subject to the terms, conditions and restrictions set forth in this Resolution. The Senior Series 2025 Bonds shall be sold with an underwriters' discount as set forth in the Purchase Contract, not to exceed 0.40% of the aggregate principal amount of the Senior Series 2025 Bonds, and subject to the terms and conditions set forth in the Purchase Contract. The form, terms and provisions of the Purchase Contract now before this meeting are in all respects hereby approved and each Designated Officer, or any one of them, is hereby authorized and empowered, either alone or in combination, to execute and deliver the Purchase Contract, including counterparts thereof, in the name and on behalf of the Authority. The Purchase Contract, as executed and delivered, shall be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall be approved by the officer(s) 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 form of the Purchase Contract now before this meeting; and from and after the execution and delivery of the Purchase Contract, 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 Purchase Contract.

Section 8. Preliminary Official Statement. The form of the Preliminary Official Statement (including the Financial Feasibility Report, prepared by Unison Consulting, Inc., to be contained therein as Appendix A) now before this meeting is in all respects hereby approved to be used in connection with the sale of the Senior Series 2025 Bonds to the public. The Preliminary Official Statement shall be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall be approved by a Designated Officer. The Preliminary Official Statement shall be circulated (via printed format and/or electronic means) for use in selling the Senior Series 2025 Bonds at such time or times as a Designated Officer (after consultation with the Authority's municipal advisor, bond counsel and disclosure counsel and such other advisors the Authority believes to be useful) shall determine that the Preliminary Official Statement is final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the omission of certain information described in (b)(1) of Rule 15c2-12, and any such action previously taken is hereby confirmed, ratified and approved. The Underwriters are hereby authorized to distribute (via printed format and/or electronic means) the Preliminary Official Statement, in connection with the sale of the Senior Series 2025 Bonds to the public. In connection with the distribution of the Preliminary Official Statement, the Underwriters are hereby further authorized to distribute (via printed format and/or through electronic means) copies of the Authority's most recent annual audited financial statements and such other financial statements of the Authority as a Designated Officer, any one or more thereof, shall approve.

Section 9. Official Statement. Prior to the final delivery of the Senior Series 2025 Bonds, the Authority shall provide for the preparation, publication, execution and delivery of a final Official Statement (including the Financial Feasibility Report, prepared by Unison Consulting, Inc., to be contained therein as Appendix A) relating to the Senior Series 2025 Bonds in substantially the form of the draft Preliminary Official Statement presented to this meeting. Each Designated Officer, or any one of them, are hereby authorized and directed to execute and deliver the final Official Statement in the name of and on behalf of the Authority, and to make any changes or revisions necessary to the Preliminary Official Statement in order for the final Official Statement to meet the requirements of the Authority under the Purchase Contract. The execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Preliminary Official Statement now before this meeting.

The final Official Statement shall be circulated (via printed format and/or electronic means) for use in selling the Senior Series 2025 Bonds at such time or times as a Designated Officer, or any one or more thereof (after consultation with the Authority's municipal advisor, bond counsel and disclosure counsel and such other advisors the Authority believes to be useful) shall determine that the final Official Statement is a "final official statement" within the meaning of Rule 15c2-12. The Underwriters are hereby authorized to distribute (via printed format and/or electronic means) the final Official Statement in connection with the sale of the Senior Series 2025 Bonds to the public. In connection with the distribution of the final Official Statement, the Underwriters are hereby further authorized to distribute (via printed format and/or through electronic means) copies of the Authority's most recent annual audited financial statements and such other financial statements of the Authority as a Designated Officer, any one or more thereof, shall approve.

Section 10. Selection of Underwriters. The Board hereby selects BofA Securities, Inc., Samuel A. Ramirez & Co., Inc., Academy Securities, Inc., Jefferies LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Siebert Williams Shank & Co., LLC, and Stern Brothers & Co. as the underwriters for the negotiated sale of the Senior Series 2025 Bonds.

The Authority has been informed that BofA Securities, Inc., one of the Underwriters of the Senior Series 2025 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Senior Series 2025 Bonds.

The Authority has been informed that Academy Securities, Inc., one of the Underwriters of the Senior Series 2025 Bonds, has entered into third-party distribution agreements with various dealers for the retail distribution of certain municipal securities at the original issue prices. Pursuant to these third-party distribution agreements, Academy Securities may share a portion of its underwriting compensation with the respective dealers.

The Authority has been informed that Morgan Stanley & Co. LLC, one of the Underwriters of the Senior Series 2025 Bonds, has entered into a retail distribution arrangement with its affiliate, Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Senior Series 2025 Bonds.

The Authority has been informed that Stern Brothers &Co., one of the Underwriters of the Senior Series 2025 Bonds, has entered into agreements (each a "Stern Brothers Agreement") each with InspereX LLC ("InspereX") and Wedbush Securities Inc. ("Wedbush") for the distribution of certain municipal securities offerings at the original issue price. Pursuant to each Stern Brothers Agreement, Stern Brothers & Co. may sell the Senior Series 2025 Bonds to each InspereX and Wedbush and will share a portion of its selling concession compensation with each, if applicable.

Additionally, the Board hereby authorizes any of the Underwriters to distribute Senior Series 2025 Bonds to retail investors through such other broker-dealer(s) with whom such Underwriter may enter into a distribution agreement, provided the Vice President, Chief Financial Officer of the Authority approves such distribution.

Section 11. Trustee, Paying Agent and Registrar. The Board hereby APPOINTS The Bank of New York Mellon Trust Company, N.A., as Senior Trustee, and as paying agent for the Senior Series 2025 Bonds and appoints The Bank of New York Mellon Trust Company, N.A., as registrar for the Senior Series 2025 Bonds. Such appointments shall be effective upon the issuance of the Senior Series 2025 Bonds and shall remain in effect until the Authority shall, by supplemental indenture or by resolution, name a substitute or successor thereto.

Section 12. California Debt and Investment Advisory Commission and Notices. Each Designated Officer, or any one of them, on behalf of the Authority, is further authorized and directed to (a) cause written notice to be provided to the California Debt and Investment Advisory Commission ("Commission") of the proposed sale of the Senior Series 2025 Bonds, said notice to be provided in accordance with California Government Code §8855, *et seq*., (b) file or cause to be filed the notice of final sale with the Commission, (c) file or cause to be filed the rebates and notices required under §§54AA, 148(f), 149(e) and 6431 of the Code (and any guidance published thereunder), and (d) file or cause to be filed such additional notices and reports as are deemed necessary or desirable by such

Designated Officer in connection with the Senior Series 2025 Bonds, and any prior notices are hereby ratified, confirmed and approved.

Section 13. Authorization for Provision for Reserve Funds. A portion of the proceeds of the Senior Series 2025 Bonds and such other available moneys of the Authority, may be used to fund one or more reserve funds for the Senior Series 2025 Bonds, and/or to pay the costs of a reserve fund surety policy or policies as set forth in the Sixth Supplemental Senior Indenture.

Section 14. 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 issuance, execution and delivery of the Senior Series 2025 Bonds, the Bond Documents, the Preliminary and final Official Statements and the Purchase Contract to carry out the terms thereof. All such actions taken by such Designated Officers and such other officers, agents and employees of the Authority, for and on behalf of the Authority, pursuant to the authority of this Resolution, are hereby approved. Each Designated Officer and all other officers, agents and other 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 Master Senior Indenture, the Sixth Supplemental Senior Indenture, the Purchase Contract and the Continuing Disclosure Certificate, 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 the Senior Series 2025 Bonds and the underwriting discount/fee; authorizing the Vice President, Chief Financial Officer of the Authority to direct the investment of the proceeds of the Senior Series 2025 Bonds in one or more of the permitted investments provided for under the Master Senior Indenture and the Sixth Supplemental Senior Indenture (including, but not limited to, the execution and delivery of one or more investment agreements related thereto); and authorizing the execution by any one of the Designated Officers of one or more tax compliance certificates as required by the Master Senior Indenture, the Sixth Supplemental Senior Indenture and the Purchase Contract for the purpose of complying with the rebate requirements of the Code, any documents required by The Depository Trust Company in connection with the Book-Entry Bonds (as defined in the Sixth Supplemental Senior Indenture), any documents required by the provider of a reserve fund surety policy or policies required to fund one or more reserve funds for the Senior Series 2025 Bonds and any documents required to obtain municipal bond insurance for all or a portion of the Senior Series 2025 Bonds.

Section 15. Electronic Signatures. The Bond Documents, the Purchase Contract, the forms of the Senior Series 2025 Bonds, the Official Statement and any other document necessary for the consummation of the transactions contemplated by this Resolution and necessary for the issuance of the Senior Series 2025 Bonds (collectively, the “Series 2025 Documents”) may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is executed by symbol attached to or logically associated with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The Board hereby acknowledges and agrees that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of the Series 2025 Documents and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of such document had been delivered that had been signed using a handwritten signature. The Board further acknowledges and agrees (i) that an electronic signature, whether digital or encrypted, of a Designated Officer, the Authority Clerk or the General Counsel of the Authority is intended to authenticate the applicable writing and to have the same force and effect as a manual signature; (ii) that it is the intent of the Board and the Authority to be bound by the signatures (whether original, faxed, or electronic) on any Series 2025 Documents sent or delivered by facsimile or electronic mail or other electronic means; (iii) that it is aware that the other party(ies) to the Series 2025 Documents will rely on such signatures; and, (iv) to waive any defenses to the enforcement of the terms of the Series 2025 Documents based on the foregoing forms of signature. If a Series 2025 Document is executed by electronic signature, the Board hereby acknowledges and agrees that such signature by fax, e-mail, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both United States Federal Electronic Signatures in Global and National Commerce Act of 2000 (“E-SIGN”) and the California Uniform Electronic Transactions Act (“UETA”) (California Civil Code §1633.1 et seq.).

Section 16. Reporting of Continuing Disclosure Filings. The Vice President, Chief Financial Officer of the Authority, or such other officer or employee of the

Authority as designated by the Vice President, Chief Financial Officer of the Authority, shall provide notice to the Board when (a) the Annual Report (as defined in the Continuing Disclosure Certificate) is filed with the Municipal Securities Rulemaking Board (the "MSRB") as required by the provisions of the Continuing Disclosure Certificate and (b) any notice of a Listed Event (as defined in the Continuing Disclosure Certificate) is filed with the MSRB as required by the provisions of the Continuing Disclosure Certificate.

Section 17. Good Faith Estimates. In accordance with Section 5852.1 of the California Government Code, good faith estimates of the following are set forth in Exhibit A attached hereto: (a) the true interest cost of the Senior Series 2025 Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Senior Series 2025 Bonds, (c) the amount of proceeds of the Senior Series 2025 Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Senior Series 2025 Bonds, and (d) the sum total of all debt service payments on the Senior Series 2025 Bonds calculated to the final maturity of the Senior Series 2025 Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Senior Series 2025 Bonds.

Section 18. 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 19. Governing Law. This resolution shall be construed and governed in accordance with the laws of the State of California.

Section 20. 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 21. Effective Date of Resolution. This Resolution shall take effect from and after its passage and approval.

Section 22. **BE IT FURTHER RESOLVED,** that the Board finds that this action is for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020; is for a project that was issued Coastal Development Permits (CDP 6-20-0154, CDP 6-20-0447;

and CDP 6-20-0611) on September 30, 2021, and is for a project that received approval and was issued a Finding of No Significant Impact and a Record of Decision by the Federal Aviation Administration on October 22, 2021.

PASSED, ADOPTED AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 5th day of June, 2025 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

____

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

____

AMY GONZALEZ
GENERAL COUNSEL

EXHIBIT A

GOOD FAITH ESTIMATES[1]
(GOVERNMENT CODE SECTION 5852.1 DISCLOSURES)

The following information was obtained from Frasca & Associates, LLC (the "Municipal Advisor") with respect to the bonds (the "Senior Series 2025 Bonds") approved in the attached Resolution, and is provided in compliance with Section 5852.1 of the California Government Code with respect to the Senior Series 2025 Bonds:

Section 1. True Interest Cost of the Senior Series 2025 Bonds. Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Senior Series 2025 Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Senior Series 2025 Bonds, is 5.02%.

Section 2. Finance Charge of the Senior Series 2025 Bonds. Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the Senior Series 2025 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Senior Series 2025 Bonds), is $2,934,995, as follows:

(a)	Underwriters' Discount	$1,905,896
(b)	Bond Counsel and Disclosure Counsel and Disbursements	250,000
(c)	Municipal Advisor and Disbursements	320,000
(d)	Feasibility Consultant and Disbursements	117,849
(e)	Rating Agencies	303,250
(f)	Other	38,000
Total		$2,934,995

Section 3. Amount of Proceeds to be Received. Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate

[1] The Good Faith Estimates are based on an assumed issuance of $837,765,000 aggregate principal amount of the Senior Series 2025 Bonds.

of the amount of proceeds expected to be received by the Authority for sale of the Senior Series 2025 Bonds less the finance charge of the Senior Series 2025 Bonds described in Section 2 above and any reserves or capitalized interest paid or funded with proceeds of the Senior Series 2025 Bonds, is $694,251,616.

Section 4. Total Payment Amount. Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Senior Series 2025 Bonds, calculated to the final maturity of the Senior Series 2025 Bonds, is $1,646,137,804.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Senior Series 2025 Bonds sale, the amount of Senior Series 2025 Bonds sold, the amortization of the Senior Series 2025 Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Senior Series 2025 Bonds sold will be determined by the Authority based on need to provide funds for the transaction described in the attached Resolution and other factors. The actual interest rates at which the Senior Series 2025 Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Senior Series 2025 Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the Authority's control. The Authority has approved the issuance of the Senior Series 2025 Bonds with a maximum all-in true interest cost of 6.00%.

Public Comment Handouts

Added to Packet at Meeting

TAG
Transportation Alliance Group
San Diego
TAGsandiego.com

May 29, 2025

Hampton Brown, Vice President
San Diego County Regional Airport Authority
2417 McCain Road
San Diego, CA 92101

Dear Mr. Brown,

On behalf of our members, I am submitting this compromise proposal for the proposed Trip Pick Up Fees, Permit Fees increases, and the proposed Trip Drop Off Fees for FY 2026 as presented by Airport Authority Staff on May 6, 2025. As you know, our members just recently learned about these proposals and were completely surprised given the softening economy and likely recession on the horizon.

However, in the spirit of compromise we are offering this proposal with accepted items in GREEN and proposed items in BLUE:

1. Proposed Pick Up Fees, Permit Fees increase for FY 2026:
    a. Accepted for FY 2026 as proposed.
2. Proposed Automatic Annual Trip Fees and Permit Fees of "approximately 5%":
    a. Tabled for stakeholder outreach, discussions and consultations.
        i. Automatic increases should not be "approximate".
        ii. Return to Airport Board in 2026 with a compromise plan for FY 2027.
3. Proposed Trip Drop Off Fees for all non-TNC modes:
    a. Tabled for stakeholder outreach, discussions and consultations.
        i. Return to Airport Board in 2026 with a compromise plan for FY 2027.
4. Proposed modifications to mode Trip Fees and Permit Fees program:
    a. Tabled for stakeholder outreach, discussions and consultations.
        i. Return to Airport Board in 2026 with a compromise plan for FY 2027.
5. NEW: Establish a Stakeholder Committee to meet over the next year to review, discuss and develop proposals with Airport Staff for items 2,3 and 4.

Please contact me directly if you have any questions. I look forward to hearing from you.

Sincerely,

Adrian Kwiatkowski
President CEO

CC: Marc Nicols, Director, Ground Transportation Department

Added to Packet at Meeting

5/2/2025

4:40 5G

patch

SAN DIEGO
INTERNATIONAL AIRPORT

V Holding

Number of Vehicles

429

Longest Wait Time

9hr 51min

Contact gtpermits@san.org

san.gtcvms.com