

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Members

C. April Boling
Chairman

Catherine Blakespear
Greg Cox
Mark Kersey
Robert T. Lloyd
Paul McNamara
Paul Robinson
Johanna S. Schiavoni
Mark B. West

SPECIAL BOARD MEETING AGENDA

Monday, March 23, 2020
9:00 A.M.

PUBLICLY ACCESSIBLE LOCATION

San Diego International Airport
SDCRAA Administration Building -- Third Floor
Board Room
3225 N. Harbor Drive
San Diego, CA 92101

Ex-Officio Board Members

Gustavo Dallarda
Col. Charles B. Dockery
Gayle Miller

President / CEO

Kimberly J. Becker

NOTICE: This meeting will be conducted pursuant to the provisions of the Governor's Executive Order which suspends certain requirements of the Ralph M. Brown Act.

PLEASE NOTE THAT AS A RESULT OF THE WAIVERS IN EXECUTIVE ORDER N-25-20, THE BROWN ACT PERMITS FULL PARTICIPATION BY OFFICIALS IN MEETINGS THROUGH VIDEO OR AUDIO CONFERENCE.

Per State of California Executive Order N-25-20, and in the interest of public health and safety, the meeting will be accessible to the public at the address set forth above. We are encouraging the public to practice social distancing. Pursuant to this, you may email your comments to the Authority Clerk at clerk@san.org one hour prior to the start of the meeting. Please indicate on your email the agenda item that your written public comment addresses. If you indicate in your email that you would like the comment read at the meeting, your submitted public comment will be read into the record for 2 minutes or in accordance with the time period established by the Chair. At the publicly accessible location, the Authority will be encouraging members of the public to practice social distancing. You may also view the meeting online at the following link: <https://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 Board Services 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 Board Services/Authority Clerk Department.

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

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

CALL TO ORDER:

ROLL CALL:

Board Members: Boling (Chair), Blakespear, Cox, Dallarda (Ex-Officio), Dockery (Ex-Officio), Lloyd, Kersey, McNamara, Miller (Ex-Officio), Robinson, Schiavoni, West

APPROVAL OF AGENDA:

PRESENTATIONS:

A. PRESENTATION ON THE AUTHORITY'S FINANCIAL RESILIENCY PLAN AND COVID-19 UPDATE:

Presented by: Scott Brickner, Vice President/CFO

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 1-10):

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 March 5, 2020 regular meetings.

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.

(Board Services: Tony R. Russell, Director/Authority Clerk)

3. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM FEBRUARY 10, 2020 THROUGH MARCH 8, 2020 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM FEBRUARY 10, 2020 THROUGH MARCH 8, 2020:**
RECOMMENDATION: Receive the report.
(Procurement: Jana Vargas, Director)
4. **APRIL 2020 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2020-0033, approving the April 2020 Legislative Report.
(Government Relations: Matt Harris, Director)
5. **AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A NOTICE OF GEOLOGIC AND GEOTECHNICAL CONDITIONS IN ORDER TO OBTAIN A CERTIFICATE OF OCCUPANCY FOR THE FACILITIES MANAGEMENT DEPARTMENT SHOPS BUILDING:**
RECOMMENDATION: Adopt Resolution No. 2020-0034, approving and authorizing the President/CEO to execute a Notice of Geologic and Geotechnical Conditions, including an indemnity agreement in favor of the City of San Diego, in order to obtain a Certificate of Occupancy for the Facilities Management Department (FMD) Shops building, to be recorded with the County Recorder acknowledging the existence of geotechnical conditions assumed to be present on the site of the future FMD Campus located on a portion of the Tidelands of San Diego Bay.
(Airport Design & Construction: Bob Bolton, Director)

CLAIMS

6. **REJECT THE CLAIM OF SCOTT WITTMAN:**
RECOMMENDATION: Adopt Resolution No. 2020-0035, rejecting the claim of Scott Wittman.
(Legal: Amy Gonzalez, General Counsel)

COMMITTEE RECOMMENDATIONS

CONTRACTS AND AGREEMENTS

7. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE CONSENT TO ASSIGNMENT AGREEMENTS WITH AVIS BUDGET CAR RENTAL, LLC.:**
RECOMMENDATION: Adopt Resolution No. 2020-0036, approving and authorizing the President/CEO to execute a Consent to Assignment Agreement of the Non-Exclusive On-Airport Rental Car Concession Agreement with Avis Budget Car Rental, LLC.

Adopt Resolution No. 2020-0037, approving and authorizing the President/CEO to execute a Consent to Assignment Agreement of the Rental Car Center Facility Lease Agreement with Avis Budget Car Rental, LLC.
(Revenue Generation & Partnership Development: Jim DeCock, Acting Director)

8. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AMENDMENTS TO CONCESSION LEASES FOR MODIFICATIONS TO LEASED PREMISES AND EXTENSION OF LEASE TERM:

RECOMMENDATION: Adopt Resolution No. 2020-0038, approving and authorizing the President/CEO to negotiate and execute amendments to the Concession Lease with Stellar Partners, Inc. to allow for modifications to the leased premises and/or extension of lease term.

Adopt Resolution No. 2020-0039, approving and authorizing the President/CEO to negotiate and execute amendments to the Concession Lease with PGC-PCI San Diego, LLC to allow for modifications to the leased premises and/or extensions to the lease term.

Adopt Resolution No. 2020-0040, approving and authorizing the President/CEO to negotiate and execute amendments to the Concession Lease with Mission Yogurt, Inc. to allow for modifications to the leased premises and/or extensions to the lease term.

(Revenue Generation & Partnership Development: Jim DeCock, Acting Director)

9. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AMENDMENT TO THE AGREEMENT WITH GATZKE DILLON & BALLANCE LLP:

RECOMMENDATION: Adopt Resolution No. 2020-0041, approving and authorizing the President/CEO to execute a First Amendment to the Agreement with Gatzke Dillon & Ballance LLP for professional legal services increasing the compensation amount by \$250,000.

(Legal: Amy Gonzalez, General Counsel)

10. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FOURTH AMENDMENT TO THE AGREEMENT WITH MEYERS NAVE RIBACK SILVER & WILSON:

RECOMMENDATION: Adopt Resolution No. 2020-0042, approving and authorizing the President/CEO to execute a Fourth Amendment to the Agreement with Meyers Nave Riback Silver & Wilson for Professional Legal Services extending the term for one year and adjusting attorney rates.

(Legal: Amy Gonzalez, General Counsel)

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

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

11. AUTHORIZATION AND APPROVAL OF BOND DOCUMENTS AND SALE OF UP TO \$395 MILLION TAXABLE AIRPORT REVENUE REFUNDING BONDS, INCLUDING DELEGATION OF PRICING AUTHORITY AND APPROVAL OF RELATED DOCUMENTS, TO REFUND THE AUTHORITY'S OUTSTANDING SENIOR SERIES 2013 BONDS:

RECOMMENDATION: Adopt Resolution No. 2020-0043, (1) authorizing the issuance and sale of not-to-exceed \$395 million in aggregate principal amount of one or more series of San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds; and (2) approving the forms of an Eighth Supplemental Subordinate Trust Indenture, Preliminary and Final Official Statements, a Purchase Contract, an Escrow Agreement, a Continuing Disclosure Certificate, and certain related matters.

(Finance: Scott Brickner, Vice President/CFO)

CLOSED SESSION:

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. American Car Rental, Inc., San Diego Superior Court Case No. 37-2016-00024056-CL-BC-CTL

13. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)

Name of Case: Future DB International, Inc. v. San Diego County Regional Airport Authority, et al.

San Diego Superior Court Case No. 37-2018-00001531-CU-CR-CTL

14. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)

Name of Case: Park Assist LLC v. San Diego County Regional Airport Authority, et al.

United States District Court Case No. 18 CV2068 LAB MDD

15. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)

Name of Case: M.W. Vasquez Construction Co. Inc. v. San Diego County Regional Airport Authority, et al.

San Diego Superior Court Case No. 37-2019-000215

16. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)

Name of Case: Quiet Skies San Diego v. San Diego County Regional Airport Authority

San Diego Superior Court Case No. 37-2020-00007998-CU-TT-CTL

- 17. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Cal. Gov. Code §54956.9)
Number of cases: 2
- 18. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Investigative Order No. R9-2012-0009 by the California Regional Water Quality Control Board pertaining to an investigation of bay sediments at the Downtown Anchorage Area in San Diego.
Number of potential cases: 1
- 19. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Navy Boat Channel Environmental Remediation
Number of potential cases: 1
- 20. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Number of potential cases: 1
- 21. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Order No. WQ 2019-0005-DWQ by the State Water Resources Control Board pertaining to PFAS
Number of potential cases: 1
- 22. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: Approximately 7.5 acres of land located on the north side of the San Diego International Airport property, north-east of Taxiway C
Agency Negotiators: Scott Brickner, John Dillon, Hampton Brown, Eric Podnieks
Negotiating Parties: AFCO, Chuck Stipancic
Under Negotiation: price and terms of payment
- 23. CONFERENCE WITH LABOR NEGOTIATORS**
(Cal. Gov. Code section 54957.6)
Agency designated representatives: Greg Halsey, Rod Betts, Stephanie Alexander, Lola Barnes
Employee organization: California Teamsters Local 911

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)

Persons wishing to address the Board, ALUC, and Committees shall complete a "Request to Speak" form prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to complete a form shall not preclude testimony, if permission to address the Board is granted by the Chair.

The Public Comment Section 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.

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.

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.**

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) 400-2400 at least three (3) working days prior to the meeting to ensure availability.

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

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

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



Financial Resilience Plan

Presented by: Scott Brickner, CFO

March 23, 2020

Strategic Plan Initiative

Ensure Plan of Finance is flexible, nimble and able to proactively address future changes

Sub-initiative: Re-establish contingency plans and actions to be taken in the event of a significant shock

Financial Resilience Plan

- Purpose: Ensure ability to navigate through events that create financial stress
- Examples: Shocks to the industry, economic downturns, natural disasters
- Goal: Outline actions the Executive Leadership Team (ELT) will take to evaluate and ultimately implement across the enterprise to ensure financial stability

Financial Resilience Plan Levels

- LEVEL 1
 - Actual or anticipated **moderate** threat
 - Expected slower revenue growth or increased expenses
 - Impacts current and potentially the following fiscal year
 - **Moderate** measures to be implemented
 - Target Result:
 - Meet expense budget parameters
 - Protect revenue budget at highest level possible

Financial Resilience Plan Levels

- LEVEL 2
 - Actual or anticipated **substantial** threat
 - Expected **significant** impact to budgeted net income
 - Impacts current and potentially future fiscal years
 - **Significant** measures to be implemented
 - Protect net income in current and future fiscal years to highest extent possible
 - Target Result:
 - Ensure major metrics* maintained to preserve senior credit rating of “A” or higher
 - Preserve as much air service to region as possible

*Metrics: Debt service coverage; Cost Per Enplanement; Days’ Cash on Hand

Financial Resilience Plan Levels

- LEVEL 3
 - Imminent threat or actual occurrence
 - Expected **severe** impact to budgeted net income
 - Impacts current and future fiscal years
 - **Drastic** measures to be implemented
 - Protect net income and major metrics* in current and future fiscal years to highest extent possible
 - Target Result:
 - Keep CPE at a level that protects air service
 - Preserve Authority's senior credit rating of "A" or higher

*Metrics: Debt service coverage; Cost Per Enplanement; Days' Cash on Hand

COVID-19 Impacts

- Financial Resilience Plan has been activated
- Dynamic situation – monitoring on a daily, even hourly, basis
- Passenger Traffic has been substantially impacted
- Revenue and financial metrics expected to be substantially impacted as well
- Analyzing multiple financial scenarios
- Receiving many requests from airlines, concessionaires, rental cars for relief

Actions Taken

- Implementing Level 2 and some Level 3 measures, including:
 - Hiring Freeze – CEO approval required for all new hires
 - Capital Program – Delaying non-ADP and non-mission critical project spending
 - Delaying or reducing non-essential expenditures, e.g. travel, training, shuttle services, consulting services, certain major maintenance, equipment, supplies, marketing, and landscaping
- Government relations team working with industry groups and regional congressional delegation to seek Federal assistance
- Evaluating certain measures to assist business partners

Financial Profile

- Prudent financial management has provided opportunity for resilience
- Strong metrics and reserves (as of Feb 29, 2020):
 - \$33.4m operating income (\$13.2m better than budget)
 - 1038 Days' Cash on Hand
 - 2.5 Debt Service Coverage
 - \$13.10 Cost Per Enplanement
- While metrics are strong, potential impact is extensive and risk is very high
- Must proceed with extreme caution and continue to make wise and conservative financial decisions to successfully navigate this crisis



QUESTIONS

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, MARCH 5, 2020
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM

CALL TO ORDER: Chairman Boling called the regular meeting of the San Diego County Regional Airport Authority Board to order at 9:01 a.m. on Thursday, March 5, 2020, in the Board Room at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

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

ROLL CALL:

PRESENT: Board Members: Boling, Cox, Dockery (Ex-Officio), Kersey, McNamara, Robinson, Schiavoni

ABSENT: Board Members: Binns (Ex-Officio), Blakespear, Lloyd, Miller (Ex-Officio), West

ALSO PRESENT: Kimberly J. Becker, President/CEO; Amy Gonzalez, General Counsel; Tony R. Russell, Director, Board Services/Authority Clerk; Dustin Heick, Assistant Authority Clerk I

Board Member Cox arrived to the meeting at 9:16 a.m.

PRESENTATIONS:

A. RECOGNITION OF “FLY QUIET” AWARD RECIPIENTS BY THE AIRPORT NOISE ADVISORY COMMITTEE (ANAC):

Sjohnna Knack, Program Manager, Planning & Environmental Affairs provided a presentation on the 2019 Fly Quiet Awards that included Goal of Fly Quiet, Large Domestic Carrier recipient, United Airlines, Small Domestic Carrier recipient Allegiant Airlines, International Carrier recipient Japan Airlines and the Most Improved Carrier recipient, American Airlines.

B. SDCERS PENSION UPDATE – REPORT ON THE ACTUARIAL VALUATION AS OF JUNE 30, 2019:

Gregg Rademacher, Chief Executive Officer, SDCERS and Marcelle Voorhies Rossman, Deputy Chief Executive Officer, SDCERS provided a presentation on the San Diego County Regional Airport Authority June 30, 2019 Actuarial Valuation Preliminary Results that included The Valuation Process, Balancing Funding Objectives, Discount Rate, Declining Interest Rates, Contributions, Assets and Liabilities, Preliminary Valuation Results, Sources of Change, Factors Contributing to UAL Changes, Timing and Required Disclosures.

C. DISCUSSION REGARDING THE PARAMETERS FOR THE FISCAL YEAR 2021 AND FISCAL YEAR 2022 OPERATING BUDGETS:

Scott Brickner, Vice President/CFO, and John Dillon, Director, Finance and Risk Management provided a presentation on the Parameters for the FY 2021 and FY 2022 Operating Budgets that included the Authority's Vision, Strategic Goals, Focus Areas, US Economy Growth, Oil Prices & Interest Rates, Rating Agencies Airport Outlook, General Airport Revenue Bonds and Variable Debt, General Airport Revenue Bond (GARB) and Variable Debt Service, GARB Debt Service Coverage, Special Facilities Bond Debt, Special Facilities Debt Service for RCC, Enplanements, Total Operating Revenue, Revenue Budget Parameters, Total Operating Expenses, Expense Budget Parameters and Budget – Timeline of Key Dates.

In response to Chairman Boling's concern that an update of the Enplanement forecast be given to the full Board before receiving the draft budget, Scott Brickner, Vice President, Treasurer/CFO stated an update will be provided before the Budget Workshop.

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

- **AUDIT COMMITTEE:** Board Member Kersey reported that on February 13th Committee welcomed new public member, Carmen Vann, and was introduced to the new lead external audit partner, Danny Martinez, from BKD. He also reported that the Committee received a report from the Chief Auditor on the activities performed the internal audit staff during the second quarter of Fiscal Year 2020.
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** None.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None.
- **FINANCE COMMITTEE:** Board Member Kersey reported that the Committee met on February 24 where routine reports were received.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** Board Member Robinson reported that the Authority Advisory Committee met on February 19 where a comprehensive report of ongoing and upcoming Capital Improvement Projects was provided.
- **ART ADVISORY COMMITTEE:** Chris Chalupsky, Senior Manager, Art & Community Partnership, reported that the Arts Advisory Committee met on February 20 to approve the two selected artists for the Admiral Bolan Way Mural Project and to designate the selection panel for the ADP lead artist opportunity. He reported that the two local artists selected for the mural project are Aaron Glasson and Beliz Iristay and that they have been commissioned to create the designs for the north side of the campus to be completed in the spring of 2020.

He also reported that free general public arts tours continue at the airport and that they have accommodated almost 32 requests since launching the program in December.

LIAISONS

- **CALTRANS:** None.
- **INTER-GOVERNMENTAL AFFAIRS:** Board Member Cox reported that Board Member Kersey, President/CEO Kim Becker and the Authority's Government Relations staff joined the San Diego Regional Chamber's Delegation in Sacramento to advocate on issues important to the Airport and region. He also reported that meetings were held with the Undersecretary of the California Department of Transportation and members of the San Diego delegation in the California Senate and Assembly. He also reported that in February, staff from the Authority's Government Relations and Environmental Affairs departments participated in two days of advocacy in support of Sustainable Aviation Fuel budget request in the California State Legislature, and that the Authority joined with representatives from San Francisco International Airport, Los Angeles International Airport, United Airlines, and sustainable aviation fuel producers to meet with key Administration and Legislative leaders in Sacramento. He also reported that the group requested that the state of California partner with airports, airlines, and fuel producers to help lower greenhouse gas emissions created by aircraft. He reported that the bill introduction deadline for the 2020 session of the legislature occurred two weeks ago and that Authority staff and consultants are continuing to review the bills to determine potential impacts to the Authority.
- **MILITARY AFFAIRS:** Board Member Dockery reported that efforts were made to repatriate 232 American citizens and residents from Wuhan, China in support of Health and Human Services and Centers for Disease Control and that this process has had minimal impact on the community.
- **PORT:** Chairman Boling reported that the next meeting will be held on March 9.
- **WORLD TRADE CENTER:** None.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:** Chairman Boling reported that the SANDAG Board of Directors met twice and that the first meeting began as a joint session with the Transportation Committee, during which there was a panel discussion regarding state requirements and modeling tools related to greenhouse gas emissions and vehicle miles traveled. She also reported that the Board unanimously approved the Interagency Memorandum of Understanding Regarding Major Regional Project among the City of San Diego, Airport Authority, Port District, and SANDAG. She reported that the only party that remains to approve the item is the City of San Diego, which will consider it on

March 9. She also reported that at the second meeting, SANDAG staff presented an update on the California Department of Finance population projections and the annual legislative program and a primer on Environmental Review for Transportation Improvements.

- **SANDAG TRANSPORTATION COMMITTEE:** Board Member Schiavoni reported that the SANDAG Transportation Committee met twice and that the first meeting was a joint session with the full SANDAG Board of Directors that was focused on greenhouse gas emissions and vehicle miles traveled. She also reported that, at the second meeting, the Committee received a report on the California Department of Finance population projections that was later presented to the SANDAG Board. She also reported that they heard reports on the FY 2021 to FY 2025 TransNet program and transit-related revenues. She also reported that they received overviews on the impact of the Safer Affordable Fuel-Efficient Rule on the 2020 Regional Transportation Plan, the Comprehensive Multimodal Corridor plans and an update on the progress of the Regional Bikeway Program.

CHAIR'S REPORT: Chairman Boling reported that in February, the Authority participated in an Airport Connectivity panel hosted by the Downtown San Diego partnership. She reported that the event included a presentation by Dennis Probst, VP/CDO, on the transit and mobility enhancements included in the Airport Development Plan, which include service improvements to Metropolitan Transit System Route 992, the electric shuttle service from Old Town Transit Center, the inbound on-airport roadway and the transit-ready area between Terminals 1 and 2. She also reported that the Airline Support Building structure is being developed on the south side of the runway and that it will be leased to the airlines in support of their Belly Cargo operations, cabin service provisioning, and ground service equipment maintenance. She also reported that the Arts Program's new tour program continues to grow in popularity and that staff has fielded nearly 30 tour requests since December and is currently scheduling tours through May. She also reported that San Diego International Airport (SDIA) hosted a commercial film shoot for the hidden camera reality show called "Random Acts", where traveling families were rewarded for their random acts of kindness.

PRESIDENT/CEO'S REPORT: Kim Becker, President/CEO, provided an update on the status of the Coronavirus and its impact nationally and world-wide. She reported that SDIA has a direct flight to Japan, and therefore is monitoring the status of this country closely. She reported that on February 22 the Centers for Disease Control issued Level Two travel guidance for Japan, which recommends that older adults or those who have chronic medical conditions consider postponing travel to Japan. She reported that at the end of February the Airport Load Factors were at about 86% and that SDIA expects this number to decline significantly but will not know until an update is received from airline carriers. She reported that the Coronavirus impact is being felt industry-wide with passenger travel estimates projected to decrease 4.7 to 6% worldwide, and that SDIA is still adjusting internal projections due to international travel impacts, but domestic travel remains strong. She reported that the San Diego Convention Center confirmed that there has not been any event cancellations. She reported that SDIA staff is being reminded to wash their hands and use hand sanitizer stations that are located

throughout the terminals. She reported that more hand sanitizer stations are being deployed in the terminals, a higher level of cleaning is being completed and that most carriers have announced that they are completing deep cleanings of aircrafts. She reported that we are reviewing the Business Continuity Plan and Financial Resiliency Plan and putting some additional messages out to staff early next week. She also reported that SAN has been awarded a 2020 "GO by bike" mini-grant from SANDAG to implement the SAN Bike Education Airport Program (BEAP) that will install bike repair stations in Terminal 1 and 2 by mid-June. She also reported that in support of SAN's Clean Transportation Program that seeks to facilitate airport passengers and employees use of zero emission vehicles, the Administration building installed additional electric vehicle charging stations, which brings the total to more than 60 throughout the airports parking lots and structures. She also reported that on February 19 SAN hosted the 2nd Annual Mystery Shopper Program Award that honors all of the front-line concession employees for providing exceptional customer service to passengers.

NON-AGENDA PUBLIC COMMENT:

ROBERT GERMAN, LAKESIDE, representing Citizens Against Gillespie's Expansion & Low Flying Aircraft, expressed concern regarding inaccurate data provided by Authority staff related to Gillespie Field and requested documents and notes used to prepare the presentation for the 2020 Aviation Noise & Emission Symposium.

CONSENT AGENDA (Items 1-8):

ACTION: Moved by Board Member Kersey and seconded by Board Member Cox to approve the Consent Agenda. Motion carried by the following votes: YES – Boling, Cox, Kersey, McNamara, Robinson, Schiavoni; NO – None; ABSENT – Blakespear, Lloyd, West; (Weighted Vote Points: YES – 68; NO – 0; ABSENT – 32)

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the February 6, 2020 regular meetings.

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

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

3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM JANUARY 13, 2020 THROUGH FEBRUARY 9, 2020 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM JANUARY 13, 2020 THROUGH FEBRUARY 9, 2020:

RECOMMENDATION: Receive the report.

4. MARCH 2020 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2020-0027, approving the March 2020 Legislative Report.

CLAIMS

5. REJECT THE CLAIM OF BARBARA LEONARD:

RECOMMENDATION: Adopt Resolution No. 2020-0028, rejecting the claim of Barbara Leonard.

COMMITTEE RECOMMENDATIONS

6. FISCAL YEAR 2020 SECOND QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: The Audit Committee recommends that the Board accept the report.

CONTRACTS AND AGREEMENTS

7. AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 10, GROUP 6, PROJECT NO. 381006 TWENTY-SEVEN (27) 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. 2020-0029, awarding a contract to S&L Specialty Construction, Inc., in the amount of \$992,406.37 for Phase 10, Group 6, Project No. 381006, of the San Diego County Regional Airport Authority's ("Authority") Quieter Home Program.

8. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FOURTH AMENDMENT TO THE AGREEMENT WITH DEVANEY PATE MORRIS & CAMERON LLP:

RECOMMENDATION: Adopt Resolution No. 2020-0030, approving and authorizing the President/CEO to execute a Fourth Amendment to the Agreement with Devaney Pate Morris & Cameron LLP for professional legal services extending the term for one year.

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

9. **AUTHORIZE THE PRESIDENT/CEO TO GRANT A 30-YEAR FUEL SYSTEM LEASE AGREEMENT TO SAN FUEL COMPANY, LLC TO FINANCE, DESIGN, BUILD, OPERATE, AND MAINTAIN A FUEL SYSTEM FACILITY AT SAN DIEGO INTERNATIONAL AIRPORT AND AUTHORIZE THE PRESIDENT/CEO TO CONSENT TO RELATED ANCILLARY AGREEMENTS:**

Susan Diekman, Asset Manager, Revenue Generation & Partnership Development provided a presentation to Grant a 30-Year Fuel System Lease Agreement to SAN Fuel Company, LLC that included an Overview of Existing Fuel System Facility, Who is SAN Fuel Company, LLC, Key Considerations of the Fuel Lease, Business Terms, Aircraft Fuel Hydrant System, Fuel Distribution Projects, and Ancillary Agreements.

RECOMMENDATION: Adopt Resolution No. 2020-0031, authorizing the President/CEO to grant a thirty-year lease with SAN Fuel Company, LLC to finance, design, build, operate and maintain a fuel system facility at San Diego International Airport.

RECOMMENDATION: Adopt Resolution No. 2020-0032, authorizing the President/CEO to consent to Ancillary Agreements related to the operation and management of the fuel system facility by SAN Fuel Company, LLC at San Diego International Airport.

ACTION: Moved by Board Member Kersey and seconded by Board Member Robinson to approve staff's recommendation. Motion carried by the following votes: YES – Boling, Cox, Kersey, McNamara, Robinson, Schiavoni; NO – None; ABSENT – Blakespear, Lloyd, West; (Weighted Vote Points: YES – 68; NO – 0; ABSENT – 32)

10. **DISCUSSION AND POSSIBLE ACTION TO AMEND AUTHORITY POLICY 3.30 – BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT POLICY:**

Chairman Boling provided an overview of the request and expressed concern regarding the policy provision that allows Board Members to travel business class during international travel and suggested that it be eliminated.

Board Member Robinson stated that he is against making any changes to the policy stating that the policy was recently reviewed in 2018-2019; that it sends mixed messages to our customers if the Authority does not fly its officials business class during official business; that airline partners want the Authority to fly business class; that other Airport Authorities around the country, the Port District, and many other agencies allow business class travel during international business trips; that the Authority is transparent with Board travel and that the Board submits all pre-travel and business expenses to the Executive Committee for approval and that any concerns regarding travel expenses should be dealt with during that process; that international travel by Board members is rare; that

separate policies for Board and staff makes no sense when both are on the same business mission and that the policy allowing international business class travel has been in place since the Authority was first established in 2003.

Kim Becker, President/CEO, stated that she feels this is a budget issue and that the budget hasn't changed in several years. She also stated that it would be wise to set a process to reach out to Board members to identify travel and training requests that could be included in the budget. She also spoke regarding the need for Board members to attend trainings on issues such as concessions and suggested that adjustments be made to the budget to take into account training needs of the Board.

Board Member Schiavoni stated that travel is our business and that she understand that supporting the flight was part of bringing the flight to San Diego. She suggested that the policy should be left as is and address any issues at the Executive Committee meetings and that travel should be looked at strategically during the budget process to provide flexibility.

Board Member Cox suggested that the travel budget be adjusted to allow Board members to build business relationships and attend trainings.

Chairman Boling suggested that Board member travel be segmented into training and business relationship building.

Board Member McNamara expressed concern regarding a double standard this would create between staff and Board Members.

Board Member Kersey expressed concern regarding the perception of the Authority by not utilizing business class for their Board's travel but asking other businesses to do so for their travel needs.

Chairman Boling requested that staff prepare and forward to Board a list of trainings that Board Members could attend.

The Board recessed at 10:59 a.m. and reconvened at 11:02 a.m.

CLOSED SESSION: The Board recessed into Closed Session at 11:03 a.m. to discuss Item 15.

- 11. 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. American Car Rental, Inc., San Diego Superior Court Case No. 37-2016-00024056-CL-BC-CTL

- 12. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Future DB International, Inc. v. San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2018-00001531-CU-CR-CTL
- 13. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Park Assist LLC v. San Diego County Regional Airport Authority, et al.
United States District Court Case No. 18 CV2068 LAB MDD
- 14. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: M.W. Vasquez Construction Co. Inc. v. San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2019-000215
- 15. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Quiet Skies San Diego v. San Diego County Regional Airport Authority
San Diego Superior Court Case No. 37-2020-00007998-CU-TT-CTL
- 16. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Cal. Gov. Code §54956.9)
Number of cases: 2
- 17. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Investigative Order No. R9-2012-0009 by the California Regional Water Quality Control Board pertaining to an investigation of bay sediments at the Downtown Anchorage Area in San Diego.
Number of potential cases: 1
- 18. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Navy Boat Channel Environmental Remediation
Number of potential cases: 1
- 19. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Number of potential cases: 1

- 20. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Order No. WQ 2019-0005-DWQ by the State Water Resources Control Board pertaining to PFAS
Number of potential cases: 1
- 21. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: Approximately 7.5 acres of land located on the north side of the San Diego International Airport property, north-east of Taxiway C
Agency Negotiators: Scott Brickner, John Dillon, Hampton Brown, Eric Podnieks
Negotiating Parties: AFCO, Chuck Stipancic
Under Negotiation: price and terms of payment

REPORT ON CLOSED SESSION: The Board adjourned out of Closed Session at 12:00 p.m. There was no reportable action.

GENERAL COUNSEL REPORT: None.

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

BOARD COMMENT: None.

ADJOURNMENT: The meeting adjourned at 12:00 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 23rd DAY OF MARCH, 2020.

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **MARCH 23, 2020**

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 2020 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. This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. Section 15378. This Board action is not a "project" subject to CEQA. Pub. Res. Code Section 21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act, Pub. Res. Code Section 30106.
- 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.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/AUTHORITY CLERK

C. BLAKESPEAR



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

SDSRAA

MAR 16 2020

Board Services

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: March 2020		
Board Member Name: Catherine Blakespear		
Date: 3/16/20		
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	March 23/ 9:00 a.m. - 11:00 a.m./ Teleconference/ Special Board ALUC Meeting	Special Board/ALUC Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> 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: Catherine Blakespear
Digitally signed by Catherine Blakespear
 Date: 2020.03.16 15:48:46 -07'00'

M. KERSEY



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

SDCRAA

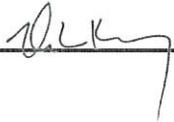
MAR 16 2020

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:	March 2020
Board Member Name:	Mark Kersey
Date:	3/16/20

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	3/5/2020 9:00am 3225 N Harbor Drive	Board/ALUC Meetings
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
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<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> 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: 

P. MCNAMARA



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

SDCRAA

MAR 18 2020

Board Services

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:	March 2020
Board Member Name:	Paul McNamara
Date:	3/18/20

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	3/5/2020/0900/SDCRAA/BOD	BOD Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
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<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> 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: Paul McNamara

Digitally signed by Paul McNamara
 DN: cn=Paul McNamara, o=San Diego County Regional Airport Authority, email=p.mcnamara@escondido.org, c=US
 Date: 2020.03.18 09:16:37 -0700

P. ROBINSON



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY SDCRAA

MAR 16 2020

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:		3/31/2020
Board Member Name:		Paul Robinson
Date:		3/16/2020
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	3/5/2020 9 AM - Board	Board & ARUC mtg
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
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<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> 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: Paul Robinson

J. SCHIAVONI



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

SDCRAA
 MAR 17 2020
 Board Services

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: 3/1/2020-3/17/2020		
Board Member Name: Johanna S. Schiavoni		
Date: 3/17/20		
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	3/5/2020, 9:00am, SDCRAA offices	SDCRAA Board meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	3/6/2020, 9:00am, SANDAG offices	SANDAG Transportation Committee meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	3/10/2020, 10:00am, San Diego City Council chambers and clerk's office	San Diego City Council meeting--confirmation vote for Airport nomination
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	3/17/2020, 9:00am, webinar meeting	Attend UCSD Global Policy School Civic Leadership Council per request of SDCRAA Board Chair
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> 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: Johanna Schiavoni

STAFF REPORT

Meeting Date: **MARCH 23, 2020**

Subject:

Awarded Contracts, Approved Change Orders from February 10, 2020 through March 8, 2020 and Real Property Agreements Granted and Accepted from February 10, 2020 through March 8, 2020

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:

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.

Application of Inclusionary Policies:

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

Prepared by:

JANA VARGAS
DIRECTOR, PROCUREMENT

Attachment "A"**AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN February 10, 2020 to March 8, 2020****New Contracts**

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
2/12/2020		Populous, Inc.	The Contractor will provide customer experience consulting services at San Diego County Regional Airport Authority.	RFP	Customer Experience Design & Innovation	\$650,000.00	2/9/2023
2/26/2020		Culbertson, Adams & Associates, Inc.	The Contractor will provide on-call services related to the California Coastal Act and the California Coastal Commission at San Diego County Regional Airport Authority.	RFP	Airport Planning & Environmental Affairs	\$400,000.00	10/31/2022
2/24/2020		The AjA Project	The Artist will provide a detailed presentation of a proposed design, fabrication and installation for the "Admiral Boland Way Mural Art Work Project " at San Diego International Airport.	RFQ	Marketing & Air Service Development	\$500.00	1/7/2020
3/2/2020		Aaron R. Glasson	The Artist will commission Artwork for the "Admiral Boland Way Mural" at San Diego International Airport.	RFQ	Marketing & Air Service Development	\$5,500.00	6/1/2020

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN February 10, 2020 to March 8, 2020

New Contracts Approved by the Board

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
3/3/2020		Jacobs Engineering Group, Inc.	The contract was approved by the Board at the January 9, 2020 Board Meeting. The Contractor will provide Airside-Landside Engineering Consulting Services at the San Diego International Airport.	RFQ	Airport Design & Construction	\$35,000,000.00	2/24/2025

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN February 10, 2020 to March 8, 2020

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
3/4/2020		Ricondo & Associates, Inc.	The 2nd Amendment extends the term of the agreement by ninety (90) days and increases the total compensation amount by \$120,000 for Airport Land Use Compatibility Technical Support Services associated with the EIR at San Diego International Airport.	Airport Planning & Environmental Affairs	\$2,000,000.00	\$120,000.00	6%	\$2,120,000.00	11/11/2020

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN February 10, 2020 to March 8, 2020

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

Attachment "B"

REAL PROPERTY AGREEMENTS EXECUTED FROM FEBRUARY 10, 2020 through MARCH 8 , 2020



Real Property Agreements

Begin/End Dates	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
NO REAL PROPERTY AGREEMENTS								



Real Property Agreement Amendments and Assignments

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
NO REAL PROPERTY AGREEMENT AMENDMENST AND ASSIGNMENTS								

STAFF REPORT

Meeting Date: **MARCH 23, 2020**

Subject:

April 2020 Legislative Report

Recommendation:

Adopt Resolution No. 2020-0033, approving the April 2020 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 April 2020 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.

State Legislative Action

Legislative staff recommends that the Board adopt a WATCH position on AB 2261 (Chau), AB 2331 (Muratsuchi), AB 2902 (Kalra), AB 3041 (Low), AB 3216 (Kalra), AB 3248 (Waldron), SB 1044 (Allen), and SB 1056 (Portantino).

AB 2261 would require a local public agency to provide a notice whenever a facial recognition service is deployed in a physical premise open to the public. The legislation also requires an agency to post an accountability report on the agency's website at least 90 days before any facial recognition technology is put into service.

AB 2331 would require the State Air Resources Board to adopt regulations to require the reporting of emissions of greenhouse gases from the aviation sector.

AB 2902 bill would expand the requirements of public agencies to notify interested parties when seeking to remove or destroy public art installations.

AB 3041 would require a peer-to-peer car sharing program to assume the liability for a loss during the shared period in an amount not less than the minimum coverage amounts for private passenger vehicles.

AB 3216 would make an unlawful employment practice for an employer, as defined, to refuse to grant a request by an eligible employee to take family and medical leave due to the coronavirus (COVID-19).

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SB 1044, commencing January 1, 2022, would prohibit a person or public entity from discharging or otherwise using for training purposes class B firefighting foam that contains intentionally added perfluoroalkyl and polyfluoroalkyl substances (PFAS) chemicals, and would provide that a violation of this prohibition is punishable by a specified civil penalty. The bill has additional provisions related to the sale and use of PFAS.

SB 1056 would require the State Water Resources Board, on or before January 1, 2022, to certify a methodology or methodologies for testing drinking water, groundwater, and surface water for perfluoroalkyl and polyfluoroalkyl substances, as provided, and to accredit qualified laboratories in California to analyze perfluoroalkyl and polyfluoroalkyl substances pursuant to the adopted methodology or methodologies.

In Sacramento, the state's response to the coronavirus pandemic has fully consumed the Executive Branch, the Legislature and government agencies. Of note, the Governor issued an Executive Order urging people to avoid public gatherings of more than 250 people. The order on public meetings, however, does not apply to transportation agencies or airports. In addition to the public meeting provision, the order waives the waiting period for individuals to access state benefits, provides individuals and businesses an additional 60 days to file taxes, and lifts limits for some public employees to telecommute.

The Governor's Office has suspended all face-to-face meetings and the Legislature is considering a temporary recess as the state moves to stop the spread of COVID-19.

Federal Legislative Action

There are no new House or Senate bills to report.

In Washington, the Administration, Congress and government agencies have also been consumed with responding to COVID-19. The House and Senate passed a \$8.3 billion coronavirus emergency supplemental appropriations bill that was signed by the President. In addition, the Airport Authority's federal consultants, aligned with the Airports Council International-North America continues to closely monitor and advocate for resources as the pandemic unfolds.

In early March, Government Relations staff participated in the joint Airports International Council-North America (ACI-NA) and American Association of Airport Executives (AAAE) 2020 Legislative Conference. Staff heard directly from Members of Congress, including Representatives Earl Blumenauer and Thomas Massie, the authors of H.R. 3791, removes the federal cap on the airport passenger facility charge (PFC), giving airports more flexibility and local control to finance major construction projects.

Page 3 of 3

In addition to discussions involving airport infrastructure financing and development, the main topic of discussion among Members of Congress is the impact of coronavirus on the health and safety of Americans and the impact of the virus on travel, tourism and the economy. Participants also heard from Federal Aviation Administration (FAA) Administrator Steve Dickson and staff from the Federal Aviation Administration (FAA) and the Transportation Security Administration (TSA), who discussed the action government agencies are taking to respond to coronavirus.

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.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

MATT HARRIS
DIRECTOR, GOVERNMENT RELATIONS

RESOLUTION NO. 2020-0033

A RESOLUTION OF THE BOARD OF THE SAN
DIEGO COUNTY REGIONAL AIRPORT AUTHORITY,
APPROVING THE APRIL 2020 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 hereby approves the April 2020 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 special meeting this 23rd day of March 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

April 2020 Legislative Report

State Legislation

New Assembly Bills

Legislation/Topic

AB 2261 (Chau) – Facial Recognition Technology

Background/Summary

AB 2261 would require a processor, as defined, that provides facial recognition services to, among other things, make available an application programming interface or other technical capability, chosen by the processor, to enable controllers or third parties to conduct legitimate, independent, and reasonable tests of those facial recognition services for accuracy and unfair performance differences across distinct subpopulations, as specified. The bill would also require a controller, as defined, to, among other things, provide a conspicuous and contextually appropriate notice whenever a facial recognition service is deployed in a physical premise open to the public that includes specified elements, including any purpose for which the facial recognition service is deployed.

Anticipated Impact/Discussion

Customs and Border Protection (CBP) and the Transportation Security Administration (TSA) are working with airlines to implement biometric face scanners in domestic airports to streamline security.

Although CBP and TSA are federal agencies, AB 2261 would require state and local agencies, to create an accountability report and to publicly post this report on the agency's website at least 90 days before any facial recognition technology is put into service. The legislation also has additional requirements to be included in the report that could create additional workload and liability issues for San Diego International Airport and the Airport Authority.

Status: 02/27/20 – Double referred to the Assembly Judiciary and Privacy and Consumer Protection Committee.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2331 (Muratsuchi) – Greenhouse gases: aviation sector: reporting

Background/Summary

AB 2331 would require the State Air Resources Board to adopt regulations to require the reporting of emissions of greenhouse gases from the aviation sector, as provided. The bill would require the state board to include in the greenhouse gases inventory the emissions of greenhouse gases from the aviation sector. The bill would require the state board, by July 1, 2022, to submit recommendations to the appropriate policy committees of the Legislature on actions the state board could take to achieve reductions in the emissions of greenhouse gases in the aviation sector.

Anticipated Impact/Discussion

San Diego International Airport has partnered with airports, airlines, sustainable aviation fuel producers and other stakeholders to find ways to reduce greenhouse gas emissions in the aviation sector. The Airport Authority’s legislative team will continue to monitor and engage on this issue as the bill moves through the legislative process.

Status: 02/24/20 – Referred to the Assembly Natural Resources Committee.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2902 (Kalra) – Fine art: physical alternation or destruction

Background/Summary

The California Art Preservation Act (CAPA) prohibits certain acts relating to the physical alteration or destruction of fine art, defined as an original painting, sculpture, or drawing, or an original work of art in glass, of recognized quality, other than a work prepared under contract for commercial use by its purchaser, including the intentional defacing, mutilating, altering, or destruction of a work of fine art except by an artist who owns and possesses a work of fine art that the artist has created. The law also provides that if a work of fine art can be removed from a building without substantial harm to the fine art, and in the course of or after removal, the owner intends to cause or allow the fine art to suffer physical defacement, mutilation, alteration, or destruction, the rights and duties described above apply unless the owner of the building has provided, or diligently attempted to provide, written notice to the artist or the artist's heir, beneficiary, devisee, or personal representative, and the notified parties have failed to remove the work or pay for its removal within 90 days.

This bill would require a trier of fact to additionally rely on the visibility of the work, community recognition awards attributable to the work, and recognition and awards received by the artist of the work before it can be removed. This bill would additionally include an interested community and a city art commission in the list of required recipients of the written notice described above and would authorize a court to extend the 90-day period within which a noticed party is required to act to remove the art from the building.

Anticipated Impact/Discussion

San Diego International Airport has a robust art program that includes several temporary art installations throughout the airport. If enacted as currently drafted, this legislation could require additional approval from other public and non-public entities prior to the removal of these art installations. As drafted, this additional approval process could create delays in the removal of art installations throughout the airport.

Status: 02/21/20 – Introduced.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 3041 (Low) – Peer-to-Peer Car Sharing

Background/Summary

Current law prohibits an insurer from classifying a private passenger motor vehicle as a commercial vehicle, for-hire vehicle, permissive use vehicle, or livery solely because its owner allows it to be shared if specified criteria are met. Current law requires a personal vehicle sharing program to provide insurance coverage for the vehicle and driver that is equal to or greater than the coverage maintained by the vehicle owner, but no less than 3 times the minimum coverage amounts for private passenger vehicles. This bill would repeal the above insurance coverage requirement and would instead require a peer-to-peer car sharing program to assume the liability for a loss during the sharing period in an amount not less than the minimum coverage amounts for private passenger vehicles. AB 3041 excludes airports by allowing a commercial airport authority to regulate access to an airport and set access fees for a peer-to-peer car sharing program.

Anticipated Impact/Discussion

Although this legislation is not expected to have a direct impact on the Airport Authority or San Diego International Airport (SDIA), the Airport Authority's legislative team will continue to monitor as peer-to-peer car sharing is a method of transportation passengers utilize when traveling to and from the airport.

Status: 02/21/20 – Introduced.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 3216 (Kalra) – Employee Leave: Authorization: Coronavirus (COVID-19)

Background/Summary

AB 3216 would make it unlawful employment practice for an employer, as defined, to refuse to grant a request by an eligible employee to take family and medical leave due to the coronavirus (COVID-19). The bill would permit employees taking leave due to COVID-19 to continue participation in employee health plans, including life insurance or short-term or long-term disability or accident insurance, pension and retirement plans, and supplemental unemployment benefit plans. The bill would provide that during a medical leave period taken due to COVID-19 an employee would retain employee status with the employer and that this leave does not constitute a break in service. The bill would make it an unlawful employment practice for an employer to refuse to hire, or to discharge, fine, suspend, expel, or discriminate against, an individual because of the individual's exercise of leave right under these provisions or the individual's giving information or testimony as to family care and medical leave due to COVID-19.

Anticipated Impact/Discussion

This legislation could have an impact on the Airport Authority and San Diego International Airport (SDIA). The legislative team will continue to monitor as the bill moves through the legislative process.

Status: 02/24/20 – Referred to the Assembly Natural Resources Committee.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 3248 (Waldron) – San Diego Association of Governments: San Diego County Regional Transportation Commission: Transactions and Use Tax: Expenditure Plan

Background/Summary

AB 3248 would prohibit SANDAG’s board of directors, serving as the San Diego County Regional Transportation Commission, from changing the allocation of revenues to any component of the expenditure plan contained in the TransNet Extension Ordinance by more than an unspecified percentage unless the board, serving as the commission, adopts a resolution proposing to change the allocation of revenues in the expenditure plan, holds 4 public meetings in specified regions of the county to share the details of the proposed change, and the proposed change is approved by 2/3 of the electors voting on the measure at a special election called by the board, serving as the commission.

Anticipated Impact/Discussion

Although this legislation is not expected to have an impact on the Airport Authority or San Diego International Airport (SDIA), the legislative team will continue to monitor as it moves through the legislative process.

Status: 02/21/20 – Introduced.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Assembly Bills from Previous Report

Legislation/Topic

AB 245 (Muratsuchi) – California Aerospace and Aviation Commission

Background/Summary

AB 245 would establish a 15-member California Aerospace and Aviation Commission (Commission) within the Governor’s Office of Business and Economic Development. The Commission would serve as a central point of contact for businesses engaged in the aerospace and aviation industries, and support the health and competitiveness of these industries in California. AB 245 would require the Commission to make recommendations on legislative and administration action that may be necessary or helpful to maintain or improve the state’s aerospace and aviation industries and would require the Commission to report and provide recommendations to the Governor and State Legislature.

Anticipated Impact/Discussion

Although this legislation is not expected to have any significant impact on the Airport Authority or San Diego International Airport (SDIA), if the bill were enacted, the Airport Authority’s legislative team would work with the California Airports Council to identify any potential opportunities to engage with the Commission on actions that could impact California airports.

Status: 06/19/19 – This bill passed the Senate Business, Professions and Economic Development Committee on an 8 – 0 vote and is now in the Senate Government Organization Committee. AB 245 is a 2-year bill and is eligible for consideration in the 2020 legislative session.

Position: Watch (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 1112 (Friedman) – Motorized Scooters

Background/Summary

AB 1112 would authorize a local agency, as defined, to regulate motorized scooters by assessing limited penalties for moving or parking violations involving the use of motorized scooters. This bill would also allow a local authority to regulate scooter share operators by requiring a scooter share operator to pay fees that do not exceed the reasonable cost to the local authority of regulating the scooter share operator. The local authority would also be authorized to require a scooter share company to provide the local authority with trip data for all trips starting or ending within the jurisdiction of the local authority and would prohibit the disclosure of the information pursuant to public records requests received by the local authority.

Anticipated Impact/Discussion

This bill could benefit San Diego International Airport (SDIA) by providing the Airport Authority with additional enforcement tools to deter unsafe motorized scooter operations at or near SDIA.

Status: 06/19/19 – Re-referred to the Senate Transportation Committee. AB 1112 is a 2-year bill and is eligible for consideration in the 2020 legislative session.

Position: Watch (05/02/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 1190 (Irwin) – Unmanned Aircraft: State and Local Regulations

Background/Summary

AB 1190 would prohibit a state or local agency from adopting any law or regulation that bans the operation of an unmanned aircraft system. This bill would also include the operation of small unmanned aircraft systems within the definition of hazardous recreational activity for purposes of public entity liability. Existing law provides a local public entity or employee immunity as to any person engaging in hazardous recreational activity and for damage to an unmanned aircraft while the local entity or employee is providing emergency services. Additionally, AB 1190 would authorize a state or local agency to adopt regulations to enforce a requirement that a small unmanned aircraft system be properly registered under existing federal regulations and authorize a state or local agency to require proof of such registration from an unmanned aircraft operator.

Anticipated Impact/Discussion

This bill could benefit San Diego International Airport (SDIA) by providing the Airport Authority with enforcement tools to deter unsafe unmanned aircraft system operations at or near SDIA. However, this bill would also prohibit the Airport Authority, the City of San Diego, or other governmental entities from banning the operation of unmanned aircraft on or near airport property or in the flight path.

Status: 06/19/19 – To the Senate Rules Committee for assignment. AB 1190 is a 2-year bill and is eligible for consideration in the 2020 legislative session.

Position: Watch (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 1782 (Chau) – Automated License Plate Recognition Systems

Background/Summary

Existing law requires an Automated License Plate Recognition (ALPR) end-user, as defined, to implement a usage and privacy policy regarding that ALPR information, as specified. Existing law requires that the privacy policy include the length of time ALPR information will be retained, and the process the ALPR end-user will utilize to determine if and when to destroy retained ALPR information. AB 1782, as amended, would require that the privacy policy include a procedure to ensure the destruction of all non-anonymized ALPR information no more than 60 days from the date of collection, except as provided. The bill would also require the privacy policy to include a procedure to ensure that all ALPR information that is shared with an outside entity be anonymized, as defined, to protect the privacy of the license plate holder.

Anticipated Impact/Discussion

As an ALPR end-user, as defined, the Airport Authority would need to incorporate these new requirements into its ALPR privacy policy.

Status: 06/12/19 – Referred to the Senate Judiciary Committee. AB 1782 is a 2-year bill and is eligible for consideration in the 2020 legislative session.

Position: Watch (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 1850 (Gonzalez) – Employee Classification

Background/Summary

AB 1850 a placeholder (spot bill) that would recast and reorganize the statutory provisions established by Assembly Bill 5 (2019).

Anticipated Impact/Discussion

The Authority’s legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 02/18/20 – Referred to the Assembly Labor and Employment Committee

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2081 (Boerner Horvath) – Coastal Resources: Research: Landslides and Erosion: Early Warning System: County of San Diego

Background/Summary

AB 2081 (Boerner Horvath) would appropriate from the General Fund the sum of \$2,500,000 to Scripps Institution of Oceanography at the University of California San Diego to conduct research on coastal cliff landslides and erosion in the County of San Diego, as provided. The bill would require the research to be completed by January 1, 2023. The bill would require by no later than March 15, 2023, the institution to provide a report to the Legislature with recommendations for developing an early warning coastal cliff landslide and erosion warning system based on that research.

Anticipated Impact/Discussion

If enacted, this bill could provide additional educational resources for the Airport Authority to use when planning and developing mitigation measures for sea level rise that may impact the airport's daily operations.

Status: 02/20/20 – Referred to the Assembly Natural Resources Committee.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2093 (Gloria) – Public Records: Writing Transmitted by Electronic Mail: Retention

Background/Summary

AB 2093 (Gloria) would, unless a longer retention period is required by statute or regulation, or established by the Secretary of State pursuant to the State Records Management Act, require a public agency, for purposes of the California Public Records Act, to retain and preserve for at least 2 years every public record, as defined, that is transmitted by electronic mail.

Anticipated Impact/Discussion

If enacted, the Airport Authority would need to amend its retention schedule to conform with the bill's provisions.

Status: 03/10/20 – Passed the Assembly Judiciary Committee on a 10 – 1 vote and is now in the Assembly Appropriations Committee.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2138 (Chau) – California Public Records Act

Background/Summary

AB 2138 (Chau) is a placeholder (spot bill) making non-substantive changes to the California Public Records Act and would become operative on January 1, 2022.

Anticipated Impact/Discussion

The Authority's legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 02/20/20 – Referred to the Assembly Judiciary Committee.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2145 (Ting) – Transportation Electrification: Vehicle Charging Stations

Background/Summary

AB 2145 (Ting) is a placeholder (spot bill) declaring the intent of the Legislature to enact legislation to reform the electric vehicle charging infrastructure approval process employed by the Public Utilities Commission to help ensure that by 2030, California will safely install enough electric vehicle charging ports to meet the demand for charging infrastructure through public and private investment.

Anticipated Impact/Discussion

The Authority’s legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 02/10/20 – Introduced in Assembly

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2148 (Quirk) – Climate Change: Adaptation: Regional Plans

Background/Summary

AB 2148 (Quirk) declares the intent of the Legislature to enact legislation that would foster regional-scale adaptation, as specified; give regions a time to develop their regional plans, as specified; and consider, among other things, sea level rise and fire vulnerability.

Anticipated Impact/Discussion

The Authority’s legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 03/09/20 – Referred to the Assembly Natural Resources Committee

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

New Senate Bills

Legislation/Topic

SB 1044 (Allen) – Firefighting Equipment and Foam: PFAS Chemicals

Background/Summary

This bill, commencing January 1, 2022, would require any person, including a manufacturer, as defined, that sells firefighter personal protective equipment to any person or public entity to provide a written notice to the purchaser at the time of sale if the firefighter personal protective equipment contains perfluoroalkyl and polyfluoroalkyl substances (PFAS), and would provide that a violation of this requirement is punishable by a specified civil penalty. The bill would require the seller and the purchaser to retain the notice on file for at least 3 years and to furnish the notice and associated sales documentation to the State Fire Marshal within 60 days upon request, as provided.

The bill, commencing January 1, 2022, would prohibit a manufacturer of class B firefighting foam from manufacturing, or knowingly selling, offering for sale, distributing for sale, or distributing for use in this state class B firefighting foam to which PFAS chemicals have been intentionally added, and would provide that a violation of this prohibition is punishable by a specified civil penalty. The bill would require a manufacturer to provide a specified notice to persons that sell the manufacturer's products in the state and to recall prohibited products, as provided. The bill would require the State Fire Marshal to develop guidance, provide information, and offer resources relating to this prohibition to assist public entities, as provided. The bill, commencing January 1, 2022, would prohibit a person or public entity from discharging or otherwise using for training purposes class B firefighting foam that contains intentionally added PFAS chemicals, and would provide that a violation of this prohibition is punishable by a specified civil penalty.

Anticipated Impact/Discussion

SB 1044 could have a direct on impact on San Diego International Airport (SDIA) as airports are federally mandated to use PFAS in their firefighting foam. By prohibiting a person or public entity from discharging or otherwise using PFAS for training purposes and making this punishable by a civil penalty, this bill creates additional liabilities for SDIA and could jeopardize the safety of passengers and staff at the airport. At this point, the legislative team is working with the California Airports Council (CA) to develop an industry wide position on this bill and will continue to monitor as it moves through the process.

Status: 03/10/20 – Set for an April 1 hearing in the Senate Environmental Quality Committee.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 1056 (Portantino) – Drinking Water: Testing: Perfluoroalkyl and Polyfluoroalkyl Substances

Background/Summary

SB 1056 would require the State Water Resources Board, on or before January 1, 2022, to certify a methodology or methodologies for testing drinking water, groundwater, and surface water for perfluoroalkyl and polyfluoroalkyl substances, as provided, and to accredit qualified laboratories in California to analyze perfluoroalkyl and polyfluoroalkyl substances pursuant to the adopted methodology or methodologies.

Anticipated Impact/Discussion

SB 1056 could have a direct on impact on San Diego International Airport (SDIA) as airports are federally mandated to use PFAS in their firefighting foam. Although the current bill language does not currently place responsibility on airports for the cost of developing these methodologies, it could create additional liabilities for SDIA.

Status: 03/10/20 – Set for an April 1 hearing in the Senate Environmental Quality Committee.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Senate Bills from Previous Report

Legislation/Topic

SB 648 (Chang) – Unmanned Aircraft Systems: Accident Notification

Background/Summary

SB 648 would require, except as specified, the operator of an unmanned aircraft system (UAS) involved in an accident resulting in injury to an individual or damage to property to immediately land the UAS at the nearest location that will not jeopardize the safety of others and to provide certain information to the injured individual or the owner or person in charge of the damaged property, or place that information in a conspicuous place on the damaged property.

Anticipated Impact/Discussion

The bill is not expected to directly impact San Diego International Airport.

Status: 06/27/19 – Re-referred to the Assembly Transportation Committee. SB 648 is now a 2-year bill.

Position: Watch (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 931 (Wieckowski) – Local Government Meetings: Agenda and Documents

Background/Summary

SB 931 (Wieckowski) would require a local government legislative body to email a copy of the agenda or a copy of all the documents constituting the agenda packet if so requested.

Anticipated Impact/Discussion

Currently, the Airport Authority, if requested, sends meeting agendas and provides links to the agenda and/or meeting materials by email. As currently drafted, it is unclear if this bill would require the Airport Authority to email the agenda packet as an email attachment, potentially creating delivery issues depending on the size of the packet.

Status: 02/12/20 – Referred to the Senate Governance and Finance Committee.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 950 (Jackson) – California Environmental Quality Act

Background/Summary

SB 950 (Jackson) is a placeholder (spot bill) making non-substantive changes to the California Environmental Quality Act.

Anticipated Impact/Discussion

The Authority's legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 02/10/20 – Introduced in Senate

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 964 (Skinner) – Greenhouse Gas Reduction Fund: Investment Plan

Background/Summary

SB 964 (Skinner) is a placeholder (spot bill) making non-substantive changes to the Greenhouse Gas Reduction Fund related to the expenditure of moneys appropriated from the fund.

Anticipated Impact/Discussion

The Authority's legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 02/11/20 – Introduced in Senate

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic**SB 988 (McGuire) – Aviation Fuel****Background/Summary**

SB 988 would require an aviation fuel retailer to provide a quarterly information return, as specified, and would require the California Department of Tax and Fee Administration to collect and disseminate, as specified, information from those returns and calculate the amount of revenue collected from the sale, storage, use, or consumption of aviation fuel in the state. This bill would also require the department to report corresponding tax revenue information to local tax entities.

Anticipated Impact/Discussion

The Airport and Airway Safety and Capacity Expansion Act of 1987, narrowed the permitted uses of airport revenues and required local taxes on aviation fuel to be spent on the airport or, in the case of state taxes on aviation fuel, state aviation programs including noise mitigation. In 2014, the FAA finalized a policy clarification in effort to educate and direct out of compliance jurisdictions to resolve revenue diversion of aviation fuel taxes. In recent months the FAA has moved to an enforcement posture for entities still out of compliance and has been in communication with California to comply. SB 988 would create a reporting and enforcement mechanism of aviation fuel sales taxes collected in the state. If enacted, this bill could provide the Airport Authority with an additional source of funds.

Status: 02/12/20 – Introduced in Senate

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 1100 (Atkins) – Coastal Resources: Sea Level Rise

Background/Summary

SB 1100 (Atkins) would include, as part of the procedures the California Coastal Commission is required to adopt, recommendations and guidelines for the identification, assessment, minimization, and mitigation of sea level rise within each local coastal program, as provided. The bill would delete the timeframe by which the commission is required to adopt these procedures and would require the commission to take into account the effects of sea level rise in coastal resource planning and management policies and activities, as provided. In addition, the bill would require state and regional agencies to identify, assess, and, to the extent feasible and consistent with their statutory authorities, minimize and mitigate the impacts of sea level rise.

This bill would also create within state government the California Sea Level Rise State and Regional Support Collaborative. The bill would require the collaborative to consist of 5 members, as provided, including the Secretary for Environmental Protection and the Secretary of the Natural Resources Agency. The bill would require the collaborative to provide state and regional information to the public and support to local, regional, and other state agencies for the identification, assessment, and, where feasible, the mitigation of sea level rise. The bill would require, upon appropriation in the annual Budget Act, the collaborative to expend no more than \$100,000,000 annually from appropriate bond funds and other sources for the purpose of making grants to local governments to update local and regional land use plans to take into account sea level rise and for directly related investments to implement those plans, as provided. The bill would require the Secretary for Environmental Protection and the Secretary of the Natural Resources Agency, as part of the adoption of the annual Budget Act, to annually appear before the budget committees of both houses of the Legislature regarding the implementation of the above provisions.

This bill would instead authorize the secretary to expend up to \$2,000,000 per year for purposes of the grant program and would require up to \$500,000 of that money to be expended by the secretary for grants to organizations working to address and mitigate the effects of sea level rise in disadvantaged communities, as defined, impacted by sea level rise.

Anticipated Impact/Discussion

If enacted, bonds and other sources of funding for the purposes of making grants to local governments could be used to help implement the Authority's goals and efforts to implement the Climate Resilience Plan and airport development plan mitigation efforts.

Status: 02/19/20 – Introduced in Senate

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 1130 (Gonzalez) is a placeholder (spot bill) that would make non-substantive changes to the State Aeronautics Act related to airport land use commissions.

Anticipated Impact/Discussion

The Authority's legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 02/19/20 – Introduced in Senate

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Federal Legislation

New House Bills

There are no new House bills to report.

House Bills from Previous Report

Legislation/Topic

H.R. 535 (Dingell) PFAS Action Act of 2019

Background/Summary

H.R. 535 requires the Environmental Protection Agency (EPA) to designate certain perfluoroalkyl and polyfluoroalkyl (PFAS) chemicals as hazardous substances within one year of enactment. An amendment to H.R. 535 created an exemption from liability for federally required use of PFAS at airports, so long as such use follows FAA standards and guidance. H.R. 535 passed the House in a 247-159 vote.

Anticipated Impact/Discussion

H.R. 535 could have a direct on impact on San Diego International Airport (SDIA) as airports are federally mandated to use PFAS in their firefighting foam. While the Senate is not planning on considering H.R. 535, it is possible that language from the bill could be inserted in other legislation that could place liability for the cost of remediation on airports including SDIA.

Status: 01/13/20 – Received in the Senate and read twice and referred to the Committee on Environment and Public Works.

Position: Watch (02/06/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 976 (Lynch) – Air Traffic Noise and Pollution Expert Consensus Act of 2019

Background/Summary

H.R. 976 would require the Federal Aviation Administration (FAA) to enter into arrangements with the National Academies of Sciences, Engineering, and Medicine to provide a report on the health impacts of air traffic noise and pollution caused by aircraft flying over residential areas.

Anticipated Impact/Discussion

This bill would not directly impact operations at San Diego International Airport (SDIA), however, the information collected by the study may be useful in helping the community and the Airport Authority assess any environmental and health impacts of air traffic noise and pollution.

Status: 02/07/19 – Referred to House Committee on Transportation & Infrastructure Subcommittee on Aviation

Position: Support (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 1108 (DeFazio) – Aviation Funding Stability Act of 2019

Background/Summary

H.R. 1108 would provide funding from the Airport and Airway Trust Fund for all Federal Aviation Administration (FAA) activities in the event of a Government shutdown. This would only apply to funds not otherwise appropriated and would be available on the first day of a lapse in appropriations and end on the date that the regular appropriation bill for that fiscal year becomes law.

Anticipated Impact/Discussion

This bill would help minimize the impact of another government shutdown on the Airport Authority and San Diego International Airport by ensuring that there would be no disruption in FAA operations due to a lack of appropriations.

Status: 03/27/19 – The bill is before the full House for consideration.

Position: Support (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

**H.R. 1171 (DeFazio) – Funding for Aviation Screeners and Threat Elimination
Restoration (FASTER) Act**

Background/Summary

In 2013, Congress started diverting one-third of the revenue collected from airline passenger security fees to be deposited into the general fund of the Treasury. In Fiscal Year 2019, an estimated \$1.36 billion will be diverted away from aviation security and used for unrelated government spending. H.R. 1171 would repeal the requirement to divert funds, and ensure that passenger security fees are used for aviation security purposes. H.R. 1171 would also give the Transportation Security Administration (TSA) access to September 11 Security Fee revenue in the event of a lapse in appropriations. This means that, in the event of another government shutdown, TSA would be able to continue paying its officers.

Anticipated Impact/Discussion

Giving TSA access to the full amount of airline passenger security fee revenue would allow TSA to invest in new equipment as well as hire additional staff to better serve passengers, airlines, and airports, including San Diego International Airport (SDIA). This bill would also help minimize the impact of another government shutdown on SDIA by ensuring that there would be no disruption in TSA operations due to a lack of appropriations.

Status: 03/04/19 Referred to the House Committee on Homeland Security's
Subcommittee on Transportation and Maritime Security.

Position: Support (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 3791 (Massie) – Investing in America: Rebuilding America’s Airport Infrastructure Act

Background/Summary

H.R. 3791 would remove the federal cap on the Passenger Facility Charge (PFC), which is currently set at \$4.50. In exchange for removing the PFC cap, the bill proposes to reduce Airport Improvement Program funding by \$400 million annually and eliminate funding entitlements for large hub airports.

Anticipated Impact/Discussion

The Passenger Facility Charge Program allows commercial airports controlled by public agencies to collect up to \$4.50 for every eligible passenger. Airports use these fees to fund FAA-approved projects, including those that enhance safety, security or capacity; reduce noise; or increase air carrier completion. This bill would allow airports the flexibility to set the PFC and these fees could be used to fund FAA-approved projects, including infrastructure upgrades that improve the overall passenger experience. This bill could provide additional funding for San Diego International Airport infrastructure development projects.

Status: 07/18/19 – This bill was referred to the Subcommittee on Aviation.

Position: Support (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 5802 (Correa) – TSA Child CARE Act

Background/Summary

H.R. 5802 would direct the Transportation Security Administration to commission an outside assessment of the agency’s policies, procedures, and practices regarding personnel who are parents or guardians of a dependent minor with child care needs or who are expectant parents or guardians of a dependent minor with child care needs. The entity conducting this assessment is directed to consult with appropriate stakeholders, including labor organizations, airport operators, air carriers, and other aviation industry stakeholders.

Anticipated Impact/Discussion

Although the legislative proposal does not have a direct impact on San Diego International Airport (SDIA) or the Airport Authority, it does require that the entity conducting the study to consult with airport operators.

Status: 02/12/20 – The bill is before the full House for consideration.

Position: Watch

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 5823 (Richmond) – State and Local Cybersecurity Improvement Act

Background/Summary

H.R. 5823 would authorize a new federal grant program at DHS to address cybersecurity vulnerabilities on State and local government networks. Specifically, the bill would: establish a \$400 million Department of Homeland Security (DHS) grant program that incentivizes States to increase their own cybersecurity funding; require DHS's Cybersecurity and Infrastructure Security Agency (CISA) develop a strategy to improve the cybersecurity of State, local, tribal, and territorial governments; require State, local, tribal, and territorial governments develop comprehensive Cybersecurity Plans to guide use of grant dollars; and establish a State and Local Cybersecurity Resiliency Committee so State, local, tribal, and territorial governments can advise CISA on their cybersecurity needs.

Anticipated Impact/Discussion

H.R. 5823, if enacted, could create an opportunity for the Airport Authority to apply for grants for the purposes of enhancing San Diego International Airport's (SDIA) cyber security infrastructure.

Status: 02/10/20 – The bill is before the full House for consideration.

Position: Watch

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 5827 (Lesko) Trusted Traveler REAL ID Relief Act of 2020

Background/Summary

H.R. 5827 allow airline travelers in the U.S. to use PreCheck as an alternative to REAL ID when traveling beginning on October 1, 2020. This bill also requires TSA to develop a contingency plan to address travelers who attempt to travel without REAL ID-compliant credentials after October 1, 2020.

Anticipated Impact/Discussion

H.R. 535 could have a direct on impact on San Diego International Airport (SDIA) as domestic travelers are required to obtain a REAL ID-compliant identification by October 1, 2020, to proceed through Transportation Security Administration (TSA) security screening.

Status: 02/10/20 – Introduced in House of Representatives

Position: Watch

*Shaded text represents new or updated legislative information

New Senate Bills

There are no new Senate bills to report.

Senate Bills from Previous Report

Legislation/Topic

S. 563 (Duckworth) – Transportation Infrastructure Finance and Innovation Act (TIFIA) for Airports

Background/Summary

S. 563 would allow eligible airport-related projects to participate in the TIFIA program which provides credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to projects of national or regional significance.

Anticipated Impact/Discussion

In enacted, the Airport Authority could apply for loans through the TIFIA program to pay for certain projects related to the Airport Development Plan (ADP). These loans would significantly decrease the Airport Authority's interest expenses and thus reduce the total cost of the ADP.

Status: 02/26/19 – Read twice and referred to the Committee on Environment and Public Works

Position: Support (05/02/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

S. 1004 (Peters) – Securing America’s Ports of Entry Act of 2019

Background/Summary

S. 1004 would fully staff United States Ports of Entry by requiring Customs and Border Protection (CBP) to hire no less than 600 additional officers per year until CBP’s staffing needs are met. This bill also authorizes CBP to hire support staff to perform non-law enforcement administrative duties in support of CBP Officers.

Anticipated Impact/Discussion

If enacted, this bill would help ensure that the CBP Offices at San Diego International Airport (SDIA) are always fully staffed, and avoid potential reassignments to other ports of entry, thus allowing daily operations at SDIA to continue as normal.

Status: 06/19/19 – The bill is before the full Senate for consideration.

Position: Support (05/02/19)

Legislation/Topic

S. 1710 (Cornyn) – Airport Infrastructure Resources Security Act of 2019

Background/Summary

This bill would prohibit funds made available under the Federal Aviation Administration’s Airport Improvement Program from being provided to entities that have violated the intellectual property rights of United States entities.

Anticipated Impact/Discussion

While this bill is not anticipated to have a direct impact on operations at San Diego International Airport (SDIA), the Airport Authority’s legislative team will monitor the development of the bill language for any potential impacts to SDIA or the Airport Authority.

Status: 06/04/19 – Read twice and referred to the Senate Committee on Commerce, Science and Transportation Senate.

Position: Watch

*Shaded text represents new or updated legislative information

Legislation/Topic

S. 2035 (Duckwork) – "TSA Credential and Endorsement Harmonization Act"

Background/Summary

S. 2035 would direct the TSA to develop a plan to expand eligibility for PreCheck to transportation workers who have already gone through security reviews to obtain Transportation Worker Identification Credentials or Hazardous Materials Endorsements.

Anticipated Impact/Discussion

Although this legislation is not expected to impact San Diego International Airport (SDIA) or the Airport Authority, the Authority's legislative team will closely monitor this bill for any potential impact to SDIA or the Airport Authority.

Status: 09/11/19 – Referred to the House Committee on Homeland Security

Position: Watch

*Shaded text represents new or updated legislative information

STAFF REPORT

Meeting Date: **MARCH 23, 2020**

Subject:

Authorize the President/CEO to Execute a Notice of Geologic and Geotechnical Conditions in Order to Obtain a Certificate of Occupancy for the Facilities Management Department Shops Building

Recommendation:

Adopt Resolution No. 2020-0034, approving and authorizing the President/CEO to execute a Notice of Geologic and Geotechnical Conditions, including an indemnity agreement in favor of the City of San Diego, in order to obtain a Certificate of Occupancy for the Facilities Management Department (FMD) Shops building, to be recorded with the County Recorder acknowledging the existence of geotechnical conditions assumed to be present on the site of the future FMD Campus located on a portion of the Tidelands of San Diego Bay.

Background/Justification:

On June 1, 2017, the San Diego County Regional Airport Authority (“Authority”) Board adopted Resolution 2017-0053 approving the Capital Program for Fiscal Years 2018-2022 for the Airport Support Facilities (ASF) projects.

The Airport Support Facilities (ASF) project began construction on November of 2018 and consists of five separate components. One of the elements of the project is the construction of a new campus for the Facilities Management Department (FMD) of the San Diego County Regional Airport Authority (“Authority”). The new FMD Campus will be comprised of an Administration Building, Shops Building that includes the relocated Procurement Department Warehouse, and supporting improvements and facilities such as vehicle fleet, employee and visitor parking areas (“Attachment A”). The FMD Campus also includes electric vehicle (EV) charging stations and a natural gas fueling area for the airfield sweeper trucks. The FMD Campus has been designed to include energy efficient and sustainable buildings which support the Authority’s goals for operational efficiency, commitment to environmental stewardship, and regulatory compliance.

As part of the design and development of the ASF project, the Authority engaged professional geotechnical consultants who researched the site conditions at the proposed locations for all of the project components. All the pertinent documents associated with the geotechnical research, subsequent findings, and recommendations were provided to the ASF Design-Build team, as well as to the City of San Diego (“City”) Development Services Department as part of the plan check/building permit process.

The Authority previously contracted with Kleinfelder, Inc., to perform Fault Investigation work on the north side of the Airport property, which resulted in a Fault Hazard Study produced in April of 2013, and a Supplemental Fault Study in April of 2017. These studies identified and mapped both active and potentially active fault zones on much of the Airport property. Per the California Geological Survey (2018), the City of San Diego considers a fault to be classified as “active” if it has shown demonstrable surface displacement within the last 11,700 years. A fault that is classified as active requires that a structural setback be established to any habitable structures built in the vicinity of the fault. However, a fault that shows no evidence of surface displacement within the last 11,700 years can be classified as a “potentially active fault”, for which the project geologist is not required to recommend a building setback. Subsequently, the geotechnical consultants for the ASF project, Group Delta Consultants, Inc., (“Group Delta”) reviewed the geologic and geotechnical conditions associated with the FMD Campus site and determined that the proposed building locations were outside of the setback limit for the active fault. However, the location of the FMD Shops building does fall within the limits of a single potentially active fault zone.

Based on the results of both the Kleinfelder and the Group Delta analyses, the Authority’s design team and geotechnical experts believe that there is sufficient available information to allow a reliable assessment of the level of risk and extent of hazard to which this property and the improvements constructed thereon may be subject because of geologic hazards and other conditions. Group Delta concludes that a structural setback is not required for this potentially active fault that projects onto the footprint of the proposed FMD Shops building, and that the facility can be constructed as currently designed with negligible risk of surface movement or impact to the structure due to fault rupture.

As a condition to issuing a Certificate of Occupancy for the FMD Shops building, the City requests that the Authority acknowledge the existence of geotechnical conditions assumed to be present on the FMD Campus site and agree to stipulated conditions, including that the Authority indemnify and hold harmless the City for the risks related to construction of the FMD Shops building as authorized by the building permit. Attached as “Exhibit A” is a draft copy of the proposed Notice of Geologic and Geotechnical Conditions (“Notice”) which, upon approval and execution, will be recorded with the County Recorder. The Notice provides that the City may agree to remove the conditions in the Notice if it deems doing so is reasonable and appropriate based on geologic, geotechnical, and other appropriate conditions.

Staff requests that the Board approve and authorize the President/CEO to execute the Notice of Geologic and Geotechnical Conditions for the FMD Shops building, subject to minor edits and modifications as necessary, upon approval as to form by General Counsel.

Fiscal Impact:

Adequate funds for the Airport Support Facilities project are included within the Board approved FY2020-2024 Capital Program Budget in Project No. 104245. Sources of funding for this project include Airport Revenue Bonds, Airport Revolving Lines of Credit, and Airport Cash.

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.

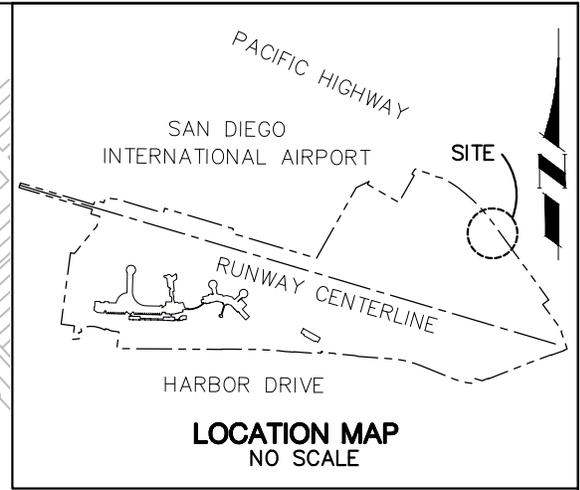
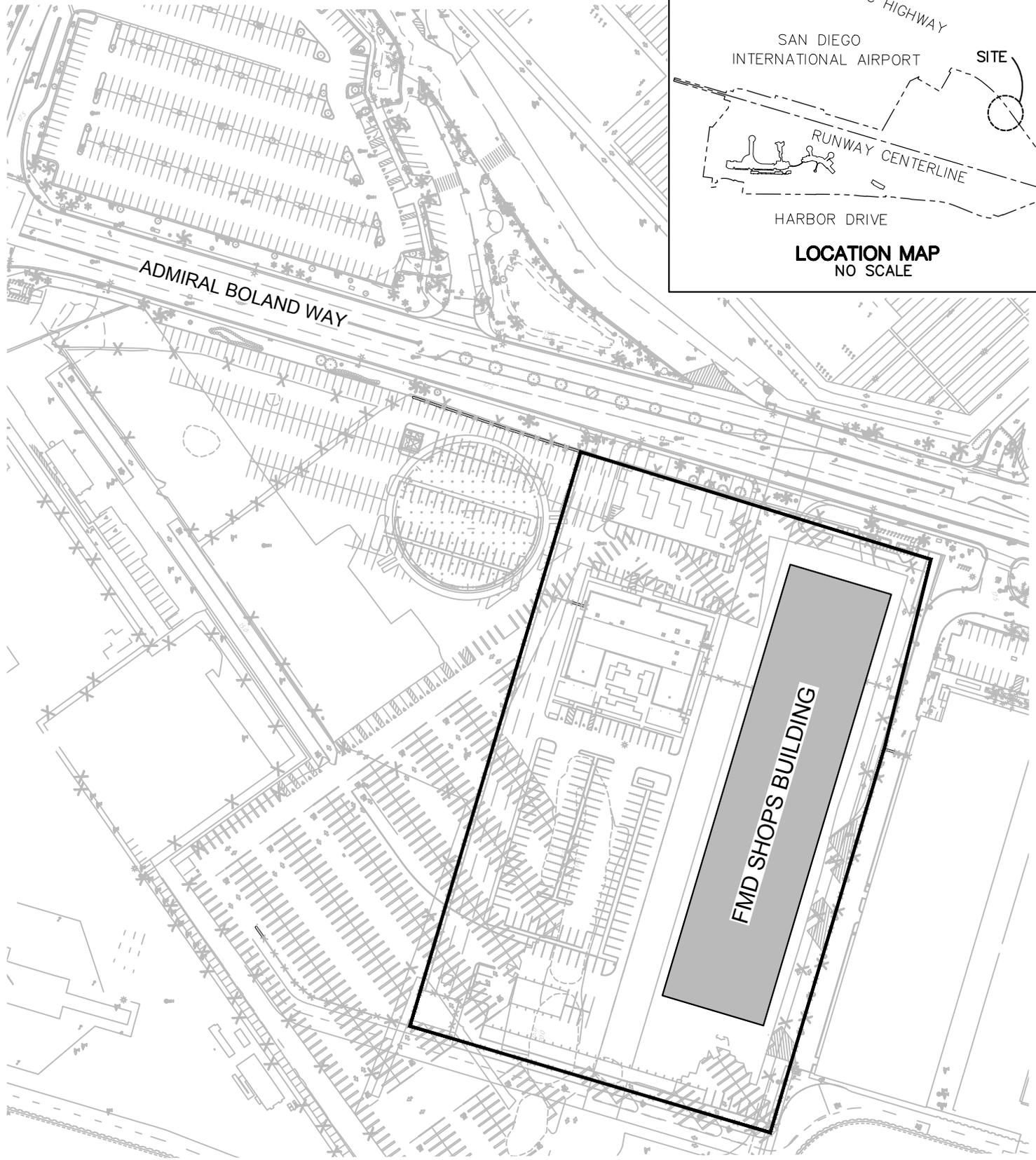
Application of Inclusionary Policies:

Not applicable.

Prepared by:

ROBERT BOLTON
DIRECTOR, AIRPORT DESIGN & CONSTRUCTION

ATTACHMENT "A"



DRAWN	AMP/NV5
CHECKED	P.PROBOTTA/NV5
APPROVED :	
	NV5
CHECKED :	
	RG & PD
ACCEPTED :	
	AD&C

SAN DIEGO INTERNATIONAL AIRPORT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
NEWPORT-INGLEWOOD-ROSE CANYON FAULT
RELEASE OF LIABILITY EXHIBIT
FMD CAMPUS

DATE	MARCH 16, 2020
SCALE	1"=150'
REF.	

DRAWING NO.
SHEET 1 OF 1

RESOLUTION NO. 2020-0034

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A NOTICE OF GEOLOGIC AND GEOTECHNICAL CONDITIONS, INCLUDING AN INDEMNITY AGREEMENT IN FAVOR OF THE CITY OF SAN DIEGO, IN ORDER TO OBTAIN A CERTIFICATE OF OCCUPANCY FOR THE FACILITIES MANAGEMENT DEPARTMENT SHOPS BUILDING, TO BE RECORDED WITH THE COUNTY RECORDER ACKNOWLEDGING THE EXISTENCE OF GEOTECHNICAL CONDITIONS ASSUMED TO BE PRESENT ON THE SITE OF THE FUTURE FMD CAMPUS LOCATED ON A PORTION OF THE TIDELANDS OF SAN DIEGO BAY

WHEREAS, on June 1, 2017, the San Diego County Regional Airport Authority (“Authority”) Board adopted Resolution 2017-0053 approving the Capital Program for Fiscal Years 2018-2022 for the Airport Support Facilities (ASF) projects; and

WHEREAS, the Airport Support Facilities (ASF) project began construction on November of 2018 and consists of five separate components; and

WHEREAS, one of the elements of the project is the construction of a new campus for the Facilities Management Department (FMD) of the San Diego County Regional Airport Authority (“Authority”); and

WHEREAS, the new FMD Campus will be comprised of an Administration Building, Shops Building that includes the relocated Procurement Department Warehouse, and supporting improvements and facilities such as vehicle fleet, employee and visitor parking areas; and

WHEREAS, the FMD Campus also includes electric vehicle (EV) charging stations and a natural gas fueling area for the airfield sweeper trucks; and

WHEREAS, the FMD Campus has been designed to include energy efficient and sustainable buildings which support the Authority’s goals for operational efficiency, commitment to environmental stewardship, and regulatory compliance; and

WHEREAS, as part of the design and development of the ASF project, the Authority engaged professional geotechnical consultants who researched the site conditions at the proposed locations for all of the project components; and

WHEREAS, all the pertinent documents associated with the geotechnical research, subsequent findings, and recommendations were provided to the ASF Design-Build team, as well as to the City of San Diego ("City") Development Services Department as part of the plan check/building permit process; and

WHEREAS, the Authority previously contracted with Kleinfelder, Inc., to perform Fault Investigation work on the north side of the Airport property, which resulted in a Fault Hazard Study produced in April of 2013, and a Supplemental Fault Study in April of 2017; and

WHEREAS, these studies identified and mapped both active and potentially active fault zones on much of the Airport property and as a result, Kleinfelder recommended that a structural setback be used when constructing any habitable structure in the area immediately adjacent to the mapped location of the active fault line; and

WHEREAS, the geotechnical consultants for the ASF project, Group Delta Consultants, Inc., ("Group Delta") reviewed the geologic and geotechnical conditions associated with the FMD Campus site and selected the construction areas in a manner so as to ensure that the buildings were outside of the setback limit for the active fault; and

WHEREAS, the location of the FMD Shops building does fall within the limits of a single potentially active fault zone; and

WHEREAS, Kleinfelder and Group Delta both concluded that there is no evidence of surface displacement from this fault within the last 11,700 years, confirming that it does not meet the criteria of an active fault; and

WHEREAS, based on the results of Kleinfelder and Group Delta analyses, the Authority's design team and geotechnical experts believe that there is sufficient available information to allow a reliable assessment of the level of risk and extent of hazard to which this property and the improvements constructed thereon may be subject because of geologic hazards and other conditions; and

WHEREAS, Group Delta concludes that a structural setback is not required for this potentially active fault that projects onto the footprint of the proposed FMD Shops building, and that the facility can be constructed as currently designed with negligible risk of surface movement or impact to the structure due to fault rupture; and

WHEREAS, as a condition to issuing a Certificate of Occupancy for the FMD Shops building, the City requests that the Authority acknowledge the existence of geotechnical conditions assumed to be present on the FMD Campus site and agree to stipulated conditions, including that the Authority indemnify and hold harmless the City for the risks related to construction of the FMD Shops building as authorized by the building permit; and

WHEREAS, a draft copy of the proposed Notice of Geologic and Geotechnical Conditions (“Notice”) is attached to the Staff Report as “Exhibit A”, which, upon approval and execution, will be recorded with the County Recorder; and

WHEREAS, the Notice provides that the City may agree to remove the conditions in the Notice if it deems doing so is reasonable and appropriate based on geologic, geotechnical, and other appropriate conditions; and

WHEREAS, Staff requests that the Board grant the President/CEO authority to execute the Notice, subject to minor edits and modifications as necessary, upon approval as to form by General Counsel.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approve and authorize the President/CEO to execute a Notice of Geologic and Geotechnical Conditions, including an indemnity agreement in favor of the City of San Diego, in order to obtain a Certificate of Occupancy for the Facilities Management Department Shops building, to be recorded with the County Recorder acknowledging the existence of geotechnical conditions assumed to be present on the site of the future FMD Campus located on a portion of the Tidelands of San Diego Bay; 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 special meeting this 23rd day of March, 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

EXHIBIT "A"

INDEXING INSTRUCTION:

Index as Agreement Affecting Real Property

RECORDING REQUESTED BY

and when recorded mail to:

San Diego County Regional Airport Authority

P.O. Box 82776

San Diego, CA 92138-2776

Space above this line for Recorder's use

CITY OF SAN DIEGO
NOTICE OF GEOLOGIC AND GEOTECHNICAL CONDITIONS
(PTS 629166)

PROPERTY ADDRESS

3270 Admiral Boland Way

San Diego, California 92101

The subject property is more specifically described as:

See Attachment "A".

GENERAL

To: San Diego County Regional Airport Authority, referred to as Authority: You and your geotechnical consultant, Group Delta Consultants (GDC), have reviewed the geotechnical documents referenced on page 4. GDC has identified a potentially active fault that projects onto the footprint of the Shops building that is part of the FMDC Campus and opined that a structural setback from the fault is not required.

At the present time, the City believes the available information is not sufficient to allow a reliable assessment of the level of risk and extent of hazard to which the proposed Shops building and other proposed improvements may be subjected due to geologic hazards and other conditions. The presently known facts suggest that these conditions may present a potential hazard, therefore, the City has the following conditions and requirements.

CONDITIONS, HOLD HARMLESS, AND ASSUMPTION OF RISK AND COSTS

Pursuant to San Diego Municipal Code §145.1803a(3), the City of San Diego requires the following conditions: (1) The Authority acknowledges by its signature(s) hereon that it has been informed by its consultant, GDC, of geological conditions, which may constitute a defect or hazard, and they accept the risk and sole responsibility due to these conditions in connection with the construction of project no. 629166 and future use; (2) the Authority certifies by its signature(s) hereon that it is fully aware of the information set forth in the documents referenced on page 4 of this Notice; (3) the Authority, during the term of its ownership, and its successors, heirs, assignees, transferees and grantees, during their respective terms of ownership, hereby agree to indemnify, defend and hold harmless the City of San Diego, its employees and agents from any and all costs, losses, liabilities or damages resulting from bodily injury, property damage or death to the Authority, its guests, invitees, visitors, employees, agents or contractors, which occur on the subject property, which are sustained, caused or result from failure of the permitted structure(s), underlying soils, slopes, or utilities which are beneath or adjacent to the referenced property due to the presence of faulting on the subject property. The Authority, its successors, heirs, assignees, transferees, and grantees, during their respective terms of tenancy or ownership, also agree to voluntarily assume all risks and costs, known or unknown, associated with tenancy, ownership, use, development, occupancy, or maintenance of the subject property.

In no event shall Authority be required to defend, indemnify or hold harmless the City of San Diego against liabilities for its sole negligence or willful misconduct. The indemnity coverage extended herein shall apply to the City only if the City was in no way negligent. In the event that liabilities are caused by the City's negligence and/or willful misconduct in addition to other causes, the City shall be entitled only to partial indemnity coverage, meaning that it shall exclude coverage for the liabilities caused by the City's negligence and/or willful misconduct. Nothing contained in this section shall be construed to alter, modify or otherwise affect or waive the rights, remedies, contractual provisions, clauses, covenants or duties not expressly stated herein, all of which are reserved to the parties.

The Authority hereby declare(s) that all property described above is held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved or maintained subject to the covenants contained herein, which shall run with the land and shall be binding on all parties having or acquiring a right, title or interest in the described lands or any part thereof.

The Authority agrees and acknowledges that the City of San Diego may agree to remove this covenant from the subject properties and release the Authority and subsequent owners of the property from the hold harmless portion of this agreement by a writing setting forth the release and removal signed by the Chief Executive Officer or designee and thereafter recorded with the County Recorder's Office in the County of San Diego, California. The City of San Diego shall possess the sole authority for determining when and if such removal and release of that portion of the agreement is reasonable and appropriate based on geologic, geotechnical, and other appropriate conditions.

ACKNOWLEDGMENT

I the President/CEO of the San Diego County Regional Airport Authority, have read and understand this NOTICE, have received a copy, and agree to the above conditions on behalf of all of our heirs, successors in interest, assignees, transferees, and grantees. I accept the indemnity, hold harmless, assumption of the risk and related responsibilities in connection with the construction authorized. I am aware that this document will be recorded with the County Recorder, and that these obligations shall run with the land.

For the City of San Diego:

Edric Doringo, PE
Deputy Director
Development Services

Dated: _____

For the Authority: San Diego County Regional Airport Authority

By: _____
Notarized Signature

Name: _____

Title: _____

Date: _____

REFERENCES

1. Response to City of San Diego Comments, Facilities Management Department Campus - Foundation and Frame, Airport Support Facilities, San Diego International Airport, San Diego, California, prepared by Group Delta Consultants, dated April 15, 2019, revised May 8, 2019 (their project no. SD584, document no. 19-0043)
2. Response to City of San Diego Comments, Facilities Management Department Campus - Foundation and Frame, Airport Support Facilities, San Diego International Airport, San Diego, California, prepared by Group Delta Consultants, dated April 15, 2019 (their project no. SD584, document no. 19-0043)
3. Addendum No. 1 - FMDC APLT RESULTS, Report of Geotechnical Investigation, Airport Support Facilities, San Diego International Airport, San Diego, California, prepared by Group Delta Consultants, dated April 9, 2019 (their project no. SD584, document no. 19-0042)
4. Report of Geotechnical Investigation, Airport Support Facilities, San Diego International Airport, San Diego, California, prepared by Group Delta Consultants, dated April 8, 2019, revised May 8, 2019 (their project no. SD584)

STAFF REPORT

Meeting Date: **MARCH 23, 2020**

Subject:

Reject the Claim of Scott Whittman

Recommendation:

Adopt Resolution No. 2020-0035, rejecting the claim of Scott Wittman

Background/Justification:

On February 13, 2020, Scott Wittman filed a claim ("Attachment A") with the San Diego County Regional Airport Authority ("Authority"). Specifically, Wittman alleges that while utilizing the parking lot of Terminal One at San Diego International Airport. Wittman claims damages in an unspecified amount over \$10,000.

As described above, Wittman alleges that sometime between February 7, 2020 and February 9, 2020, while parked in the parking lot of Terminal One, his vehicle was sideswiped by another vehicle utilizing the parking space to the right of his. Claimant does not know who damaged his vehicle.

Wittman's claim should be denied. An investigation into the alleged incident revealed it was not captured on video nor was it caused by an Authority employee. 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.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

AMY GONZALEZ
GENERAL COUNSEL

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: Scott Wittman

2) Address to which correspondence regarding this claim should be sent:
4513 Mercurio St.
San Diego, CA 92130

Telephone No.: 760-415-4427 Date: 2/13/20

3) Date and time of incident: Between 12pm 2/7/20 - 1pm 2/9/20

4) Location of incident: Terminal 1 parking lot; between Section S4/S5

5) Description of incident resulting in claim:

At approximately 12pm Friday Feb 7, 2020, Deanna Wittman parked her vehicle (2019 Range Rover Sport) in the Terminal 1 parking lot, between Sections S4 – S5. She returned with her husband, Scott, at approximately 1pm Sunday Feb 9, 2020 to find that her vehicle was damaged in a hit & run while parked. No note was left. The parking space to the right of her was now empty; same side of her vehicle that was damaged. The rear right door was crumpled, rear right wheel well damaged and right rear quarter panel damaged. It is evident that the vehicle, previously parked next to her, side swiped her Range Rover upon entering or exiting that parking spot. A report with the Harbor Police has been filed with Officer Thomas (Badge 5133) as Report No. 20-00782.

6) Name(s) of the Authority employee(s) causing the injury, damage or loss, if known:

7) Persons having firsthand knowledge of incident:

Witness (es)	Physician(s):
Name: <u>Scott + Deanna Wittman</u>	Name: <u>N/A</u>
Address: <u>4513 Mercurio St</u> <u>San Diego CA 92130</u>	Address:
Phone: <u>760-415-4427</u> <u>619-921-0449</u>	Phone:

ATTACHMENT A

8) Describe property damage or personal injury claimed:
The rear right door was crumpled, rear right wheel well damaged and right rear quarter panel damaged. A formal repair quote has not yet been obtained. We are asking the airport authority or its respective parking operator to cover all repair costs associated with this incident given the duty of care, custody and control provided in exchange for the payment we made to leave our vehicle overnight in a safe & secure environment.

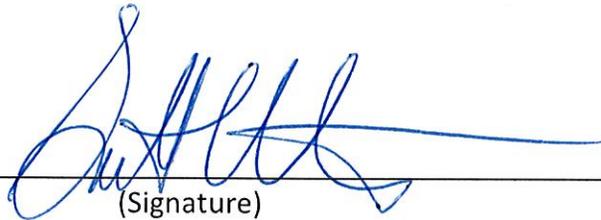
9) Owner and location of damaged property or name/address of person injured:
- Scott Wittman
- Terminal 1 parking lot between S4-S5.

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.
A formal repair quote has not yet been obtained. I anticipate repairs will exceed \$10,000 given this is a late model, high-end SUV.

Dated:

2/13/20

Claimant:


(Signature)

Notice to Claimant:

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

Mail completed original form to:

OR

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
3225 N. Harbor Drive, 3rd Floor
San Diego, CA 92101

ATTACHMENT A



ATTACHMENT A



LICENSE NUMBER
TYPE
N919W0
LA

REGISTRATION VALID FROM

10/02/2019 TO 10/02/2020

L NDR
Yr Model
2019

CLASS
XD

DATE FIRST SOLD
00/00/2018

TOTAL FEES PAID
\$819 3700

VEHICLE IDENTIFICATION NUMBER
SALWR2RV4KA816306

DATE ISSUED
09/13/2019

UNLADEN GROSS WEIGHT
120

DATE OF REGISTRATION
09/13/2019

REGISTRATION FEE
120

SALES TAX
G

JPMORGAN CHASE BANK LSR
WITTMAN SCOTT A LSE
MERCURIO STANLEY
SAN DIEGO CA 92130-2730



JPMORGAN CHASE BANK NA
PO BOX 901098
FORT WORTH TX 76101

LIEN HOLDER
STATE OF CALIFORNIA
DEPARTMENT OF MOTOR VEHICLES
VALIDATED REGISTRATION CARD
NO 2611452

RESOLUTION NO. 2020-0035

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY, REJECTING THE CLAIM OF SCOTT
WITTMAN

WHEREAS, on February 13, 2020, Scott Wittman filed a claim with the San Diego County Regional Airport Authority (“Authority”) for losses he claims were the result of parking his car in the parking lot of Terminal One at San Diego International Airport; and

WHEREAS, at its special meeting on March 23, 2020, the Board considered the claim filed by Scott Wittman and the report submitted to the Board, and found that the claim should be rejected.

NOW, THEREFORE, BE IT RESOLVED that the Board rejects the claim of Scott Wittman; and

BE IT FURTHER RESOLVED that the Board finds that 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.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at its special meeting this 23rd day of March, 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **MARCH 23, 2020**

Subject:

Approve and Authorize the President/CEO to Execute Consent to Assignment Agreements with Avis Budget Car Rental, LLC.

Recommendation:

Adopt Resolution No. 2020-0036, approving and authorizing the President/CEO to execute a Consent to Assignment Agreement of the Non-Exclusive On-Airport Rental Car Concession Agreement with Avis Budget Car Rental, LLC.

Adopt Resolution No. 2020-0037, approving and authorizing the President/CEO to execute a Consent to Assignment Agreement of the Rental Car Center Facility Lease Agreement with Avis Budget Car Rental, LLC.

Background/Justification:

On February 5, 2020, BW-Budget-SDA, LLC, an individually owned franchise (“BW-Budget”) entered into an Asset Purchase Agreement with Budget Rent a Car System, Inc., a wholly owned subsidiary of Avis Budget Car Rental, LLC (“Avis”) to purchase certain assets used in its vehicle rental business operated under the “Budget” brand name at the San Diego International Airport.

In accordance with San Diego County Regional Airport Authority (“Authority”) Leasing Policy, Section 6.01, the Authority’s President/CEO shall bring all proposed assignments of leasehold interests with a remaining term exceeding five years in duration to the Board for its prior consent. Accordingly, BW-Budget has requested the Authority consent to the assignment of the agreements which permit its operations at the Rental Car Center.

The Authority has two separate agreements with BW-Budget whose remaining terms exceed five-years duration, including: 1) a Non-Exclusive On-Airport Rental Car Concession Agreement dated November 20, 2013 (LE-0760), which has a remaining term of approximately 6 years and 3 months; and, 2) a Rental Car Facility Lease Agreement dated November 20, 2013, which has a remaining term of approximately 26 years and 3 months (LE-0761) (collectively, “Agreements”). The Agreements will be assigned to Avis Budget Car Rental, LLC when the consent to assignment agreements are executed.

The Budget brand will continue to operate at the Rental Car Center. The Authority’s business contacts will be updated, and Avis’ staff, administrative and operational redundancies are currently under review by Avis.

Page 2 of 3

The Authority has two separate, current agreements with Avis Budget Car Rental, LLC, to operate the Avis Rent a Car brand. These agreements are in good standing and will remain in force, separate and unchanged.

Fiscal Impact:

The proposed Consent to Assignment does not provide for monetary consideration to be paid to or by the Authority. Therefore, there is no direct 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.

Application of Inclusionary Policies:

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

The Authority has an Airport Concession Disadvantaged Business Enterprise ("ACDBE") Plan as required by the U.S. Department of Transportation, 49 Code of Federal Regulations (CFR) Part 23. The ACDBE Plan calls for the Authority to submit a triennial overall goal for ACDBE participation on all concession projects other than car rentals and a separate triennial overall goal for car rentals. The current ACDBE goal for Federal

Fiscal Years 2018-2020 (October 1, 2017-September 30, 2020) car rentals is 2.4% since all airport car rental operations are considered off-airport by the regulations. The next triennial ACDBE goals will be established for the period commencing October 1, 2021 to September 31, 2024. Avis Budget Car Rental, LLC agrees to use good faith efforts to provide maximum opportunity for the consideration and use of ACDBEs in the contracting, subcontracting and purchasing activities associated with its concession business at the Airport and to abide by all applicable provisions of the Authority's ACDBE Program and Lease(s).

Prepared by:

MELINA K. FITHEN
ASSET MANAGER, PASSENGER SERVICES & RENTAL CAR CENTER

RESOLUTION NO. 2020-0036

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A CONSENT TO ASSIGNMENT AGREEMENT OF THE NON-EXCLUSIVE ON-AIRPORT RENTAL CAR CONCESSION AGREEMENT WITH AVIS BUDGET CAR RENTAL, LLC.

WHEREAS, the Authority and BW-Budget-SDA, LLC (“BW-Budget”) are parties to a Non-Exclusive On-Airport Rental Car Concession Agreement (LE-0760) that has a remaining term of approximately six years and three months (“Agreement”); and

WHEREAS, on February 5, 2020, BW-Budget entered into an Asset Purchase Agreement with Budget Rent A Car System, Inc., a wholly owned subsidiary of Avis Budget Car Rental, LLC (“Avis”) for the sale of certain assets used in its vehicle rental business at the San Diego International Airport; and

WHEREAS, in accordance to San Diego County Regional Airport Authority (“Authority”) Leasing Policy, Section 6.01, the Authority’s President/CEO shall bring all proposed assignments of leasehold interest with a remaining term exceeding five years in duration to the Board for its prior consent; and

WHEREAS, the Board finds it in the best interest of the Authority to consent to the assignment of the Agreement to Avis; and

WHEREAS, the Agreement will be assigned to Avis when the Consent to Assignment Agreement has been executed.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute a Consent to Assignment Agreement of the Non-Exclusive On-Airport Rental Car Concession Agreement Budget Car Rental, LLC.; 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 special meeting this 23rd day of March 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

RESOLUTION NO. 2020-0037

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A CONSENT TO ASSIGNMENT AGREEMENT OF THE RENTAL CAR CENTER FACILITY LEASE AGREEMENT WITH AVIS BUDGET CAR RENTAL, LLC.

WHEREAS, the Authority and BW-Budget-SDA, LLC (“BW-Budget”) are parties to a Rental Car Facility Lease Agreement (LE-0761) that has a remaining term of approximately twenty-six years and three months (“Agreement”); and

WHEREAS, on February 5, 2020, BW-Budget entered into an Asset Purchase Agreement with Budget Rent A Car System, Inc., a wholly owned subsidiary of Avis Budget Car Rental, LLC (“Avis”) for the sale of certain assets used in its vehicle rental business at the San Diego International Airport; and

WHEREAS, in accordance to San Diego County Regional Airport Authority (“Authority”) Leasing Policy, Section 6.01, the Authority’s President/CEO shall bring all proposed assignments of leasehold interest with a remaining term exceeding five years in duration to the Board for its prior consent; and

WHEREAS, the Board finds it in the Authority’s best interest to consent to the assignment of the Agreement to Avis; and

WHEREAS, the Agreement will be assigned when the Consent to Assignment Agreement has been executed.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute a Consent to Assignment Agreement of the Rental Car Center Facility Lease Agreement with Avis Budget Car Rental, LLC.; 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 special meeting this 23rd day of March 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **MARCH 23, 2020**

Subject:

Recommendation:

Approve and Authorize the President/CEO to Execute Amendments to Concession Leases for Modifications to Leased Premises and Extension of Lease Term.

Adopt Resolution No. 2020-0038, approving and authorizing the President/CEO to negotiate and execute amendments to the Concession Lease with Stellar Partners, Inc. to allow for modifications to the leased premises and/or extension of lease term.

Adopt Resolution No. 2020-0039, approving and authorizing the President/CEO to negotiate and execute amendments to the Concession Lease with PGC-PCI San Diego, LLC to allow for modifications to the leased premises and/or extensions to the lease term.

Adopt Resolution No. 2020-0040, approving and authorizing the President/CEO to negotiate and execute amendments to the Concession Lease with Mission Yogurt, Inc. to allow for modifications to the leased premises and/or extensions to the lease term.

Background/Justification:

On Thursday, January 9, 2020, the San Diego County Regional Airport Authority Board of Directors certified the Final Environmental Impact Report for the Airport Development Plan (ADP) and approved the ADP. One of the projects authorized by the ADP is the replacement of the Terminal 1 at San Diego International Airport.

The replacement of Terminal 1 will be implemented in a two phase approach. Phase One will not impact the existing Terminal 1, and will construct a new Terminal 1 with nineteen (19) gates on land adjacent to the existing Terminal 1. However, Phase Two of the ADP, will require the demolition of the existing Terminal 1 in order to add an additional eleven (11) gates. The demolition of the existing Terminal 1 is scheduled to begin in late 2024.

Due to the proposed demolition of the existing Terminal 1 in late 2024, concession leases in the existing Terminal 1 warranted a review to determine the impact on concession services offered to passengers through 2024. Authority staff reviewed both retail and food and beverage leases, and found that due to the expiration of retail and food and beverage leases in Terminal 1, food and beverage and retail services for passengers in Terminal 1 could be impacted.

Terminal 1 has three retail services providers; HG-CV-Epicure-Martinez San Diego JV ("Hudson") (Terminal 1 East), Stellar Partners, Inc. ("Stellar") (Terminal 1 East), and PGC-PCI San Diego, LLC ("PGC-PCI") (Terminal 1 West). Of the three retail service providers, Stellar and PGC-PCI have leases expiring in 2020. The Stellar lease will expire on July 31, 2020, the PGC-PCI lease will expire on August 29, 2020, and Hudson has options in its lease to allow operations until 2024.

Terminal 1 East has multiple food service providers but one food service provider, Mission Yogurt, Inc. (“Mission Yogurt”), has a lease expiring on December 30, 2020. The other food service providers leases expire in 2023 and 2024. Mission Yogurt’s lease includes two Einstein Bros. Bagels locations, one in Terminal 2 West and one in Terminal 1 East. Mission Yogurt exceeded the midterm refurbishment requirements of its lease by accomodating additional improvements and capital expenditures to their Terminal 1 East premise, Einstein Bros. Bagels, per the Authority’s request in 2019. The Authority and Mission Yogurt have discussed a term extension to account for the additional expenditure which is in excess of \$793,000.

In order to maintain a full range of retail and food services in Terminal 1 to align with the phased construction of the new Terminal 1, Authority staff recommends extensions of the lease terms for Stellar, PGC-PCI, and Mission Yogurt through September 30, 2024 and the ability to modify the leased premises identified in each concession lease. The extension of the terms will be for approximately four years for Stellar and PGC-PCI; the extension of the term will be approximately three years and 9 months for Mission Yogurt. This will allow passengers in Terminal 1 to continue to receive retail and food services during construction until the new ADP Phase One is complete.

During its review of the concession program in light of the upcoming construction of Terminal 1, Authority staff also reviewed the possibility of issuing a new Request for Proposal (RFP) for leases expiring prior to 2024 in Terminal 1. However, due to the short term available until the demolition of Terminal 1 (four years or less) and the high costs of capital improvements, proposers would not have an opportunity to amortize their initial capital investment. In addition, due to the short lease term and high costs for capital investments, any rents offered to the Authority may be reduced from current rental rates. Therefore, Authority staff concluded that it would be in the best interest of the Authority to allow the President/CEO to grant extensions and make modifications to existing concession leases in light of the demolition of Terminal 1 anticipated in 2024.

Fiscal Impact:

There is no financial 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.

Application of Inclusionary Policies:

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

The Authority has an Airport Concession Disadvantaged Business Enterprise ("ACDBE") Plan as required by the U.S. Department of Transportation, 49 Code of Federal Regulations (CFR) Part 23. The ACDBE Plan calls for the Authority to submit a triennial overall goal for ACDBE participation on all concession projects.

These Concession Leases are airport concession opportunities, therefore ACDBE participation will be applied towards the Authority's overall ACDBE goal. Stellar Partners, Inc. has an ACDBE joint venture partner LAM Holdings, LLC with 20% ACDBE participation and PGC-PCI has an ACDBE joint venture partner Procurement Concepts Inc. with 33% ACDBE participation.

Prepared by:

RALPH SANCHEZ
ASSET MANAGER

RESOLUTION NO. 2020-0038

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AMENDMENTS TO THE CONCESSION LEASE WITH STELLAR PARTNERS, INC. TO ALLOW FOR MODIFICATIONS TO THE LEASED PREMISES AND/OR EXTENSION OF LEASE TERM

WHEREAS, on August 4, 2011, the Authority Board awarded a Concession Lease to Stellar Partners, Inc. (“Stellar”) for the operation of a retail concessions in Terminal 1 (“Concession Lease”); and

WHEREAS, the term of the Concession Lease will expire on July 30, 2020; and

WHEREAS, on January 9, 2020, the Authority Board certified the Final Environmental Impact Report for the Airport Development Plan and approved the ADP; and

WHEREAS, one of the projects included in the approved ADP is the replacement of Terminal 1; and

WHEREAS, the replacement of Terminal 1 will be implemented in a two phase approach; and

WHEREAS, Phase One will not impact the existing Terminal 1, and will construct a new Terminal 1 with nineteen (19) gates on land adjacent to the existing Terminal 1. However, Phase Two of the ADP, will require the demolition of the existing Terminal 1 in order to add an additional eleven (11) gates; and

WHEREAS, the demolition of the existing Terminal 1 is scheduled to begin in late 2024; and

WHEREAS, due to the proposed demolition of the existing Terminal 1 in late 2024, concession leases in the existing Terminal 1 warranted a review to determine the impact on concession services offered to passengers through 2024; and

WHEREAS, Authority Staff reviewed both retail and food and beverage leases, and found that due to the expiration of retail and food and beverage leases in Terminal 1, food and beverage and retail services for passengers in Terminal 1 could be impacted; and

WHEREAS, in order to maintain a full range of retail and food services in Terminal 1 to align with the phased construction of the new Terminal 1, Authority Staff recommends an extension of the term of the Concession Lease with Stellar through September 30, 2024 and the ability to modify the leased premises identified in the Concession Lease which will allow passengers in Terminal 1 to continue to receive retail and food services during construction until the new ADP Phase One is complete; and

WHEREAS, Authority Staff also reviewed the possibility of issuing a new Request for Proposal (RFP) for leases expiring prior to 2024 in Terminal 1, however, due to the short term available until the demolition of Terminal 1 (four years or less) and the high costs of capital improvements, proposers would not have an opportunity to amortize their initial capital investment; in addition, due to the short lease term and high costs for capital investments, any rents offered to the Authority may be reduced from current rental rates; and

WHEREAS, based on the foregoing, the Board finds that it is in the best interest of the Authority to allow the President/CEO to grant an extension and make modifications to the Concession Lease in light of the demolition of Terminal 1 anticipated in 2024.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby finds that it is in the best interest of the Authority to authorize amendments to the Concession Lease with Stellar Partners, Inc. and to make modifications of the leased premises; and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to negotiate and execute amendments to the Concession Lease with Stellar Partners, Inc. to extend the term to September 30, 2024 and to make modifications to the leased premises; 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 special meeting this 23rd day of March 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

RESOLUTION NO. 2020-0039

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AMENDMENTS TO THE CONCESSION LEASE WITH PGC-PCI SAN DIEGO, LLC TO ALLOW FOR MODIFICATIONS TO THE LEASE PREMISES AND/OR EXTENSION OF LEASE TERM

WHEREAS, on August 4, 2011, the Authority Board awarded a Concession Lease to PGC-PCI San Diego, LLC ("PGC-PCI") for the operation of a retail concession in Terminal 1 ("Concession Lease"); and

WHEREAS, the term of the Concession Lease will expire on August 29, 2020; and

WHEREAS, on January 9, 2020, the Authority Board certified the Final Environmental Impact Report for the Airport Development Plan and approved the ADP; and

WHEREAS, one of the projects included in the approved ADP is the replacement of Terminal 1; and

WHEREAS, the replacement of Terminal 1 will be implemented in a two phase approach; and

WHEREAS, Phase One will not impact the existing Terminal 1, and will construct a new Terminal 1 with nineteen (19) gates on land adjacent to the existing Terminal 1. However, Phase Two of the ADP, will require the demolition of the existing Terminal 1 in order to add an additional eleven (11) gates; and

WHEREAS, the demolition of the existing Terminal 1 is scheduled to begin in late 2024; and

WHEREAS, due to the proposed demolition of the existing Terminal 1 in late 2024, concession leases in the existing Terminal 1 warranted a review to determine the impact on concession services offered to passengers through 2024; and

WHEREAS, Authority Staff reviewed both retail and food and beverage leases, and found that due to the expiration of retail and food and beverage leases in Terminal 1, food and beverage and retail services for passengers in Terminal 1 could be impacted; and

WHEREAS, in order to maintain a full range of retail and food services in Terminal 1 to align with the phased construction of the new Terminal 1, Authority Staff recommends an extension of the term of the Concession Lease with PGC-PCI through September 30, 2024 and the ability to modify the leased premises identified in the Concession Lease which will allow passengers in Terminal 1 to continue to receive retail and food services during construction until the new ADP Phase One is complete; and

WHEREAS, Authority Staff also reviewed the possibility of issuing a new Request for Proposal (RFP) for leases expiring prior to 2024 in Terminal 1, however, due to the short term available until the demolition of Terminal 1 (four years or less) and the high costs of capital improvements, proposers would not have an opportunity to amortize their initial capital investment; in addition, due to the short lease term and high costs for capital investments, any rents offered to the Authority may be reduced from current rental rates; and

WHEREAS, based on the foregoing, the Board finds that it is in the best interest of the Authority to allow the President/CEO to grant an extension and make modifications to the Concession Lease in light of the demolition of Terminal 1 anticipated in 2024.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby finds that it is in the best interest of the Authority to authorize amendments to the Concession Lease with PGC-PCI and to make modifications to the leased premises; and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to negotiate and execute amendments to the Concession Lease with PGC-PCI to extend the term to September 30, 2024 and to make modifications to the leased premises; 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 special meeting this 23rd day of March, 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

RESOLUTION NO. 2020-0040

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AMENDMENTS TO THE CONCESSION LEASE WITH MISSION YOGURT, INC. TO ALLOW FOR MODIFICATIONS TO THE LEASE PREMISES AND/OR EXTENSION OF LEASE TERM

WHEREAS, on September 1, 2001 the Authority Board awarded a Concession Lease to Mission Yogurt, Inc., for the operation of a food and beverage concessions in Terminal 1 and Terminal 2 (“Concession Lease”); and

WHEREAS, the term of the Concession Lease will expire on December 30, 2020; and

WHEREAS, on January 9, 2020, the Authority Board certified the Final Environmental Impact Report for the Airport Development Plan and approved the ADP; and

WHEREAS, one of the projects included in the approved ADP is the replacement of Terminal 1; and

WHEREAS, the replacement of Terminal 1 will be implemented in a two phase approach; and

WHEREAS, Phase One will not impact the existing Terminal 1, and will construct a new Terminal 1 with nineteen (19) gates on land adjacent to the existing Terminal 1. However, Phase Two of the ADP, will require the demolition of the existing Terminal 1 in order to add an additional eleven (11) gates; and

WHEREAS, the demolition of the existing Terminal 1 is scheduled to begin in late 2024; and

WHEREAS, due to the proposed demolition of the existing Terminal 1 in late 2024, concession leases in the existing Terminal 1 warranted a review to determine the impact on concession services offered to passengers through 2024; and

WHEREAS, Authority Staff reviewed both retail and food and beverage leases, and found that due to the expiration of retail and food and beverage leases in Terminal 1, food and beverage and retail services for passengers in Terminal 1 could be impacted; and

WHEREAS, Mission Yogurt, Inc. accommodated additional improvements and capital expenditures in excess of \$793,000 during their midterm refurbishment per the Authority Staff's request; and

WHEREAS, in order to maintain a full range of retail and food services in Terminal 1 to align with the phased construction of the new Terminal 1, Authority Staff recommends an extension of the term of the Concession Lease through September 30, 2024 and the ability to modify the leased premises identified in the Concession Lease which will allow passengers in Terminal 1 to continue to receive retail and food services during construction until the new ADP Phase One is complete; and

WHEREAS, Authority Staff also reviewed the possibility of issuing a new Request for Proposal (RFP) for leases expiring prior to 2024 in Terminal 1, however, due to the short term available until the demolition of Terminal 1 (four years or less) and the high costs of capital improvements, proposers would not have an opportunity to amortize their initial capital investment; in addition, due to the short lease term and high costs for capital investments, any rents offered to the Authority may be reduced from current rental rates; and

WHEREAS, based on the foregoing, the Board finds that it is in the best interest of the Authority to allow the President/CEO to grant an extension and make modifications to the Concession Lease in light of the demolition of Terminal 1 anticipated in 2024.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby finds that it is in the best interest of the Authority to authorize amendments to the Concession Lease with Mission Yogurt, Inc. and to make modifications of the leased premises; and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to negotiate and execute amendments to the Concession Lease with Mission Yogurt to extend the term to September 30, 2024 and to make modifications to the leased premises; 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 special meeting this 23rd day of March 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **MARCH 23, 2020**

Subject:

Approve and Authorize the President/CEO to execute an Amendment to the Agreement with Gatzke Dillon & Balance LLP

Recommendation:

Adopt Resolution No. 2020-0041 approving and authorizing the President/CEO to execute a First Amendment to the Agreement with Gatzke Dillon & Balance LLP for professional Legal Services increasing the compensation amount by \$250,000.

Background/Justification:

On September 27, 2017, the Authority Board approved and authorized the President/CEO to negotiate and execute an agreement for professional legal services with Gatzke Dillon & Balance LLP (“Law Firm”) for a term of three years with two one-year options to renew and with a compensation amount not to exceed \$500,000. Law Firm has assisted the General Counsel with environmental, land use and airport noise issues. Specifically, Law Firm assisted in the preparation of the 2018 Airport Development Plan Draft Environmental Impact Report (“2018 ADP DEIR”), the 2019 Airport Development Plan Recirculated Draft Environmental Impact Report (“2019 RDEIR”) and the Airport Development Plan Final Environmental Impact Report (“FEIR”) adopted by the Board in January, 2020. In addition, Law Firm has assisted the General Counsel in the preparation of the Draft Environmental Impact Report for the Airport Land Use Compatibility Plan for Naval Air Station North Island (NASNI ALUCP). The Draft Environmental Impact Report for the NASNI ALUCP was issued in December of 2019 and the comment period has closed. Staff is now preparing the NASNI ALUCP for Board approval and the associated EIR for Board certification.

On February 7, 2020, Quiet Skies San Diego filed a Petition for Writ of Mandate in San Diego Superior Court challenging the the FEIR under the California Environmental Quality Act (hereinafter “the Litigation”). Law Firm is uniquely qualified to assist the Authority in the Litigation, because of its knowledge of and involvement in the preparation of the 2018 ADP DEIR, 2019 RDEIR, and the FEIR. The General Counsel believes it is in the best interest of the Authority for the Law Firm to assist the Authority in the Litigation and to continue to assist in the finalization of the NASNI ALUCP and associated EIR. The increase in compensation is needed for the defense of the Litigation and for ongoing tasks related to finalizing the NASNI ALUCP and EIR.

Fiscal Impact:

Adequate funding for this agreement is included in the adopted FY 2020 and conceptually approved FY 2021 Operating Expense Budgets within the Contractual Services line item.

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, nor formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Policy 5.12 was applied to this solicitation. None of the firms that submitted proposals qualified as a small business.

Prepared by:

AMY GONZALEZ
GENERAL COUNSEL

RESOLUTION NO. 2020-0041

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A FIRST AMENDMENT TO THE AGREEMENT WITH GATZKE DILLON & BALLANCE LLP FOR PROFESSIONAL LEGAL SERVICES INCREASING THE COMPENSATION AMOUNT BY \$250,000

WHEREAS, on September 27, 2017, the Authority Board approved and authorized the President/CEO to negotiate and execute an agreement for professional legal services with Gatzke Dillon & Ballance LLP (“Law Firm”) for a term of three years with two one-year options to renew and with a compensation amount not to exceed \$500,000; and

WHEREAS, Law Firm has assisted the General Counsel with environmental, land use and airport noise issues. Specifically, Law Firm assisted in the preparation of the 2018 Airport Development Plan Draft Environmental Impact Report (“2018 ADP DEIR”), the 2019 Airport Development Plan Recirculated Draft Environmental Impact Report (“2019 RDEIR”) and the Airport Development Plan Final Environmental Impact Report (“FEIR”) adopted by the Board in January, 2020. In addition, Law Firm has assisted the General Counsel in the preparation of the Draft Environmental Impact Report for the Airport Land Use Compatibility Plan for Naval Air Station North Island (NASNI ALUCP); and

WHEREAS, on February 7, 2020, Quiet Skies San Diego filed a Petition for Writ of Mandate in San Diego Superior Court challenging the FEIR under the California Environmental Quality Act (hereinafter “the Litigation”); and

WHEREAS, Law Firm is uniquely qualified to assist the Authority in the Litigation, because of its knowledge of and involvement in the preparation of the 2018 ADP DEIR, 2019 RDEIR, and the FEIR; and

WHEREAS, the Board finds that it is in the best interest of the Authority for the Law Firm to assist the Authority in the Litigation and to continue to assist in the finalization of the NASNI ALUCP and associated EIR; and

WHEREAS, the Board finds that the increase in compensation is needed for the defense of the Litigation and for ongoing tasks related to finalizing the NASNI ALUCP and EIR.

NOW THEREFORE BE IT RESOLVED that the Board approves and authorizes the President/CEO to execute a First Amendment to the Agreement with Gatzke Dillon & Balance LLP for Professional Legal Services increasing the compensation amount by \$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") (Cal. Pub. Res. 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 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.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 23rd day of March, 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **MARCH 23, 2020**

Subject:

Approve and Authorize the President/CEO to execute a Fourth Amendment to the Agreement with Meyers Nave Riback Silver & Wilson

Recommendation:

Adopt Resolution No. 2020-0042 approving and authorizing the President/CEO to execute a Fourth Amendment to the Agreement with Meyers Nave Riback Silver & Wilson for Professional Legal Services extending the term for one year and adjusting attorney rates.

Background/Justification:

On March 1, 2012, the Board authorized the award of an agreement with Meyers Nave Riback Silver & Wilson (“Law Firm”) to provide professional legal services regarding environmental issues [Resolution No. 2012-0028]. The Agreement has a term of three years with two one-year options to renew at the discretion of the President/CEO and a maximum compensation amount of three hundred thousand dollars (\$300,000). On April 6, 2017, the Authority approved a First Amendment to extend the term one year to expire on April 12, 2018 [Resolution No. 2017-0034]. On March 1, 2018, the Authority approved a Second Amendment to extend the term one year to expire on April 12, 2019 [Resolution No. 2018-0020]. On March 14, 2019, the Authority approved a Third Amendment to extend the term an additional year to March 13, 2020 [Resolution No. 2019-0027].

Law Firm assists the General Counsel’s office in matters related to the Laurel Hawthorne Central Embayment in San Diego Bay and the California Coastal Commission. The Laurel Hawthorne Central Embayment is that portion of San Diego Bay that lies north of an imaginary line drawn from the southeast corner of the Coast Guard Station on North Harbor Drive to the West Hawthorne Street pier; an area also generally known as the Downtown Anchorage.

On June 18, 2014, the San Diego Regional Water Quality Control Board (“Regional Board”) issued Investigative Order No. R9-2013-007 (“First Investigative Order”) to the Airport Authority, the San Diego Unified Port District (“Port”), and General Dynamics (collectively, the “Parties”). The First Investigative Order was issued under the authority of §§ 13267 and 13304 of the State Water Code (“Porter-Cologne Water Quality Control Act”) and directed the Parties to submit technical reports pertaining to an investigation of sediment chemistry in the Laurel Hawthorne Central Embayment in San Diego Bay. The First Investigative Order required the Parties to act collectively to submit a

Sediment Chemistry Assessment Work Plan and a Sediment Chemistry Assessment Report describing the results from implementing the Work Plan.

On July 25, 2018, the Regional Board sent the Parties a new draft investigative order No. R9-2018-0035. At that time, the Regional Board indicated its intent to issue the final investigative order shortly thereafter. On October 2, 2019, the Regional Board issued Investigative Order No. R9-2019-0041 ("Final Investigative Order") requiring the preparation and submittal of a sediment assessment work plan, implementation of the plan and a final report for the Laurel Hawthorne Central Embayment. The Final Investigative Order named General Dynamics as a discharger, but did not name the Authority or the Port. General Dynamics has, among other things, petitioned the State Water Board seeking to have the Authority and the Port added to the Final Investigative Order. The matter is still pending.

Law Firm has been representing the Authority in this matter prior to the issuance of the First Investigative Order and continues to represent the Authority in ongoing matters with the Regional and State Water Board. In addition, Law Firm provides intermittent advice on matters involving the California Coastal Commission. Due to Law Firm's knowledge of and involvement in matters concerning the Laurel Hawthorne Central Embayment and the California Coastal Commission, the General Counsel believes it is in the best interest of the Authority to continue to retain Law Firm to handle these matters.

Law Firm's representation of the Authority began in 2012. Since that time, Law Firm has not increased its professional rates for legal services, despite the Authority's extension of the Agreement for several years beyond its original term, which would have expired in 2015. Accordingly, the General Counsel is seeking authority to increase Law Firm's hourly rates as follows:

Amrit Kulkarni, Practice Group Leader	\$510
Principal	\$450
Of Counsel	\$430
Associate	\$365
Paralegal	\$210

No increase to the total maximum amount payable of the Agreement is sought 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. This action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (Cal. Pub. Res. Code § 21065).
- B. This action is not a “development” as defined by the California Coastal Act (Cal. Pub. Res. Code § 30106).
- C. 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..

Application of Inclusionary Policies:

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

The subject Agreement was entered into prior to the General Counsel Office’s application of inclusionary programs to legal agreements, which is now standard. However, the General Counsel has investigated Law Firm’s significant commitment to diversity, including its launch of a Women’s Initiative in 2014 and a Diversity Initiative in 2015.

As a tenant of its Diversity Initiative, Law Firm has committed to study and implement mentoring, training, promotion and succession policies and programs

that are consistent with its efforts to recruit, retain and promote women and minorities. To help achieve Law Firm's goal of developing diverse candidate pools that result in at least one diverse/minority candidate, it posts job advertisements with affinity bar associations whenever it recruits for attorneys and works closely with Law Firm principals who are members of affinity bar associations when seeking applicants. As part of its Diversity Initiative, Law Firm explicitly recognizes that diverse attorneys are underrepresented in law firm leadership generally and made a commitment to ensure that its diverse attorneys are elevated into management roles. At the General Counsel's request, Law Firm has provided additional details about its ongoing inclusionary programs, which will be made available to Board Members upon request.

Prepared by:

AMY GONZALEZ
GENERAL COUNSEL

RESOLUTION NO 2020-0042

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A FOURTH AMENDMENT TO THE AGREEMENT WITH MEYERS NAVE RIBACK SILVER & WILSON FOR PROFESSIONAL LEGAL SERVICES EXTENDING THE TERM FOR ONE YEAR AND AJUSTING ATTORNEY RATES

WHEREAS, on March 1, 2012, the Board authorized the award of an agreement with Meyers Nave Riback Silver & Wilson (“Law Firm”) to provide professional legal services regarding environmental issues [Resolution No. 2012-0028]; and

WHEREAS, the Agreement has a term of three years with two one-year options to renew at the discretion of the President/CEO and a maximum compensation amount of three hundred thousand dollars (\$300,000); and

WHEREAS, the President/CEO exercised the first and second options to extend the term resulting in an expiration date of April 12, 2017; and

WHEREAS, on April 6, 2017, the Board authorized a First Amendment to the Agreement extending the term for one year [Resolution No. 2017-0034]; and

WHEREAS, on March 1, 2018, the Board authorized a Second Amendment to the Agreement extending the term for one year [Resolution No. 2018-0020]; and

WHEREAS on March 14, 2019, the Authority approved a Third Amendment to extend the term an additional year to March 13, 2020 [Resolution No. 2019-0027]

WHEREAS, Law Firm assists the General Counsel’s office in ongoing matters related to the Laurel Hawthorne Central Embayment in San Diego Bay and the California Coastal Commission; and

WHEREAS, on June 18, 2014, the San Diego Regional Water Quality Control Board (“Regional Board”) issued Investigative Order No. R9-2013-007 (“First Investigative Order”) to the Airport Authority, the San Diego Unified Port District (“Port”), and General Dynamics (collectively, the “Parties”); and

WHEREAS, the First Investigative Order directed the Parties to submit technical reports pertaining to an investigation of sediment chemistry in the Laurel Hawthorne Central Embayment in San Diego Bay; and

WHEREAS, the Parties complied with the Investigative Order; and

WHEREAS, on July 25, 2018, the Regional Board sent the Parties a new draft investigative order No. R9-2018-0035. At that time, the Regional Board indicated its intent to issue the final investigative order shortly thereafter; and

WHEREAS, On October 2, 2019, the Regional Board issued Investigative Order No. R9-2019-0041 (“Final Investigative Order”) requiring the preparation and submittal of a sediment assessment work plan, implementation of the plan and a final report for the Laurel Hawthorne Central Embayment; and

WHEREAS, the Final Investigative Order named General Dynamics as a discharger, but did not name the Authority or the Port; and

WHEREAS, General Dynamics has, among other things, petitioned the State Water Board seeking to have the Authority and the Port added to the Final Investigative Order, which petition is still pending.

WHEREAS, Law Firm has been representing the Authority in this matter prior to the issuance of the First Investigative Order and continues to effectively represent the Authority in ongoing matters with the Regional and State Water Board; and

WHEREAS, due to Law Firm’s knowledge of and involvement in matters concerning the Laurel Hawthorne Central Embayment and the California Coastal Commission, the General Counsel believes it is in the best interest of the Authority to continue to retain Law Firm to handle these matters; and

WHEREAS, Law Firm’s representation of the Authority began in 2012 and since that time it has not increased its professional rates for legal services, despite the Authority’s extension of the Agreement for several years beyond its original term, which would have expired in 2015; and

WHEREAS, the General Counsel is seeking authority to increase Law Firm’s hourly rates as set forth in the accompanying staff report

Amrit Kulkarni, Practice Group Leader	\$510
Principal	\$450
Of Counsel	\$430
Associate	\$365
Paralegal	\$210

NOW, THEREFORE, BE IT RESOLVED that the Board approves and authorizes the President/CEO to execute a fourth amendment to Agreement with

Meyers Nave Riback Silver & Wilson for professional legal services extending the term by one year; and

BE IT FURTHER RESOLVED that the Board approves an increase in Law Firm's hourly rates as set forth in the accompanying staff report; 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") (Cal. Pub. Res. 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 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.

PASSED, ADOPTED, AND APPROVED by the Board at the San Diego County Regional Airport Authority at a special meeting this 23rd day of March 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **MARCH 23, 2020**

Subject:

Authorization and Approval of Bond Documents and Sale of Up To \$395 Million Taxable Airport Revenue Refunding Bonds, Including Delegation Of Pricing Authority and Approval Of Related Documents, To Refund The Authority's Outstanding Senior Series 2013 Bonds

Recommendation:

Adopt Resolution No. 2020-0043, (1) authorizing the issuance and sale of not-to-exceed \$395 million in aggregate principal amount of one or more series of San Diego County Regional Airport Authority (the "Authority") Subordinate Airport Revenue Refunding Bonds; and (2) approving the forms of an Eighth Supplemental Subordinate Trust Indenture, Preliminary and Final Official Statements, a Purchase Contract, an Escrow Agreement, a Continuing Disclosure Certificate, and certain related 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"). The Master Senior Indenture is the financing document that sets forth the general terms of the Authority's senior lien airport revenue bonds (the "Senior Bonds"), the 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 the Senior Bonds and the terms and conditions upon which Senior Bonds may be issued by the Authority.

Senior Series 2013 Bonds. Pursuant to the Master Senior Indenture and a Third Supplemental Trust Indenture, dated as of January 1, 2013, by and between the Authority and the Senior Trustee, the Authority issued its Senior Airport Revenue Bonds Series 2013A (Non-AMT) and Series 2013B (AMT), which are currently outstanding in the aggregate principal amount of \$368.7 million (the "Senior Series 2013 Bonds"). The Senior Series 2013 Bonds were originally issued at all-in true interest cost (TIC) of 3.92%. The Senior Series 2013 Bonds were used to finance the Green Build and certain other projects in the Authority's capital plan. The Senior Series 2013 Bonds are the only Senior Bonds currently outstanding.

Subordinate Obligations

The Authority previously entered into a Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (“Master Subordinate Indenture”) by and between the Authority and U.S. Bank National Association, as successor trustee (the “Subordinate Trustee”). The Master Subordinate Indenture is the financing document that sets forth the general terms of the Authority’s subordinate lien airport revenue obligations (the “Subordinate Obligations”), the pledge of Subordinate Net Revenues (which include certain revenues received by the Authority from the operation of the Airport, less operation and maintenance expenses, less the debt service on the Senior Bonds and Senior Bond reserve requirements) to secure Subordinate Obligations, and provides for the terms and conditions upon which Subordinate Obligations may be issued by the Authority. The pledge of Subordinate Net Revenues under the Master Subordinate Indenture is subordinate to the pledge of Net Revenues under the Master Senior Indenture.

Subordinate Series 2010 Bonds. Pursuant to the Master Subordinate Indenture and a Second Supplemental Subordinate Trust Indenture, dated as of October 1, 2010, by and between the Authority and the Subordinate Trustee, the Authority issued its Subordinate Airport Revenue Bonds Series 2010A (Non-AMT) (the “Subordinate Series 2010A Bonds”), Series 2010B (Non-AMT) (the “Subordinate Series 2010B Bonds”) and Series 2010C (federally taxable Build America Bonds) (the “Subordinate Series 2010C Bonds”). The Subordinate Series 2010C Bonds were refunded in December 2019 at the time of issuance of the Subordinate Series 2019 Bonds, and the Subordinate Series 2010A Bonds and the Subordinate Series 2010B Bonds are expected to be refunded on April 8, 2020, at the time of issuance of the Subordinate Series 2020A-C Bonds. (See description of Subordinate Series 2019 Bonds and Subordinate Series 2020A-C Bonds below).

Subordinate Series 2017 Bonds. Pursuant to the Master Subordinate Indenture and a Fifth Supplemental Subordinate Trust Indenture, dated as of August 1, 2017, by and between the Authority and the Subordinate Trustee, the Authority issued its Subordinate Airport Revenue Bonds Series 2017A (Non-AMT), and Series 2017B (AMT) (the “Subordinate Series 2017 Bonds”), which are currently outstanding in the aggregate principal amount of \$281.8 million. The Subordinate Series 2017 Bonds were issued to primarily finance construction of the Parking Plaza and the T2 West Federal Inspection Station.

Subordinate Series 2019 Bonds and Subordinate Series 2020A-C Bonds. Pursuant to the Master Subordinate Indenture and a Sixth Supplemental Subordinate Trust Indenture, dated as of December 1, 2019, by and between the Authority and the Subordinate Trustee, the Authority issued its Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A (Governmental/Non-AMT) and Series 2019B (Private Activity/AMT) (the “Subordinate Series 2019 Bonds”), which are currently outstanding in the aggregate principal amount of \$463.7 million. The new money portion of the Subordinate Series 2019 Bonds are being used to finance the construction of various projects within the Authority’s Capital Plan including Northside and Southside storm water projects, and elements of the Airport Support Facilities project. The refunding portion of the Subordinate Series 2019 Bonds refunded all of the outstanding Subordinate Series 2010C Bonds and all of the outstanding Subordinate Drawdown Bonds (as described below).

Pursuant to the Master Subordinate Indenture and a Seventh Supplemental Subordinate Trust Indenture, which will be executed as of April 1 2020, by and between the Authority and the Subordinate Trustee, the Authority expects to issue is Subordinate 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 were priced in November 2019 as forward delivery bonds and will be issued on April 8, 2020 in the aggregate principal amount of \$241.6 million. The proceeds of the Subordinate Series 2020 Bonds will be used to refund the Subordinate Series 2010A Bonds and the Subordinate Series 2010B Bonds. The Subordinate Series 2010A Bonds and the Subordinate Series 2010B Bonds were issued to finance the Green Build and certain other projects in the Authority's capital plan.

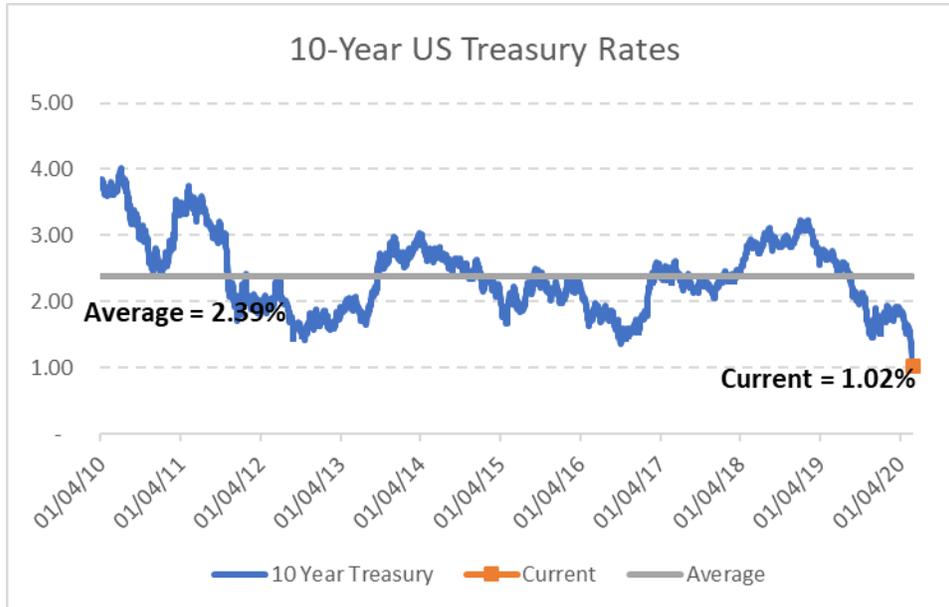
Subordinate Revolving Obligations. Pursuant to the Master Subordinate Indenture, the Third Supplemental Subordinate Trust Indenture, dated as of September 1, 2014 (the "Third Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee, and the Revolving Credit Agreement, dated as of September 1, 2014, as amended (the "Subordinate Credit Agreement"), by and between the Authority and U.S. Bank National Association (the "Subordinate Revolving Obligations Bank"), the Authority is authorized to issue and have outstanding, from time to time, up to \$125,000,000 in aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations (collectively, the "Subordinate Revolving Obligations"). Currently, the Authority has \$ 13.7 million aggregate principal amount of Subordinate Revolving Obligations outstanding.

Subordinate Drawdown Bonds: Pursuant to the Master Subordinate Indenture, the Fourth Supplemental Subordinate Trust Indenture, dated as of April 1, 2017 (the "Fourth Supplemental Subordinate Indenture"), by and between the Authority and the Subordinate Trustee, the Bondholder's Agreement, dated as of April 1, 2017 (the "Subordinate Drawdown Bondholder's Agreement"), by and between the Authority and RBC Municipal Products, LLC (the "Subordinate Drawdown Bond Purchaser"), and the Bond Purchase Agreement, dated April 19, 2017 (the "Subordinate Drawdown Bond Purchase Agreement"), between RBC Capital Markets LLC (the "Subordinate Drawdown Bond Underwriter") and the Authority, the Authority is authorized to issue and have outstanding, from time to time, up to \$100,000,000 in aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds (collectively, the "Subordinate Drawdown Bonds"). Currently, the Authority does not have any Subordinate Drawdown Bonds outstanding.

Subordinate Series 2020 Taxable Bonds

Authority staff has determined that an opportunity exists to refund all or a portion of the Senior Series 2013 Bonds. Debt markets have been dramatically affected by the potential impact of Coronavirus (COVID-19). Over the past six weeks interest rates and yields have fallen significantly as investors seek the relative safety of U.S. Treasury securities and highly rated U.S. municipal bonds. This decline in interest rates and yields has presented the Authority with a potential opportunity to advance refund the Senior Series 2013 Bonds, that are callable on and after July 1, 2023, with the proceeds of taxable bonds for debt service savings (under existing federal tax law, tax exempt advance refundings are not permitted). The potential impacts of COVID-19 has also significantly increased volatility in the financial markets and impacted demand for air travel, with most major airlines announcing plans to reduce near-term scheduled service across their route networks. As such, credit spreads for airport revenue bond issuers

have widened and investor demand for such bonds has fluctuated. Staff recommends moving forward with preparations for the advance refunding to be able to take advantage of potentially favorable yields when demand for bonds stabilizes.



Series 2013 –Refunding Summary (As of February 28, 2020)

	Taxable Advance Refunding	Hypothetical Future Tax-Exempt Current Refunding
Call Date	07/01/23	07/01/23
All-in TIC	2.85	2.70
Net Present Value (PV) Saving	\$51.8 million	\$86.3 million
Net PV Savings %	15%	25%
Breakeven	104bps	n/a

By undertaking the taxable advance refunding of the Senior Series 2013 Bonds, the Authority anticipates it could achieve estimated Present Value (PV) savings of \$52 million based upon market rates as of the end of February. If these interest rates were to remain unchanged through July 2023, a current refunding at that time would achieve savings of \$86 million. Undertaking the advance refunding could lock in the \$52 million savings, mitigating against any future rise in interest rates (rates would need to increase by less than 104 basis points (1.04%) over the next three years for the advance refunding to produce less savings). Considering the prevailing historically low rates, Staff believes it prudent to lock current savings and proceed with the taxable refunding in so far as rates remain low enough to generate 10% of Par value PV savings or approximately \$40 million in PV savings.

Subject to market conditions, the Authority expects the Subordinate Series 2020 Taxable Bonds will be priced and issued to refund all or a portion of the Senior Series 2013 Bonds in the second quarter of 2020.

Resolution No. 2020-0043

Upon adoption of the attached Resolution No. 2020-0043, the Board will be approving the following:

1) The issuance of the Subordinate Series 2020 Taxable Bonds in an aggregate principal amount not-to-exceed \$395 million in order to refund all or a portion of the Authority's outstanding Senior Series 2013 Bonds, make a deposit to the Subordinate Reserve Fund and pay the costs of issuance of the Subordinate Series 2020 Taxable Bonds.

2) Eighth Supplemental Subordinate Trust Indenture (Attachment A)

The Eighth Supplemental Trust Indenture will set forth the terms of the Subordinate Series 2020 Taxable Bonds including, among other things, the interest rates, maturity dates and redemption provisions of the Subordinate Series 2020 Taxable Bonds, the establishment of certain funds and accounts to be created in connection with the issuance of the Subordinate Series 2020 Taxable Bonds and the form of the Subordinate Series 2020 Taxable Bonds. The Subordinate Series 2020 Taxable Bonds will bear interest at fixed rates that will be determined by the underwriters at the time of pricing of the Subordinate Series 2020 Taxable Bonds.

3) Preliminary Official Statement (POS) (Attachment D)

The Preliminary Official Statement is the disclosure document provided by the Authority to prospective purchasers of the Subordinate Series 2020 Taxable Bonds. The Preliminary Official Statement describes, among other things, the security for the Subordinate Series 2020 Taxable Bonds, how the proceeds of the Subordinate Series 2020 Taxable 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. The Authority is required to provide full and complete disclosure of all material information to the prospective purchasers of the Subordinate Series 2020 Taxable Bonds and must certify that the Preliminary Official Statement contains the same. Upon pricing of the Subordinate Series 2020 Taxable 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 Subordinate Series 2020 Taxable Bonds. The Authority is required to provide full and complete disclosure of all material information to the prospective purchasers of the Subordinate Series 2020 Taxable Bonds and must certify that the Final Official Statement contains the same.

4) Purchase Contract (Attachment B)

This document will be entered into with Citigroup Global Markets Inc. ("Citigroup"), as representative of the underwriters of the Subordinate Series 2020 Taxable Bonds, which will include Citigroup, RBC Capital Markets, Backstrom McCarley Berry & Co. LLC, Jefferies LLC, Morgan Stanley & Co. LLC and Siebert Williams Shank & Co. LLC. The Purchase Contract requires the underwriters to purchase the Subordinate Series 2020 Taxable 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 Subordinate Series 2020 Taxable Bonds purchased by them.

5) Continuing Disclosure Certificate (Attachment E)

The Authority will enter into a Continuing Disclosure Certificate for the Subordinate Series 2020 Taxable Bonds. The Continuing Disclosure Certificate set 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 MSRB.

6) Escrow Agreement (Attachment C)

The Authority will enter into an Escrow Agreement with the Senior Trustee, as trustee of the Senior Series 2013 Bonds and as escrow agent, in connection with the refunding of the Senior Series 2013 Bonds. The Escrow Agreement will establish irrevocable escrow funds for each series of the Senior Series 2013 Bonds that will be funded with a portion of the proceeds of the Subordinate Series 2020 Taxable Bonds (and certain other available moneys on deposit in the debt service fund(s) for the Senior Series 2013 Bonds and the Senior Reserve Fund), which proceeds and other moneys will be withdrawn to pay the interest on the refunded Senior Series 2013 Bonds through July 1, 2023 and the principal of the refunded Senior Series 2013 Bonds on July 1, 2023.

Fiscal Impact:

Debt Service related to the Senior Series 2013 Bonds is included in the approved FY 2020 Budget and FY 2021 Conceptual Budget in non-operating costs under the Debt Service line item. If refunded, savings of at least \$40 million will be included in future 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. 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.

Application of Inclusionary Policies:

Not Applicable.

Prepared by:

SCOTT BRICKNER,
VICE PRESIDENT, CHIEF FINANCIAL OFFICER

RESOLUTION NO. 2020-0043

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, (1) AUTHORIZING THE ISSUANCE AND SALE OF NOT-TO-EXCEED \$395 MILLION IN AGGREGATE PRINCIPAL AMOUNT OF ONE OR MORE SERIES OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY SUBORDINATE AIRPORT REVENUE REFUNDING BONDS; AND (2) APPROVING THE FORMS OF AN EIGHTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE, PRELIMINARY AND FINAL OFFICIAL STATEMENTS, A PURCHASE CONTRACT, AN ESCROW AGREEMENT, 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 Subordinate 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, Subordinate Obligations (as defined in the Master Subordinate Indenture) for the purposes set forth in the Act and the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (“Master Subordinate Indenture”), by and between the Authority and U.S. Bank National Association, as successor trustee (“Subordinate Trustee”), and that such Subordinate Obligations be payable from and secured by Subordinate Net Revenues (as defined in the Master Subordinate Indenture); and

WHEREAS, the Authority has determined that it is in its best interests to issue Subordinate Obligations in an aggregate principal amount not to exceed \$395 million in one or more separate series in accordance with the Master Subordinate Indenture (“Subordinate Series 2020D/E Bonds”); and

WHEREAS, the Authority has determined that each series of the Subordinate Series 2020D/E Bonds shall be designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds Series 2020,” with each series of the Subordinate Series 2020D/E Bonds being given a separate letter designation as shall be set forth in the hereinafter defined Eighth Supplemental Subordinate Indenture; and

WHEREAS, the proceeds from the sale of the Subordinate Series 2020D/E Bonds shall be used to provide funds to (a) advance refund, provided the savings threshold set forth in the Policies of the Authority (the “Authority Policies”) is met, all or a portion of the (i) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2013A (“Senior Series 2013A Bonds”), and (ii) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2013B (“Senior Series 2013B Bonds”), (b) fund one or more reserve funds for the Subordinate Series 2020D/E Bonds, and (c) pay the costs of issuance of the Subordinate Series 2020D/E Bonds; and

WHEREAS, the Subordinate Series 2020D/E 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 Subordinate Indenture and a Supplemental Subordinate Indenture; and

WHEREAS, the Subordinate Series 2020D/E Bonds will be issued so that the interest paid on the Subordinate Series 2020D/E Bonds will be included in the gross income of the recipients thereof under the 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 Eighth Supplemental Subordinate Trust Indenture ("Eighth Supplemental Subordinate Indenture"), to be entered into by and between the Authority and the Subordinate Trustee, with respect to the Subordinate Series 2020D/E Bonds;

(b) a form of the Purchase Contract ("Purchase Contract"), to be entered into by and between Citigroup Global Markets Inc., on its own behalf and on behalf of RBC Capital Markets, LLC, Backstrom McCarley Berry & Co., LLC, Jefferies LLC, Morgan Stanley & Co. LLC, and Siebert Williams Shank & Co., LLC (formerly known as Siebert Cisneros Shank & Co., L.L.C.) (collectively, the "Underwriters") and the Authority with respect to the purchase and sale of the Subordinate Series 2020D/E Bonds;

(c) a form of an Escrow Agreement ("Escrow Agreement"), to be entered into by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee and escrow agent, with respect to the refunding and defeasance of all or a portion of the Senior Series 2013A Bonds ("Refunded Senior Series 2013A Bonds") and the Senior Series 2013B Bonds ("Refunded Senior Series 2013B Bonds");

(d) a form of the Preliminary Official Statement ("Preliminary Official Statement") relating to the Subordinate Series 2020D/E Bonds; and

(e) a form of the Continuing Disclosure Certificate ("Continuing Disclosure Certificate") to be entered into by the Authority with respect to the Subordinate Series 2020D/E Bonds; and

WHEREAS, said documents will be modified and amended to reflect the various details applicable to the Subordinate Series 2020D/E Bonds and said documents are subject to completion to reflect the results of the sales of the Subordinate Series 2020D/E Bonds; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) ("SB 450") 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 by the Board of the San Diego County Regional Airport Authority that:

Section 1. Issuance of Subordinate Series 2020D/E Bonds; Terms of Subordinate Series 2020D/E Bonds. For the purposes set forth in the foregoing recitals, including, among other things, the advance refunding of all or a portion of the Senior Series 2013A Bonds and the Senior Series 2013B Bonds, provided the savings threshold set forth in the Authority Policies is met, the Board hereby AUTHORIZES the issuance of the Subordinate Series 2020D/E Bonds, in one or more series in a total aggregate principal amount not to exceed \$395 million, plus the amount of any original issue premium at which the Subordinate Series 2020D/E Bonds may be sold. In addition to the above uses of the proceeds of the Subordinate Series 2020D/E Bonds, the proceeds from the Subordinate Series 2020D/E Bonds, and any other moneys made available in connection with the issuance of the Subordinate Series 2020D/E Bonds, may be used to pay the costs of issuance of the Subordinate Series 2020D/E Bonds, fund reserve funds for the Subordinate Series 2020D/E Bonds and/or purchase a reserve fund surety policy or policies, and pay for a municipal bond insurance policy or policies, if it is determined by the Vice President, Chief Financial Officer of the Authority, that bond insurance results in savings to the Authority.

No Subordinate Series 2020D/E Bonds shall bear interest at a rate in excess of 4.25% *per annum*. The Subordinate Series 2020D/E Bonds shall bear interest at such rates with respect to the various maturities such that the all-in true interest cost for the Subordinate Series 2020D/E Bonds does not exceed 3.50% *per annum*. The all-in true interest cost for the Subordinate Series 2020D/E 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 Subordinate Series 2020D/E Bonds (compounded on the first interest payment date, and semiannually thereafter), produces an amount equal to the purchase price of the Subordinate Series 2020D/E Bonds taking into account any original issue premium/discount, accrued interest, underwriters' fees and any and all costs of issuance of the Subordinate Series 2020D/E Bonds.

The Subordinate Series 2020D/E Bonds shall be issued in fully registered form and may be issued as Book-Entry Bonds as provided for in the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture. Payment of principal and premium, if any, of, and interest on the Subordinate Series 2020D/E Bonds shall be made at the place or places and in the manner provided in the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture. The Subordinate Series 2020D/E Bonds shall be issued as current interest bonds and shall be available in denominations of \$5,000 and integral multiples thereof. The Subordinate Series 2020D/E Bonds shall, when issued, be in the aggregate principal amounts and shall be dated as shall be provided in the Master Subordinate Indenture and the final form of the Eighth Supplemental Subordinate Indenture. The Subordinate Series 2020D/E 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 Subordinate Indenture and the Eighth Supplemental Subordinate Indenture. Interest on the Subordinate Series 2020D/E Bonds shall be paid on the dates set forth in the Eighth Supplemental Subordinate Indenture. No Subordinate Series 2020D/E Bond shall have a term greater than 25 years from its date

of issuance. The Subordinate Series 2020D/E 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 Subordinate Indenture, the Eighth Supplemental Subordinate Indenture and the Purchase Contract. The Subordinate Series 2020D/E Bonds which are term bonds shall also be subject to mandatory sinking fund redemption as shall be set forth in the Master Subordinate Indenture, the Eighth Supplemental Subordinate Indenture and the Purchase Contract.

Proceeds of the Subordinate Series 2020D/E Bonds shall be only used to refund and defease the Refunded Senior Series 2013A Bonds, and/or the Refunded Senior Series 2013B Bonds if the savings generated from such advance refunding and defeasance complies with the provisions with respect to refunding opportunities set forth in the Authority Policies.

Section 2. Pledge to Secure the Subordinate Series 2020D/E Bonds. The pledge to secure the Subordinate Series 2020D/E Bonds as set forth in the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture is hereby APPROVED.

Section 3. Special Obligations. The Subordinate Series 2020D/E Bonds shall be special obligations of the Authority, secured by, and payable from, Subordinate Net Revenues and from the funds and accounts held by the Subordinate Trustee and the Authority under the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture and as and to the extent therein described. The Subordinate Series 2020D/E Bonds shall also be secured by and be paid from such other sources as the Authority may hereafter provide.

The Subordinate Series 2020D/E Bonds and the Subordinate Trustee's Certificate of Authentication to appear thereon shall be in substantially the form set forth in Exhibit A to the Eighth Supplemental Subordinate Indenture with necessary or appropriate variations, omissions and insertions as permitted or required by the Master Subordinate Indenture or the Eighth Supplemental Subordinate Indenture or as appropriate to adequately reflect the terms of the Subordinate Series 2020D/E Bonds and the obligation represented thereby.

Section 5. Execution of the Subordinate Series 2020D/E Bonds. Each of the Subordinate Series 2020D/E 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 Clerk of the Authority. Any such signatures may be by manual or facsimile signature and the seal of the Authority may be impressed or printed on the Subordinate Series 2020D/E Bonds. Additionally, each of the Subordinate Series 2020D/E Bonds shall be authenticated by the signature of the Subordinate Trustee or an agent of the Subordinate Trustee as required and permitted by the Master Subordinate Indenture. Any facsimile signature of the President/CEO of the Authority, the Vice President, Chief Financial Officer of the Authority, or the Clerk of the Authority shall be of the same force and effect as if such signature were manually placed on such Subordinate Series 2020D/E Bonds.

Section 6. Approval of Documents; Authorization for Execution. The form, terms and provisions of the Eighth Supplemental Subordinate Indenture (Attachment A), the Escrow Agreement (Attachment C) and the Continuing Disclosure Certificate (Attachment E) (collectively, the “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 Documents including counterparts thereof, in the name and on behalf of the Authority. The Documents, as executed and delivered, shall be in substantially the forms now before this meeting and hereby approved, 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 Subordinate Series 2020D/E Bonds or 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 Documents now before this meeting; and from and after the execution and delivery of the Documents, the officers, agents and employees of the Authority are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Documents.

Section 7. Sale of the Subordinate Series 2020D/E Bonds. The sale of the Subordinate Series 2020D/E 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 Subordinate Series 2020D/E Bonds subject to the terms, conditions and restrictions set forth in this Resolution. The Subordinate Series 2020D/E 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 Subordinate Series 2020D/E 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 (Attachment B), 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 (Attachment D). The form of the Preliminary Official Statement now before this meeting is in all respects hereby APPROVED to be used in connection with the sale of the Subordinate Series 2020D/E

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 Subordinate Series 2020D/E 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 Subordinate Series 2020D/E 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 Subordinate Series 2020D/E Bonds, the Authority shall provide for the preparation, publication, execution and delivery of a final Official Statement relating to the Subordinate Series 2020D/E 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 Subordinate Series 2020D/E 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 Subordinate Series 2020D/E 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 Citigroup Global Markets Inc., RBC Capital Markets, LLC, Backstrom McCarley Berry & Co., LLC,

Jefferies LLC, Morgan Stanley & Co. LLC, and Siebert Williams Shank & Co., LLC (formerly known as Siebert Cisneros Shank & Co., L.L.C.), as the underwriters for the negotiated sale of the Subordinate Series 2020D/E Bonds.

The Authority has been informed that Citigroup Global Markets Inc., one of the Underwriters of the Subordinate Series 2020D/E Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts. The Board hereby AUTHORIZES Citigroup Global Markets Inc. to distribute Subordinate Series 2020D/E Bonds to retail investors through Fidelity.

The Authority has been informed that Backstrom McCarley Berry & Co., LLC ("BMcB"), one of the Underwriters of the Subordinate Series 2020D/E Bonds, has entered into separate non-exclusive distribution agreements with 280 Securities LLC and Wedbush Securities Inc. (the "Firms") to augment both its institutional and retail marketing capabilities for the distribution of certain new issue municipal securities underwritten by or allocated to BMcB, which includes the Subordinate Series 2020D/E Bonds. Pursuant to these distribution agreements, the Firms may purchase Subordinate Series 2020D/E Bonds from BMcB at the original issue price less a negotiated portion of the selling concession applicable to any Subordinate Series 2020D/E Bonds that such firm sells, or BMcB may share with the Firms a portion of the fees or commission paid to BMcB applicable to their disclosed transactions. The Board hereby AUTHORIZES BMcB to distribute Subordinate Series 2020D/E Bonds to investors through the Firms.

The Authority has been informed that Jefferies LLC ("Jefferies"), one of the Underwriters of the Subordinate Series 2020D/E Bonds, has entered into an agreement (the "Jefferies Agreement") with E*TRADE Securities LLC ("E*TRADE") for the retail distribution of municipal securities. Pursuant to the Jefferies Agreement, Jefferies will sell Subordinate Series 2020D/E Bonds to E*TRADE and will share a portion of its selling concession compensation with E*TRADE. The Board hereby AUTHORIZES Jefferies to distribute Subordinate Series 2020D/E Bonds to retail investors through E*TRADE.

The Authority has been informed that Morgan Stanley & Co. LLC ("Morgan Stanley"), one of the Underwriters of the Subordinate Series 2020D/E Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley 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 may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Subordinate Series 2020D/E Bonds. The Board hereby AUTHORIZES Morgan Stanley to distribute Subordinate Series 2020D/E Bonds to retail investors through Morgan Stanley Smith Barney LLC.

Additionally, the Board hereby AUTHORIZES any of the Underwriters to distribute Subordinate Series 2020D/E 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. Trustees, Paying Agents and Registrars (Subordinate Series 2020D/E Bonds). The Board hereby APPOINTS U.S. Bank National Association, as Subordinate Trustee, and as paying agent for the Subordinate Series 2020D/E Bonds and appoints U.S. Bank National Association, as registrar for the Subordinate Series 2020D/E Bonds. Such appointments shall be effective upon the issuance of the Subordinate Series 2020D/E Bonds and shall remain in effect until the Authority shall, by supplemental indenture or by resolution, name a substitute or successor thereto.

Section 12. Escrow Agent (Refunded Senior Series 2013A Bonds and the Refunded Senior Series 2013B Bonds). The Board hereby APPOINTS The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent") with respect to the Refunded Senior Series 2013A Bonds and the Refunded Senior Series 2013B Bonds. Such appointment shall be effective upon the issuance of the Subordinate Series 2020D/E Bonds and shall remain in effect until the Authority shall, pursuant to the Escrow Agreement, name a substitute or successor thereto.

Section 13. 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 Subordinate Series 2020D/E 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 §§148(f) and 149(e) 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 Subordinate Series 2020D/E Bonds, and any prior notices are hereby ratified, confirmed and approved.

Section 14. Authorization for Provision for Reserve Funds. A portion of the proceeds of the Subordinate Series 2020D/E Bonds and such other available moneys of the Authority, may be used to fund one or more reserve funds for the Subordinate Series 2020D/E Bonds, and/or to pay the costs of a reserve fund surety policy or policies as set forth in the Eighth Supplemental Subordinate Indenture.

Section 15. 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 Subordinate Series 2020D/E Bonds, the Documents, the Preliminary and final Official Statements, the Purchase Contract and 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 Subordinate Indenture, the Documents and the Purchase Contract 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 Subordinate Series 2020D/E 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 Subordinate Series 2020D/E Bonds in one or more of the permitted investments provided for under the Master Subordinate Indenture, the Eighth Supplemental Subordinate Indenture and the Escrow Agreement (including, but not limited to, the execution and delivery of one or more investment agreements related thereto); and authorizing the execution by a Designated Officer, any one of them, any documents required by the provider of a Reserve Fund Insurance Policy (as defined in the Eighth Supplemental Subordinate Indenture), if any, required to fund one or more reserve funds for the Subordinate Series 2020D/E Bonds and any documents required to obtain bond insurance for all or a portion of the Subordinate Series 2020D/E Bonds to the extent such bond insurance shall result in cost savings to the Authority.

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 SB 450, good faith estimates of the following are set forth in Exhibit A attached hereto: (a) the true interest cost of the Subordinate Series 2020D/E Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Subordinate Series 2020D/E Bonds, (c) the amount of proceeds of the Subordinate Series 2020D/E Bonds expected to be received net of the fees and charges paid to third parties and any reserves paid or funded with proceeds of the Subordinate Series 2020D/E Bonds, and (d) the sum total of all debt service payments on the Subordinate Series 2020D/E Bonds calculated to the final maturity of the Subordinate Series 2020D/E Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Subordinate Series 2020D/E 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 this Board FINDS that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code §21065); is not a "development" as defined by the California Coastal Act (California Public Resources Code §30106), and does not involve 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 special meeting this 23rd day of March, 2020 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

EIGHTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE

by and between

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION

as Trustee

Relating to

[\$[PARD]
San Diego County Regional Airport Authority
 Subordinate Airport
Revenue Refunding Bonds
 Series 2020D
 (Federally Taxable)

[\$[PARE]
San Diego County Regional Airport Authority
 Subordinate Airport
Revenue Refunding Bonds
 Series 2020E
 (Federally Taxable)

Dated as of April 1, 2020

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EIGHTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE

THIS EIGHTH SUPPLEMENTAL SUBORDINATE TRUST INDENTURE (this “*Eighth Supplemental Subordinate Indenture*”), dated as of April 1, 2020, is made by and between the SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, a local government entity of regional government created pursuant to laws of the State of California (the “*Authority*”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as successor trustee (the “*Trustee*”), and supplements the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the “*Master Subordinate Indenture*”), by and between the Authority and the Trustee.

WHEREAS, the Master Subordinate Indenture provides, in Section 2.09 thereof, for the issuance of Subordinate Obligations and, in Section 10.02 thereof, for the execution and delivery of Supplemental Subordinate Indentures setting forth the terms of such Subordinate Obligations;

WHEREAS, the Authority now, for the purpose of providing money to refinance certain capital improvements to the Airport System (as defined in the Master Subordinate Indenture), by execution and delivery of this Eighth Supplemental Subordinate Indenture and in compliance with the provisions of the Master Subordinate Indenture (a) sets forth the terms of its (i) \$[PARD] San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020D (Federally Taxable) (the “*Series 2020D Bonds*”), and (ii) \$[PARE] San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020E (Federally Taxable) (the “*Series 2020E Bonds*” and collectively with the Series 2020D Bonds, the “*Series 2020D/E Bonds*”), (b) provides for the deposit and use of the proceeds of the Series 2020D/E Bonds, and (c) makes other provisions relating to the Series 2020D/E Bonds; and

WHEREAS, the Series 2020D/E Bonds are being issued as Subordinate Obligations as provided for in Section 2.09 of the Master Subordinate Indenture.

GRANTING CLAUSE

In order to secure the payment of the Series 2020D/E Bonds, the Authority hereby pledges, assigns and grants to the Trustee with respect to the Series 2020D/E Bonds all of the liens, rights, interests and privileges set forth in the Granting Clause of, and elsewhere in, the Master Subordinate Indenture. To secure further the payment of the Series 2020D/E Bonds, the Authority in furtherance of the Master Subordinate 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 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 Eighth Supplemental Subordinate Indenture unless the context clearly requires otherwise. Capitalized terms not otherwise defined in this Section 1.01 or elsewhere in this Eighth Supplemental Subordinate Indenture shall have the same meanings as set forth in the Master Subordinate Indenture.

“*Authorized Denominations*” means \$5,000 principal amount and integral multiples thereof.

“*Beneficial Owner*” means, whenever used with respect to a Series 2020D/E Bond, the person in whose name such Series 2020D/E Bond is recorded as the beneficial owner of such Series 2020D/E Bond by a Participant on the records of such Participant or such person’s subrogee.

“*Book-Entry Bonds*” means the Series 2020D/E Bonds held by DTC (or its nominee) as the Holder 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 2020D/E Bonds.

“*Continuing Disclosure Certificate*” means the certificate of the Authority, dated the date of issuance of the Series 2020D/E Bonds, pursuant to which the Authority shall agree to undertake for the benefit of the Holders and the Beneficial Owners of the Series 2020D/E 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 2020D/E Bonds, including, but not limited to, costs and expenses of printing and copying documents, the preliminary and final official statements and the Series 2020D/E Bonds, underwriters’ compensation, and the fees, costs and expenses of rating agencies, the Trustee, counsel, accountants, financial advisors, feasibility consultants and other consultants.

“*Designated Banking Institution*” means an investment banking institution of national standing which is a primary United States government securities dealer in the City of New York designated by the Authority (which may be one of the underwriters of the Series 2020D/E Bonds).

“*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.

“*Eighth Supplemental Subordinate Indenture*” means this Eighth Supplemental Subordinate Trust Indenture, dated as of April 1, 2020, by and between the Authority and the Trustee and which, among other things, sets forth the terms of the Series 2020D/E Bonds.

“*EMMA System*” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system or any successor nationally recognized municipal securities information repositories recognized by the Securities and Exchange Commission.

“*Interest Payment Date*” means each January 1 and July 1, commencing [July/January] 1, [2020/21,] the dates upon which interest on the Series 2020D/E Bonds becomes due and payable.

“*Master Senior Indenture*” has the meaning set forth in the Master Subordinate Indenture.

“*Master Subordinate Indenture*” means the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended from time to time, by and between the Authority and the Trustee under which the Series 2020D/E 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 Eighth Supplemental Subordinate 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.

“*Refunded Senior Revenue Bonds*” means, collectively, the Refunded Senior Series 2013A Bonds and the Refunded Senior Series 2013B Bonds.

“*Refunded Senior Series 2013A Bonds*” means the Senior Series 2013A Bonds being advance refunded and defeased with a portion of the proceeds of the Series 2020[D] Bonds, as set forth in Exhibit D attached hereto.

“*Refunded Senior Series 2013B Bonds*” means the Senior Series 2013B Bonds being advance refunded and defeased with a portion of the proceeds of the Series 2020[E] Bonds, as set forth in Exhibit D attached hereto.

“*Refunded Senior Series 2013A/B Bonds Escrow Agreement*” means the Escrow Agreement, dated April [•], 2020, by and between the Authority and the Senior Trustee, as trustee and escrow agent for the Refunded Senior Series 2013A Bonds and the Refunded Senior Series 2013B Bonds, and under which a portion of the proceeds of the Series 2020D/E Bonds, along with other available moneys, are to be deposited and used to pay the principal of and accrued interest on the Refunded Senior Series 2013A Bonds and the Refunded Senior Series 2013B Bonds.

“*Registrar*” for purposes of this Eighth Supplemental Subordinate 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 “San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Debt Service Reserve Fund” established pursuant to the Master Subordinate Indenture and the Second Supplemental Subordinate Indenture.

“*Reserve Fund Insurance Policy*” has the meaning as set forth in the Second Supplemental Subordinate Indenture.

“*Reserve Requirement*” shall have the meaning as set forth in the Second Supplemental Subordinate Indenture. At the time of issuance of the Series 2020D/E Bonds, the Reserve Requirement shall be equal to \$[●].

“*Second Supplemental Subordinate Indenture*” means the Second Supplemental Subordinate Trust Indenture, dated as of October 1, 2010, by and between the Authority and the Trustee.

“*Senior Bonds*” has the meaning set forth in the Master Subordinate Indenture.

“*Senior Trustee*” has the meaning set forth in the Master Subordinate Indenture.

“*Senior Series 2013 Reserve Account*” means the ‘Series 2013 Reserve Account’ established in the Reserve Fund pursuant to Section 4.01 of the Third Supplemental Senior Indenture.

“*Senior Series 2013A Bonds*” means the \$107,285,000 original principal amount of Senior Bonds issued under the Master Senior Indenture and the Third Supplemental Senior Indenture and designated as “San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2013A.”

“*Senior Series 2013A Escrow Fund*” means the “San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2013A Escrow Fund” established and maintained by the Senior Trustee, as trustee and escrow agent for the Senior Series 2013A Bonds, under the terms of the Refunded Senior Series 2013A/B Bonds Escrow Agreement and held for the purpose of paying principal of and accrued interest on the Refunded Senior Series 2013A Bonds.

“*Senior Series 2013B Bonds*” means the \$272,300,000 original principal amount of Senior Bonds issued under the Master Senior Indenture and the Third Supplemental Senior Indenture and designated as “San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2013B.”

“*Senior Series 2013B Escrow Fund*” means the “San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2013B Escrow Fund” established and maintained by the Senior Trustee, as trustee and escrow agent for the Senior Series 2013B Bonds, under the terms of the Refunded Senior Series 2013A/B Bonds Escrow Agreement and held for the purpose of paying principal of and accrued interest on the Refunded Senior Series 2013B Bonds.

“*Series 2020D/E Bonds*” means, collectively, the Series 2020D Bonds and the Series 2020E Bonds.

“*Series 2020D/E 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 2020D/E Bonds.

“*Series 2020D/E Reserve Account*” means the Account of such designation established in the Reserve Fund pursuant to Section 4.01 and 4.08 hereof.

“*Series 2020D Bonds*” means \$[PARD] aggregate principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and this Eighth Supplemental Subordinate Indenture and designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020D (Federally Taxable).”

“*Series 2020D Costs of Issuance Account*” means the Account of such designation established in the Series 2020D/E 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 2020D Bonds.

“*Series 2020D 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 2020D Bonds.

“*Series 2020D Term Bonds*” means the Series 2020D Bonds maturing on July 1, 20[•].

“*Series 2020D/E Term Bonds*” means collectively, the Series 2020D Term Bonds and the Series 2020E Term Bonds.

“*Series 2020E Bonds*” means \$[PARE] aggregate principal amount of Subordinate Obligations issued under the Master Subordinate Indenture and this Eighth Supplemental Subordinate Indenture and designated as “San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020E (Federally Taxable).”

“*Series 2020E Costs of Issuance Account*” means the Account of such designation established in the Series 2020D/E 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 2020E Bonds.

“*Series 2020E 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 2020E Bonds.

“*Series 2020E Term Bonds*” means the Series 2020E Bonds maturing on July 1, 20[•].

“*Third Supplemental Senior Indenture*” means the Third Supplemental Trust Indenture, dated as of January 1, 2013, by and between the Authority and the Senior Trustee and which sets forth the terms of the Senior Series 2013A Bonds and the Senior Series 2013B Bonds.

“*Treasury Rate*” means, as of any redemption date of the Series 2020D/E Bonds, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available seven (7) Business Days prior to the date fixed for redemption (excluding inflation-indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data as selected by a Designated Banking Institution) most nearly equal to the period from the redemption date to the maturity date of the Series 2020D/E Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Section 1.02. Article and Section References. Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Eighth Supplemental Subordinate Indenture.

ARTICLE II

THE SERIES 2020D/E BONDS

Section 2.01. Designation of the Series 2020D/E Bonds; Principal Amount. The Subordinate Obligations authorized to be issued under the Master Subordinate Indenture and this Eighth Supplemental Subordinate Indenture shall be designated as (a) “San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020D (Federally Taxable)”, which shall be issued in the original principal amount of \$[PARD] and (b) “San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020E (Federally Taxable)”, which shall be issued in the original principal amount of \$[PARE].

Section 2.02. Series 2020D/E Bonds Issued Under the Master Subordinate Indenture; Security; Parity. The Series 2020D/E Bonds are issued as Subordinate Obligations under and subject to the terms of the Master Subordinate Indenture and are secured by and payable from the Subordinate Net Revenues and other security provided in the Granting Clauses of the Master Subordinate Indenture and this Eighth Supplemental Subordinate Indenture and in accordance with the terms of the Master Subordinate Indenture and this Eighth Supplemental Subordinate Indenture.

To further secure the payment of the Series 2020D/E Bonds, the Authority in furtherance of the Master Subordinate 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 Requirement, all rights, title and interest in such instruments and the proceeds thereof.

Section 2.03. General Terms of the Series 2020D/E Bonds. The Series 2020D/E Bonds shall, upon initial issuance, be dated April [•], 2020. Each Series 2020D/E 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 2020D/E 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 2020D/E Bond shall bear interest from such succeeding Interest Payment Date, or unless such date of authentication is on or before [June/December] 15, 2020, in which, event such Series 2020D/E Bond shall bear interest from April [•], 2020. If interest on the Series 2020D/E Bonds shall be in default, Series 2020D/E Bonds issued in exchange for Series 2020D/E 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 2020D/E Bonds surrendered. The Series 2020D/E Bonds shall be issued in denominations of \$5,000 original principal amount or integral multiples thereof.

Interest on the Series 2020D/E Bonds shall be paid on [July/January] 1, 20[20/21] and semiannually thereafter on January and July 1.

Interest on the Series 2020D/E Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months.

The Series 2020D Bonds shall be issued in the original principal amount of \$[PARD] 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:

<u>Maturity Date (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$	%

The Series 2020E Bonds shall be issued in the original principal amount of \$[PARE] 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:

<u>Maturity Date (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
		%

Payment of the principal of the Series 2020D/E Bonds shall be made upon surrender of the Series 2020D/E Bonds to the Trustee or its agent; provided that with respect to the Series 2020D/E 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 2020D/E 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 Holder thereof on the Record Date, and such payment shall be mailed to such Holder 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 2020D/E Bonds, interest due and payable on any Interest Payment Date shall be paid to the person who is the Holder as of the Record Date. The Series 2020D/E Bonds shall be substantially in the form of Exhibit A attached hereto.

If the principal of a Series 2020D/E 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 2020D/E 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 2020D/E Bonds. Series 2020D/E Bonds which are delivered to the Registrar for exchange may be exchanged for an equal total principal amount of the same Series of such Series 2020D/E Bonds with the same interest rate and maturity date. The cost of printing Series 2020D/E 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 Holders 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 2020D/E Bond during the period established by the Registrar for selection of Series 2020D/E Bonds for redemption or any Series 2020D/E Bond which has been selected for redemption.

Section 2.05. Book-Entry Bonds.

(a) Except as provided in subparagraph (c) of this Section, the Holder of all of the Series 2020D/E Bonds shall be DTC and the Series 2020D/E 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 2020D/E 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 2020D/E Bonds shall be initially issued in the form of separate single authenticated fully registered bonds for each separate stated maturity and interest rate for each Series of the Series 2020D/E Bonds. Upon initial issuance, the ownership of such Series 2020D/E 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 2020D/E Bonds registered in its name for the purposes of paying the principal and redemption price of and interest on the Series 2020D/E Bonds, selecting the Series 2020D/E Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders under the Master Subordinate Indenture or this Eighth Supplemental Subordinate Indenture, registering the transfer of Series 2020D/E Bonds, obtaining any consent or other action to be taken by Holders 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 2020D/E Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books as being a Holder, 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 2020D/E Bonds; any notice which is permitted or required to be given to Holders under the Master Subordinate Indenture and this Eighth Supplemental Subordinate Indenture; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2020D/E Bonds; any consent given or other action taken by DTC as Holder; or any other purpose. The Trustee shall pay all principal and

redemption price of and interest on the Series 2020D/E 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 2020D/E Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2020D/E Bond evidencing the obligation of the Authority to make payments of principal, redemption price and interest pursuant to the Master Subordinate Indenture and this Eighth Supplemental Subordinate 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 Eighth Supplemental Subordinate 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 2020D/E 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 2020D/E Bond certificates. In such event, the Trustee shall authenticate and the Registrar shall transfer and exchange Series 2020D/E Bond certificates as requested by DTC and any other Holders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2020D/E 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 2020D/E Bond certificates as described in this Eighth Supplemental Subordinate Indenture. In the event Series 2020D/E Bond certificates are issued, the provisions of the Master Subordinate Indenture and this Eighth Supplemental Subordinate 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 2020D/E Bonds to any Participant having Series 2020D/E Bonds credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2020D/E Bonds.

(d) Notwithstanding any other provision of the Master Subordinate Indenture and this Eighth Supplemental Subordinate Indenture to the contrary, so long as any Series 2020D/E 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 2020D/E Bond and all notices with respect to such Series 2020D/E 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 Holders pursuant to the Master Subordinate Indenture and this Eighth Supplemental Subordinate Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by Holders, 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 Holder.

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 2020D/E 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 HOLDER OF THE SERIES 2020D/E BONDS.

ARTICLE III

REDEMPTION OF SERIES 2020D/E BONDS

Section 3.01. Notices to Holders. If the Authority wishes that any Series 2020D/E Bonds be redeemed pursuant to the provision of this Eighth Supplemental Subordinate Indenture, the Authority will notify the Trustee of the applicable provision, the Series of Series 2020D/E Bonds being redeemed, the redemption date, the maturity date, the interest rate, the CUSIP number and the principal amount and the redemption price of the Series 2020D/E 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 Holders 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 2020D/E 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 otherwise permitted or required by DTC's procedures) to each Holder of a Series 2020D/E Bond to be redeemed. Each such notice shall be sent to the Holder'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 2020D/E Bond to be redeemed, if less than all Series 2020D/E Bonds of a Series, maturity date and interest rate are called for redemption the numbers assigned to the Series 2020D/E 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 2020D/E 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 2020D/E 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 Holders of such Series 2020D/E Bonds to be redeemed in the manner provided in this Section.

Failure to give any required notice of redemption as to any particular Series 2020D/E Bonds will not affect the validity of the call for redemption of any Series 2020D/E 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 2020D/E 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 Trustee sufficient for redemption, interest on the Series 2020D/E Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

If any Series 2020D/E Bonds, at the time of redemption, are not Book-Entry Bonds, then, at the time of the mailing required by the first paragraph of this Section, such redemption notice shall be (a) provided to the Municipal Securities Rulemaking Board through the EMMA System, and (b) given by (i) registered or certified mail, postage prepaid; (ii) telephonically confirmed facsimile transmission; or (iii) overnight delivery service, to:

The Depository Trust Company
55 Water Street, 50th Floor
New York, NY 10041-0099
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 2020D/E Bond.

Section 3.02. Redemption Dates. The date fixed for redemption of Series 2020D/E 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.

Section 3.03. Optional Redemption of the Series 2020D/E Bonds.

(a) [Prior to July 1, 20[●], the Series 2020D Bonds are redeemable at the option of the Authority, in whole or in part, at any time, from any moneys that may be provided for such purpose, at a redemption price equal to the greater of: (i) 100% of the principal amount of the Series 2020D Bonds to be redeemed; and (ii) an amount calculated by a Designated Banking Institution equal to the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2020D Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2020D Bonds are to be redeemed, discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus [●] basis points; plus, in each case, accrued and unpaid interest on the Series 2020D Bonds to be redeemed to the date fixed for redemption.]

(b) On or after July 1, 20[•], the Series 2020D 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 [] 1, 20[•] at a redemption price equal to 100% of the principal amount of the Series 2020D Bonds to be redeemed plus accrued interest to the date fixed for redemption, without premium.

(c) [Prior to July 1, 20[•], the Series 2020E Bonds are redeemable at the option of the Authority, in whole or in part, at any time, from any moneys that may be provided for such purpose, at a redemption price equal to the greater of: (i) 100% of the principal amount of the Series 2020E Bonds to be redeemed; and (ii) an amount calculated by a Designated Banking Institution equal to the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2020E Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2020E Bonds are to be redeemed, discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus [•] basis points; plus, in each case, accrued and unpaid interest on the Series 2020E Bonds to be redeemed to the date fixed for redemption.]

(d) On or after July 1, 20[•], the Series 2020E 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 [] 1, 20[•] at a redemption price equal to 100% of the principal amount of the Series 2020E 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 2020D/E Term Bonds.

(a) The Series 2020D Bonds maturing on July 1, 20[•] are subject to mandatory sinking fund redemption in part (on a pro-rata pass-through distribution of principal basis in accordance with the procedures set forth in Section 3.05(a) hereof), 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:

<u>July 1 of the Year</u>	<u>Principal Amount</u>
	\$

*

*Final Maturity Date

redeemed prior to their stated maturity date, the particular Series 2020D/E Bonds to be redeemed will be selected on a pro-rata pass-through distribution of principal basis in accordance with the rules and procedures of DTC. It is the Department's intent that redemption allocations made by DTC, the Participants or such other intermediaries that may exist between the Department and the beneficial owners of the Series 2020D/E Bonds shall be made on a pro-rata pass-through distribution of principal basis. However, so long as the Series 2020D/E Bonds are Book-Entry Bonds, the selection for redemption of such Series 2020D/E Bonds shall be made in accordance with the operational arrangements of DTC then in effect. Neither the Department nor the Trustee shall provide any assurance or shall have any responsibility or obligation to ensure that DTC, the Participants or any other intermediaries allocate redemptions of the Series 2020D/E Bonds among beneficial owners on a pro-rata pass-through distribution of principal basis. If the DTC operational arrangements do not allow for the redemption of the Series 2020D/E Bonds on a pro-rata pass-through distribution of principal basis, the Series 2020D/E Bonds shall be selected for redemption, in accordance with DTC procedures, by lot.

If the Series 2020D/E Bonds are not Book-Entry Bonds and less than all of the Series 2020D/E Bonds of a maturity are to be redeemed, the Series 2020D/E Bonds to be redeemed shall be selected by the Trustee on a pro rata pass-through distribution of principal basis among all of the Holders of the Series 2020D/E Bonds based on the principal amount of the Series 2020D/E Bonds owned by such Holders.

(b) Upon surrender of a Series 2020D/E Bond to be redeemed, in part only, the Trustee will authenticate for the Holder a new Series 2020D/E Bond or Series 2020D/E Bonds, of the same Series, maturity date and interest rate equal in principal amount to the unredeemed portion of the Series 2020D/E Bonds surrendered.

Section 3.06. Payment of Series 2020D/E Bonds Called for Redemption. Upon surrender to the Trustee or the Trustee's agent, Series 2020D/E 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 2020D/E Bonds so called for redemption shall become and be due and payable on the redemption date, interest on such Series 2020D/E Bonds shall cease to accrue from and after such redemption date, such Series 2020D/E Bonds shall cease to be entitled to any lien, benefit or security under the Master Subordinate Indenture and this Eighth Supplemental Subordinate Indenture and the Holders of such Series 2020D/E Bonds shall have no rights in respect thereof except to receive payment of the redemption price.

Series 2020D/E 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 Holders of the Series 2020D/E Bonds to be redeemed, all as provided in this Eighth Supplemental Subordinate Indenture, shall not be deemed to be Outstanding under the provisions of the Master Subordinate Indenture and this Eighth Supplemental Subordinate 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 Subordinate Airport Revenue Refunding Bonds Series 2020D Debt Service Fund (the “***Series 2020D Debt Service Fund***”) and therein an Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee;

(b) San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds Series 2020E Debt Service Fund (the “***Series 2020E Debt Service Fund***”) and therein an Interest Account, a Principal Account and a Redemption Account, to be held by the Trustee;

(c) San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds Series 2020D/E Costs of Issuance Fund (the “***Series 2020D/E Costs of Issuance Fund***”) and therein (i) the San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds Series 2020D Costs of Issuance Account (the “***Series 2020D Costs of Issuance Account***”) and (ii) the San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds Series 2020E Costs of Issuance Account (the “***Series 2020E Costs of Issuance Account***”), to be held by the Trustee; and

(d) San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds Series 2020D/E Reserve Account (the “***Series 2020D/E Reserve Account***”), to be established in the Reserve Fund and to be held by the Trustee.

Section 4.02. Application of Series 2020D/E Bond Proceeds.

(a) The proceeds of the sale of the Series 2020D Bonds, being the amount of \$[•] (which sum represents the par amount of the Series 2020D Bonds of \$[PARD], less an underwriters’ discount in the amount of \$[•]) received by the Trustee shall be deposited by the Trustee as follows:

(i) \$[•] shall be transferred to the Senior Trustee (pursuant to wiring instructions provided by the Authority to the Trustee at the time of issuance of the Series 2020C/D Bonds) for deposit to the Senior Series 2013A Escrow Fund to be used to pay a portion of the principal of and accrued interest on the Refunded Senior Series 2013A Bonds;

(ii) \$[•] shall be deposited into the Series 2020D Costs of Issuance Account to be used to pay the Costs of Issuance of the Series 2020 Bonds; and

(iii) \$[•] shall be deposited into the Series 2020D/E Reserve Account.

(b) The proceeds of the sale of the Series 2020E Bonds, being the amount of \$[•] (which sum represents the par amount of the Series 2020E Bonds of \$[PARE], less an underwriters' discount in the amount of \$[•]) received by the Trustee shall be deposited by the Trustee as follows:

(i) \$[•] shall be transferred to the Senior Trustee (pursuant to wiring instructions provided by the Authority to the Trustee at the time of issuance of the Series 2020C/D Bonds) for deposit to the Senior Series 2013B Escrow Fund to be used to pay a portion of the principal of and accrued interest on the Refunded Senior Series 2013B Bonds;

(ii) \$[•] shall be deposited into the Series 2020D Costs of Issuance Account to be used to pay the Costs of Issuance of the Series 2020 Bonds; and

(iii) \$[•] shall be deposited into the Series 2020D/E Reserve Account.

Section 4.03. Series 2020D Debt Service Fund. The Trustee shall make deposits into the Series 2020D Debt Service Fund and use such deposits as follows:

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account the amounts received from the Authority, as provided in the Master Subordinate Indenture, to be used to pay interest on the Series 2020D 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 2020D Bonds in accordance with their terms.

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) ***Principal Account.*** The Trustee shall deposit into the Principal Account amounts received from the Authority as provided in the Master Subordinate 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 2020D Bonds whether at maturity on the applicable Payment Dates or by mandatory sinking fund redemption as provided in Section 3.04 hereof. 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 Subordinate Indenture, in which event the earnings shall be retained in the Principal Account.

(c) ***Redemption Account.*** The Trustee shall deposit into the Redemption Account amounts received from the Authority as provided in the Master Subordinate Indenture to be used to pay the redemption price of Series 2020D Bonds being redeemed

as provided in Section 3.03 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 2020D Bonds being redeemed as provided in Section 3.03 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 2020D Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

Section 4.04. Series 2020E Debt Service Fund. The Trustee shall make deposits into the Series 2020E Debt Service Fund and use such deposits as follows:

(a) ***Interest Account.*** The Trustee shall deposit into the Interest Account the amounts received from the Authority, as provided in the Master Subordinate Indenture, to be used to pay interest on the Series 2020E 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 2020E Bonds in accordance with their terms.

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) ***Principal Account.*** The Trustee shall deposit into the Principal Account amounts received from the Authority as provided in the Master Subordinate 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 2020E whether at maturity on the applicable Payment Dates or by mandatory sinking fund redemption as provided in Section 3.05 hereof. 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 Subordinate Indenture, in which event the earnings shall be retained in the Principal Account.

(c) ***Redemption Account.*** The Trustee shall deposit into the Redemption Account amounts received from the Authority as provided in the Master Subordinate Indenture to be used to pay the redemption price of Series 2020E Bonds being redeemed as provided in Section 3.03 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 2020E Bonds being redeemed as provided in Section 3.03 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 2020E Debt Service Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

Section 4.05. Series 2020D/E Costs of Issuance Fund.

(a) There shall, be deposited into the Series 2020D/E Costs of Issuance Fund the amounts as provided in Sections 4.02(a)(ii) and 4.02(b)(ii) hereof.

(b) The Trustee shall make payments or disbursements from the Series 2020D/E Costs of Issuance Fund upon receipt from the Authority of a written requisition in substantially the form attached hereto as Exhibit C, executed by an Authorized Authority Representative, which requisition shall state, with respect to each amount requested thereby, (i) the Account within the Series 2020D/E 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 2020D/E 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 2020D/E Costs of Issuance Fund shall be invested and reinvested as directed by an Authorized Authority Representative in Permitted Investments.

(d) Earnings on the Series 2020D Costs of Issuance Account shall be deposited into the Interest Account of the Series 2020D Debt Service Fund. Any amounts remaining in the Series 2020D Costs of Issuance Account on October [●], 2020 shall be transferred to the Interest Account of the Series 2020D Debt Service Fund and the Series 2020D Costs of Issuance Account shall be closed.

(e) Earnings on the Series 2020E Costs of Issuance Account shall be deposited into the Interest Account of the Series 2020E Debt Service Fund. Any amounts remaining in the Series 2020E Costs of Issuance Account on October [●], 2020 shall be transferred to the Interest Account of the Series 2020E Debt Service Fund and the Series 2020E Costs of Issuance Account shall be closed.

Section 4.06. Series 2020D/E Reserve Account. In accordance with Section 4.12(a) of the Second Supplemental Subordinate Indenture, the Authority hereby elects to have the Series 2020D/E Bonds participate in the Reserve Fund. As provided in Sections 4.02(a)(iii) and 4.02(b)(iii) hereof, at the time of the issuance of the Series 2020D/E Bonds, a portion of the proceeds of the Series 2020D/E Bonds shall be deposited into the Series 2020D/E Reserve

Account. The Series 2020D/E 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 2020D/E Bonds, but for all other purposes shall be held, invested and used as an integral part of the Reserve Fund as provided in Section 4.12(a) of the Second Supplemental Subordinate Indenture and shall be available to make payments on all of the Series of Subordinate Obligations 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 2020D/E 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 2020D Bonds shall be transferred to the Interest Account in the Series 2020D Debt Service Fund and such excess allocable to the Series 2020E Bonds shall be transferred to the Interest Account in the Series 2020E Debt Service Fund.

Section 4.07. Sources of Payment of the Series 2020D/E Bonds. The Series 2020D/E Bonds shall be secured by and payable from the Subordinate Net Revenues as provided in the Master Subordinate 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 2020D/E Bonds from any other source or from any other funds of the Authority.

ARTICLE V

MISCELLANEOUS

Section 5.01. Notices.

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Eighth Supplemental Subordinate Indenture or the Series 2020D/E Bonds must be in writing except as expressly provided otherwise in this Eighth Supplemental Subordinate Indenture or the Series 2020D/E 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 Subordinate Indenture or when delivered by hand and received by the Authority or the Trustee at the addresses provided in the Master Subordinate Indenture. Any addressee may designate additional or different addresses for purposes of this Section. In addition to the address set forth in the Master Subordinate Indenture, all notices and communications to be sent to the Trustee shall also be sent to U.S. Bank National Association, 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Global Corporate Trust.

Section 5.02. Modification of Master Subordinate Indenture and this Eighth Supplemental Subordinate Indenture. The Authority may, from time to time and at any time execute and deliver Supplemental Subordinate Indentures supplementing and/or amending the Master Subordinate Indenture and this Eighth Supplemental Subordinate Indenture in the manner set forth in Article X of the Master Subordinate Indenture.

Section 5.03. 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 Subordinate Indenture and this Eighth Supplemental Subordinate 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 Subordinate Indenture); provided, however, that any participating underwriter for the Series 2020D/E Bonds or any Holder or Beneficial Owner of the Series 2020D/E 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 5.04. Parties Interested Herein. Nothing in this Eighth Supplemental Subordinate 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 Holders of the Series 2020D/E Bonds, any right, remedy or claim under or by reason of this Eighth Supplemental Subordinate Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Eighth Supplemental Subordinate Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the Holders of the Series 2020D/E Bonds.

Section 5.05. Severability. If any provision of this Eighth Supplemental Subordinate Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Eighth Supplemental Subordinate Indenture.

Section 5.06. 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 5.07. Governing Law. This Eighth Supplemental Subordinate Indenture shall be governed by and construed in accordance with the laws of the State of California.

Section 5.08. Captions. The captions in this Eighth Supplemental Subordinate Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Eighth Supplemental Subordinate Indenture.

Section 5.09. Counterparts. This Eighth Supplemental Subordinate Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Eighth Supplemental Subordinate 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 _____
Tony R. Russell,
Director, Board Services/Authority Clerk

Approved as to form:

By _____
Amy Gonzalez
General Counsel

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Representative

[Signature page to Eighth Supplemental
Subordinate Trust Indenture]

EXHIBIT A

FORM OF SERIES 2020[D/E] BOND

San Diego County Regional Airport Authority
Subordinate Airport Revenue Refunding Bond
Series 2020[D/E]
(Federally Taxable)

No. R-_____ Principal Amount: \$_____

[UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AS DEFINED IN THE HEREINAFTER DEFINED EIGHTH SUPPLEMENTAL SUBORDINATE INDENTURE) TO THE TRUSTEE (AS HEREINAFTER DEFINED) FOR REGISTRATION OF, TRANSFER, EXCHANGE, OR PAYMENT, AND ANY SERIES 2020[D/E] 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.]

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Dated Date</u>	<u>CUSIP</u>
_____ %	July 1, 20__	April [•], 2020	79739G__

THIS BOND IS A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF SUBORDINATE NET REVENUES (AS HEREINAFTER DEFINED) DERIVED BY THE AUTHORITY FROM THE OPERATIONS OF THE AIRPORT SYSTEM (AS HEREINAFTER DEFINED) 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, PREMIUM, IF ANY, OR INTEREST ON THIS BOND.

THIS BOND AND THE INTEREST THEREON IS JUNIOR AND SUBORDINATE IN ALL RESPECTS TO THE SENIOR LIEN REVENUE BONDS AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES.

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 Subordinate Net Revenues, as hereinafter defined in this Bond, 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 _____
President and CEO

Attest:

By: _____
Director, Board Services/Authority
Clerk

CERTIFICATE OF AUTHENTICATION

U.S. Bank National Association, as Trustee, hereby certifies that this is one of the Subordinate Obligations referred to in the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture

Date of Authentication: _____, 20__

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Name _____
Title _____

1. Master Subordinate Indenture; Eighth Supplemental Subordinate Indenture.
The Authority has entered into a Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "Master Subordinate Indenture"), with U.S. Bank National Association, as

successor trustee (the “Trustee”). Such Master Subordinate Indenture provides that the Authority may issue bonds and incur other indebtedness under the terms and conditions set forth in the Master Subordinate Indenture and Supplemental Subordinate Indentures. All bonds and other indebtedness issued thereunder and secured thereby are collectively referred to herein as “Subordinate Obligations.” All capitalized terms not defined herein shall have the meanings set forth in the Master Subordinate Indenture and the hereinafter defined Eighth Supplemental Subordinate Indenture.

This Bond is part of a series of Subordinate Obligations of the Authority issued under the Master Subordinate Indenture and the Eighth Supplemental Subordinate Trust Indenture, dated as of April 1, 2020 (the “Eighth Supplemental Subordinate Indenture”), by and between the Authority and the Trustee, and authorized by Resolution No. 2020-[•] adopted by the board of directors of the Authority on [March 23], 2020. The series of Subordinate Obligations of which this Bond is a part is being issued in the original principal amount of \$[PARD/E] and designated as San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020[D/E] (Federally Taxable) (the “Series 2020[D/E] Bonds”). [Simultaneously with the issuance of the Series 2020[D/E] Bonds, the Authority is issuing its \$[PARD/E] San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020[D/E] (Federally Taxable).

The Series 2020[D/E] Bonds are being issued with a pledge of and lien on Subordinate Net Revenues on a parity with the other Subordinate Obligations issued on a parity with the Series 2020[D/E] Bonds under the terms and provisions of the Master Subordinate Indenture.

The terms of the Series 2020[D/E] Bonds include the terms set forth in the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture. Holders are referred to the Master Subordinate Indenture, as amended and supplemented from time to time, and the Eighth Supplemental Subordinate 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 2020[D/E] Bonds are, as provided in the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture, together with all other Subordinate Obligations, secured by and payable from, the Subordinate Net Revenues, as described below and as defined in the Master Subordinate Indenture. The Master Subordinate Indenture pledges the Subordinate Net Revenues to secure payment of all Subordinate Obligations issued under the Master Subordinate Indenture.

All defined terms used in such description shall have the meaning assigned to them in the Master Subordinate Indenture. The Authority is not required to provide for the payment of the Subordinate Obligations from any other source other than from certain funds and accounts under the Master Subordinate Indenture and the Supplemental Subordinate 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 [July 1, 2020] 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 Eighth Supplemental Subordinate Indenture, interest hereon will be paid by check mailed to the Holder's registered address, and, if this Bond is a Book-Entry Bond, as defined in the Eighth Supplemental Subordinate Indenture, interest will be paid as provided in the Eighth Supplemental Subordinate 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 2020[D/E] Bonds being redeemed, plus interest accrued since the most recent interest payment date. [Add make whole call and mandatory sinking fund redemption once agreed to]

(a) **Optional Redemption.** [to come].

(b) **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 Eighth Supplemental Subordinate Indenture to each owner of a Series 2020[D/E] 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 2020[D/E] Bond in respect of which no failure occurs. Any notice sent as provided in the Eighth Supplemental Subordinate Indenture will be conclusively presumed to have been given whether or not actually received by the addressee.

(c) **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 2020[D/E] Bonds to be redeemed ceases to accrue as of the redemption date.

7. **Denominations; Transfer; Exchange.** The Series 2020[D/E] Bonds are available in denominations of \$5,000 and integral multiples thereof. A Holder may transfer or exchange Series 2020[D/E] Bonds in accordance with the Master Subordinate Indenture and the Eighth

Supplemental Subordinate Indenture. The Trustee may require a Holder, 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 Subordinate Indenture. The Trustee need not transfer or exchange any Series 2020[D/E] Bond during the period established by the Registrar for selection of Series 2020[D/E] Bonds for redemption of any Series 2020[D/E] 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 two years, the Trustee will pay the money to or for the account of the Authority. After that, Holders 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 Subordinate Indenture sufficient to pay at maturity principal of and interest on the outstanding Series 2020[D/E] Bonds, and if the Authority also pays all other sums then payable by the Authority under the Master Subordinate Indenture, the Master Subordinate Indenture will be discharged. After discharge, Holders 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 Subordinate Indenture sufficient to pay at maturity, principal of and interest on all or any portion of the outstanding Series 2020[D/E] Bonds, such Series 2020[D/E] 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 Subordinate Indenture except to the extent of the funds set aside therefor.

11. **Amendment, Supplement, Waiver.** The Master Subordinate Indenture, the Eighth Supplemental Subordinate Indenture and the Series 2020[D/E] Bonds may be amended or supplemented, and any past default or compliance with any provision may be waived, as provided in the Master Subordinate 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 Subordinate 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 Subordinate 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 Subordinate Indenture and the Eighth Supplemental Subordinate Indenture. Holders may not enforce the Master Subordinate Indenture or this Bond except as provided in the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture. The Trustee may refuse to enforce the Master Subordinate Indenture or this Bond unless it receives indemnity satisfactory to it. Subject to certain limitations, Holders of a majority of the principal amount of the Series 2020[D/E] Bonds (determined in accordance with the terms of the Master Subordinate

Indenture and the Eighth Supplemental Subordinate 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 Subordinate Indenture or the Eighth Supplemental Subordinate 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 Holder, 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 on the signature page of this Bond.

15. **Abbreviations.** Customary abbreviations may be used in the name of a Holder 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
Subordinate Airport Revenue Refunding Bonds
Series 2020D
(Federally Taxable)

Date	Principal	Interest	Total
	\$	\$	\$

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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San Diego County Regional Airport Authority
Subordinate Airport Revenue Refunding Bonds
Series 2020E
(Federally Taxable)

Date	Principal	Interest	Total
	\$	\$	\$

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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EXHIBIT C

FORM OF SERIES 2020D/E COSTS OF ISSUANCE FUND REQUISITION

Requisition No. _____

To: U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Global Corporate Trust Services

Re: Requisition of Funds from San Diego County Regional Airport Authority
Subordinate Airport Revenue Refunding Bonds Series 2020D/E 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 Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "Master Subordinate Indenture"), by and between the San Diego County Regional Airport Authority (the "Authority") and U.S. Bank National Association, as successor trustee (the "Trustee"), as supplemented by the Eighth Supplemental Subordinate Trust Indenture, dated as of April 1, 2020 (the "Eighth Supplemental Subordinate Indenture"), by and between the Authority and the Trustee, hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in **[check one]**

San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds Series 2020D Costs of Issuance Account

San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds Series 2020E Costs of Issuance Account

of the San Diego County Regional Airport Authority Subordinate Airport Revenue Bonds Series 2020D/E Costs of Issuance Fund held under the Eighth Supplemental Subordinate 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 2020D/E Bonds. Capitalized terms not otherwise defined herein shall have the applicable meanings in the Master Subordinate Indenture and the Eighth Supplemental Subordinate Indenture.

Dated: _____.

By _____
Authorized Authority Representative

EXHIBIT D

**REFUNDED SERIES 2013A BONDS AND
REFUNDED SERIES 2013B BONDS**

Refunded Series 2013A Bonds

**San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2013A**

<u>Maturity Date (July 1)</u>	<u>Principal to be Redeemed</u>	<u>Redemption Price</u>	<u>Redemption Date</u>	<u>CUSIP Number</u>
	\$	%		

Refunded Series 2013B Bonds

**San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2013B**

<u>Maturity Date (July 1)</u>	<u>Principal to be Redeemed</u>	<u>Redemption Price</u>	<u>Redemption Date</u>	<u>CUSIP Number</u>
	\$	%		

PURCHASE CONTRACT

\$ _____
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

\$ _____
Subordinate Airport Revenue
Refunding Bonds
Series 2020D
(Federally Taxable)

\$ _____
Subordinate Airport Revenue
Refunding Bonds
Series 2020E
(Federally Taxable)

_____, 2020

San Diego County Regional Airport Authority
3225 North Harbor Drive, 3rd Floor
San Diego, California 92101

Ladies and Gentlemen:

The undersigned, Citigroup Global Markets Inc. (the “**Representative**”), as representative of the underwriters listed on the signature page hereof (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 Official Statement or the Subordinate 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 \$ _____ aggregate principal amount of Subordinate Airport Revenue Refunding Bonds, Series 2020D (Federally Taxable) (the “**Series 2020D Bonds**”), and \$ _____ aggregate principal amount of Subordinate Airport Revenue Refunding Bonds, Series 2020E (Taxable) (the “**Series 2020E Bonds**,” and together with the Subordinate Series 2020D Bonds, the “**Series 2020 Bonds**”). The Series 2020 Bonds shall be dated the date of issuance, shall bear interest payable on July 1, 2020 and thereafter semiannually each January 1 and July 1 at the rates, shall mature

on July 1 in each year in the amounts, and shall be subject to redemption, all as set forth in the attached Schedule I. The purchase price for the Series 2020D Bonds shall be \$ _____ (consisting of the aggregate principal amount of the Series 2020D Bonds, plus original issue premium of \$ _____, less an underwriters' discount of \$ _____) (the "**Series 2020D Purchase Price**"). The purchase price for the Series 2020E Bonds shall be \$ _____ (consisting of the aggregate principal amount of the Series 2020E Bonds, plus original issue premium of \$ _____, less an underwriters' discount of \$ _____) (the "**Series 2020E Purchase Price**," and collectively with the Series 2020D Purchase Price, the "**Purchase Price**").

(b) The Authority will undertake, pursuant to a Continuing Disclosure Certificate (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 the Official Statement.

(c) The Authority acknowledges and agrees that (i) the purchase and sale of the Series 2020 Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction between the Authority and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as municipal advisors (as defined in Section 15B(e)(4) of the Securities Exchange Act of 1934, as amended), or agents, advisors or fiduciaries of the Authority, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the Authority with respect to the offering of the Series 2020 Bonds contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters, or any affiliates of the Underwriters, have provided other services or are currently providing other services to the Authority on other matters) and the Underwriters have no obligation to the Authority with respect to the offering of the Series 2020 Bonds contemplated hereby except the obligations expressly set forth in this Purchase Contract and except as otherwise provided by law, (iv) the Authority has consulted with its own legal, financial and other advisors to the extent it deemed appropriate in connection with the offering of the Series 2020 Bonds, and (v) the Underwriters have financial and other interests that differ from those of the Authority. 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 2020 Bonds.** The Series 2020 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 Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the "**Master Subordinate Indenture**"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "**Subordinate Trustee**"), and the Eighth Supplemental Subordinate Trust Indenture, to be dated as of April 1, 2020 (the "**Eighth Supplemental Subordinate Indenture**," and collectively with the Master Subordinate Indenture and all supplements thereto, the "**Subordinate Indenture**"), by and between the Authority and the Subordinate Trustee. Additionally, the board of directors of the Authority (the "**Board**") authorized the issuance of the Series 2020 Bonds pursuant to a resolution adopted by the Board on _____, 2020 (the "**Bond Resolution**"). The Series 2020 Bonds shall be payable from Subordinate Net Revenues, and from certain additional limited funds held by the Subordinate Trustee under the Subordinate Indenture.

The proceeds of the Series 2020 Bonds will be used to (a) advance refund all or a portion of the (i) San Diego County Regional Airport Authority Senior Airport Revenue Refunding Bonds, Series 2013A (“Senior Series 2013A Bonds”), and (ii) San Diego County Regional Airport Authority Senior Airport Revenue Refunding Bonds, Series 2013B (“Senior Series 2013B Bonds” and together with the Senior Series 2013A Bonds, the “Refunded Bonds”), (b) fund one or more reserve funds for the Series 2020, and (c) pay the costs of issuance of the Series 2020 Bonds. The Series 2020 Bonds are being issued for such purposes and shall otherwise be as described in the Subordinate Indenture and the Official Statement.

In connection with the refunding of the Refunded Subordinate Series 2020C Bonds, the Authority and U.S. Bank National Association, as trustee and escrow agent, will enter into an Escrow Agreement, dated April __, 2020 (the “Escrow Agreement”).

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 2020 Bonds, dated _____, 2020 (together with 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 2020 Bonds. The Authority represents and warrants that the Preliminary Official Statement was deemed final by the Authority as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission (“**Rule 15c2-12**”), except for those matters permitted by Rule 15c2-12 to be omitted, including maturity amounts, interest rates, offering prices, redemption dates and prices, ratings, underwriters’ discount, delivery dates and related terms.

(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 (after consultation with the Representative)) (the “**Official Statement**”) in sufficient quantity (which may be in electronic form) 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 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 2020 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.

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.

(b) The Authority has full legal right, power and authority to enter into this Purchase Contract, the Continuing Disclosure Certificate, the Escrow Agreement and the Subordinate Indenture, to execute this Purchase Contract, the Eighth Supplemental Subordinate Indenture, the Continuing Disclosure Certificate and the Escrow Agreement, to adopt the Bond Resolution and to observe, perform and consummate the covenants, agreements and transactions contemplated by this Purchase Contract, the Subordinate Indenture, the Continuing Disclosure Certificate, the Escrow Agreement and the Official Statement and to issue, sell and deliver the Series 2020 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, the Series 2020 Bonds, the Subordinate Indenture, the Official Statement, the Continuing Disclosure Certificate, the Escrow Agreement 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 2020 Bonds on its part contained in the Bond Resolution, the Subordinate Indenture, the Series 2020 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, the information under the caption “UNDERWRITING,” 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) 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 information under the caption “UNDERWRITING” and Appendix G the Official Statement as to which no representation is made) 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 Official Statement.

(d) If between the date hereof and 25 days after the End of the Underwriting Period for the Series 2020 Bonds (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”** for the Series 2020 Bonds shall mean the later of (i) the Closing Date or (ii) the date on which the End of the Underwriting Period for the Series 2020 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 2020 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 2020 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 pursuant to Section 4(d) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Series 2020 Bonds, 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 Subordinate Drawdown Bonds or in the ordinary course of business incur any other material liabilities, direct or contingent, in each case payable from Subordinate 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 2020 Bonds or on the security therefor; and the execution and delivery of this Purchase Contract, the Eighth Supplemental Subordinate Indenture, the Continuing Disclosure Certificate, the Escrow Agreement and the Series 2020 Bonds, the adoption of the Bond Resolution, and compliance with the provisions of this Purchase Contract, the Subordinate Indenture, the Continuing Disclosure Certificate, the Escrow Agreement, the Bond Resolution and the Series 2020 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 2020 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 2020 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 Eighth Supplemental Subordinate Indenture, the Continuing Disclosure Certificate, the Escrow Agreement, the Preliminary Official Statement, the Official Statement or the Series 2020 Bonds; (ii) in any way contesting, affecting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Series 2020 Bonds, or the collection of revenues pledged to pay the principal of and interest on the Series 2020 Bonds, or the pledge of such revenues, or the application of the proceeds of the Series 2020 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 2020 Bonds, the Subordinate Indenture, the Continuing Disclosure Certificate, the Escrow Agreement or this Purchase Contract, or contesting the powers of the Authority or any authority for the issuance of the Series 2020 Bonds, the adoption of the Bond Resolution, or the execution and delivery by the Authority of, the Eighth Supplemental Subordinate Indenture, this Purchase Contract, the Escrow Agreement 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 2020 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.

(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 2020 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 2020 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 2020 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 2020 Bonds, when issued and delivered in accordance with the Bond Resolution and the Subordinate 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 2020 Bonds will be entitled to the benefits of the Subordinate Indenture; upon such issuance and delivery the Subordinate Indenture will provide, for the benefit of the owners from time-to-time of the Series 2020 Bonds, a legally valid and binding pledge of and lien on the Subordinate Net

Revenues and the funds and accounts pledged to such Series 2020 Bonds under the Subordinate Indenture.

(k) When executed, this Purchase Contract, the Subordinate Indenture, the Escrow Agreement 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 Escrow Agreement, the Continuing Disclosure Certificate, the Subordinate Indenture and the Series 2020 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 2020 Bonds.

(m) The Authority's Financial Statements set forth as Appendix A to the Preliminary Official Statement and the Official Statement and the financial information regarding the Authority included in Table 13 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 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.

(p) 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.

(q) 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. 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.

(r) Between the date hereof and the Closing Date, the Authority will not supplement or amend the Bond Resolution, or the Subordinate Indenture (except as provided in the Eighth Supplemental Subordinate Indenture), without the prior written consent of the Representative.

5. Offering; Representation of the Underwriters.

(a) It shall be a condition to the Authority's obligations to sell and to deliver the Series 2020 Bonds to the Underwriters and to the Underwriters' obligations to purchase and to accept delivery of the Series 2020 Bonds that the entire \$ _____ principal amount of the Series 2020D Bonds and the entire \$ _____ principal amount of the Series 2020E 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 agree to make a bona fide public offering of all of the Series 2020 Bonds at prices not in excess of the initial offering prices (or at yields not lower than the yields) set forth on the inside cover page of the Official Statement (as defined below), provided that the Underwriters may offer and sell the Series 2020 Bonds to certain dealers (including dealers depositing Series 2020 Bonds into investment trusts) at prices lower than the public offering prices or at yields higher than the initial yields set forth therein.

(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. Reserved.

7. Closing. At 8:00a.m., California time, on _____, 2020 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 2020 Bonds, in the form of a separate single fully registered bond for each Series, maturity date and interest rate of the Series 2020 Bonds duly executed by the Authority and authenticated by the Subordinate Trustee, together with the other documents hereinafter mentioned. The Representative will accept such delivery and pay the Purchase Price of the Series 2020 Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds on the Closing Date. The Series 2020 Bonds shall be made available to the Subordinate Trustee not later than one business day before the Closing Date. Upon initial issuance, the ownership of such Series 2020 Bonds shall be registered in the registration books kept by the Subordinate Trustee in the name of Cede & Co., as the nominee of DTC.

Payment for the Series 2020 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 is 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 2020 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 2020 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) the Bond Resolution, the Subordinate Indenture, the Continuing Disclosure Certificate and the Escrow Agreement 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 Subordinate Indenture, the Continuing Disclosure Certificate, the Escrow Agreement, 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, the Escrow Agreement and the Subordinate 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, Stradling Yocca Carlson & Rauth, a Professional Corporation (“**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) the Continuing Disclosure Certificate and the Escrow Agreement 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 2020 Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the “**Securities Act**”), and the Subordinate 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 SUBORDINATE SERIES 2020 BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2020 BONDS,” “TAX MATTERS,” “APPENDIX C-1—CERTAIN DEFINITIONS,” “APPENDIX C-3—SUMMARY OF THE MASTER SUBORDINATE INDENTURE,” and “APPENDIX C-4—SUMMARY OF THE EIGHTH SUPPLEMENTAL 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 Subordinate Indenture, the Series 2020 Bonds and Bond Counsel’s opinion concerning federal tax matters relating to the Series 2020 Bonds, are accurate in all material respects;

(iii) letters 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 forms attached as Exhibit A to this Purchase Contract;

(iv) an opinion of Bond Counsel to the effect that the Refunded Subordinate Series 2010C Bonds have been defeased and are no longer outstanding under the Subordinate Indenture;

(v) 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;

(vi) an opinion of Underwriters’ Counsel, dated the Closing Date and addressed to the Underwriters, acceptable in form to the Representative;

(vii) an opinion of counsel to the Subordinate Trustee, dated the date of Closing, addressed to the Authority and the Underwriters, to the effect that:

(A) the Subordinate 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 Subordinate Indenture and the Escrow Agreement and to authenticate and deliver the Series 2020 Bonds;

(B) the Series 2020 Bonds have been duly authenticated by the Subordinate Trustee in accordance with the Subordinate Indenture, and the Eighth Supplemental Subordinate Indenture and the Escrow Agreement have been duly authorized, executed and delivered by the Subordinate Trustee and, assuming due authorization, execution and delivery thereof by the Authority, the Subordinate Indenture and the Escrow Agreement constitute the legal, valid and binding obligations of the Subordinate 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; and

(C) 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 Subordinate Indenture or the Escrow Agreement or the authentication of the Series 2020 Bonds by the Subordinate Trustee;

(viii) 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 Subordinate 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, the Subordinate Indenture and the Escrow Agreement on its part to be performed or satisfied at or prior to the Closing Date; and (D) the Official Statement (except for the

information relating to DTC, the information under the caption “UNDERWRITING” and Appendices G and H as to which no view need be expressed 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;

(ix) a certificate of the Subordinate Trustee, dated the Closing Date, to the effect that:

(A) the Subordinate 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 Subordinate Indenture and the Escrow Agreement and to authenticate the Series 2020 Bonds;

(B) the Subordinate Trustee was and is duly authorized to enter into the Subordinate Indenture and the Escrow Agreement and to authenticate and deliver the Series 2020 Bonds to the Underwriters pursuant to the terms of the Subordinate Indenture;

(C) the execution and delivery by the Subordinate Trustee of the Subordinate Indenture and the Escrow Agreement, and compliance with the terms thereof, 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 Subordinate 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 Subordinate Trustee or any of its activities or properties (except that no representation, warranty or agreement is made by the Subordinate Trustee with respect to any federal or state securities or blue sky laws or regulations);

(D) 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 Subordinate Trustee, threatened against or affecting the existence of the Subordinate Trustee or in any way contesting or affecting the validity or enforceability of the Series 2020 Bonds, the Subordinate Indenture or the Escrow Agreement or contesting the powers of the Subordinate 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 Subordinate Trustee or the transactions contemplated in connection with the issuance and sale of the Series 2020 Bonds, or which, in any way, would adversely affect the validity of the Series 2020 Bonds, the Subordinate Indenture, the Escrow Agreement or any agreement or instrument to which the Subordinate Trustee is a party and which is used or contemplated for use in the Subordinate Indenture of the Escrow Agreement, or the consummation of the transactions contemplated in connection with the issuance and sale of the Series 2020 Bonds; and

(E) subject to the provisions of the Eighth Supplemental Subordinate Indenture, the Subordinate Trustee will apply the proceeds from the Series 2020 Bonds to the purposes specified in the Eighth Supplemental Subordinate Indenture;

(x) certified copies of the Bond Resolution;

(xi) executed copy of the Eighth Supplemental Subordinate Indenture;

(xii) an executed copy of the Continuing Disclosure Certificate;

(xiii) an executed copy of the Escrow Agreement;

(xiv) a duly executed tax certificate of the Authority with respect to the Series 2020 Bonds in form satisfactory to Bond Counsel;

(xv) two copies of the Official Statement, signed by the President and CEO/Executive Director of the Authority;

(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 S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (“**S&P**”) have assigned ratings of “__” and “__,” respectively, to the Series 2020 Bonds;

(xviii) a Verification Report of Robert Thomas CPA, LLC (the “**Verification Agent**”) stating that the amounts to be deposited in the Escrow Fund to be established pursuant to the Escrow Agreement will be sufficient to pay when due the principal of and interest on the Refunded Bonds;

(xix) a copy of the Report of Proposed Debt Issuance and the Report of Final Sale required to be delivered to the California Debt and Investment Advisory Commission; 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 2020

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 2020 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 2020 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;

(ii) legislation shall have been enacted by the Congress of the United States, or introduced by amendment or otherwise in or passed by either House of the Congress, or recommended or endorsed to the Congress 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 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 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 2020 Bonds or securities of the general character of the Series 2020 Bonds or which would have the effect of changing, directly or indirectly, the federal tax consequences of receipt of interest on the Series 2020 Bonds or securities of the general character of the Series 2020 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 or event;

(iv) any underlying rating (without taking into account any credit support provided by a third party) of Series 2020 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 S&P; 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 of California or the United States, or a decision by any court of competent jurisdiction within the State of California or any court of the United States shall be rendered, affecting the Authority or the Series 2020 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 of California or a major financial crisis or a material disruption in commercial banking or securities settlement, payment or clearance services materially affecting the Series 2020 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 2020 Bonds or

obligations of the general character of the Series 2020 Bonds, any material restrictions not in force or not being enforced, or a material increase of those now in force, 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 2020 Bonds or the ability of the Underwriters to enforce contracts for the sale of the Series 2020 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 which, in the opinion of counsel to the Underwriters and Bond Counsel, has the effect of requiring the contemplated distribution of the Series 2020 Bonds to be registered under the Securities Act or the Securities Exchange Act of 1934, as amended, or the Subordinate Indenture to be qualified under the Trust Indenture Act, or that would make illegal the reoffering, issuance or sale of the Series 2020 Bonds or beneficial interests therein.

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 Subordinate Indenture; (ii) the fees and disbursements of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the independent auditors, the Verification Agent and the Subordinate Trustee, and any other experts or consultants retained by the Authority; (iii) the cost of preparation and printing and signing of the Series 2020 Bonds and the registration of the Series 2020 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 2020 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 2020 Bonds, and (vii) all other costs connected to issuance of the Series 2020 Bonds, except costs specifically described in Section 10(b) below.

(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 2020 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 2020 Bonds, including the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure compliance review. The Underwriters are required to pay fees to the California Debt and Investment Advisory Commission in connection with the offering of the Series 2020 Bonds. Notwithstanding that such fees are solely the legal obligation of the Underwriters, the Authority agrees to reimburse the Underwriters for such fees. [verify with Authority]

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, 3225 North Harbor Drive, 3rd Floor, 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 Citigroup Global Markets Inc., Municipal Banking, 388 Greenwich Street, Trading - 6th Floor, New York, NY 10013, Attention: Neal H. Attermann.

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 2020 Bonds hereunder, and (c) any termination of this Purchase Contract.

14. **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.

15. **Effectiveness.** 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.

16. **Counterparts.** This Purchase Contract may be executed in several counterparts, which together shall constitute one and the same instrument.

THE UNDERWRITERS:

CITIGROUP GLOBAL MARKETS INC.
[CO-MANAGERS]

By: CITIGROUP GLOBAL MARKETS INC., as
Representative of the Underwriters

By _____
Name: _____
Title: _____

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

\$ _____
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Subordinate Airport Revenue Refunding Bonds
Series 2020D
(Federally Taxable)

Maturity Schedule

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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* Term Bonds, subject to mandatory sinking fund redemption.

\$ _____
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Subordinate Airport Revenue Refunding Bonds
Series 2020E
(Federally Taxable)

Maturity Schedule

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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* Term Bonds, subject to mandatory sinking fund redemption.

REDEMPTION PROVISIONS

[TO BE REVISED]

Optional Redemption. The Series 2020 Bonds maturing on or before July 1, 20[] are not subject to optional redemption prior to maturity. The Series 2020 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 2020 Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2020D 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:

<u>Redemption Date</u> <u>(July 1)</u>	<u>Principal Amount</u>
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* Final Maturity.

The Series 2020E 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:

<u>Redemption Date</u> <u>(July 1)</u>	<u>Principal Amount</u>
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* Final Maturity.

EXHIBIT A

FORMS OF DISCLOSURE COUNSEL’S LETTERS

[Closing Date]

San Diego County Regional Airport Authority
San Diego, California

Citigroup Global Markets Inc., as Representative of the Underwriters

\$ _____
**Subordinate Airport
Revenue Refunding Bonds
Series 2020D
(Federally Taxable)**

\$ _____
**Subordinate Airport Revenue Refunding
Bonds
Series 2020E
(Federally Taxable)**

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) \$ _____ aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020D (the “Series 2020D Bonds”), and (b) \$ _____ aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020E (the Series 2020E Bonds,” and together with the Series 2020D Bonds, the “Series 2020 Bonds”). In that connection, we have reviewed a copy of the Preliminary Official Statement of the Authority dated _____, 2020, with respect to the Series 2020 Bonds (the “Preliminary Official Statement”), which was printed from the website www.munios.com on _____, 2020. We do not assume any responsibility for any other copies of the Preliminary Official Statement, and assume that all such other copies are identical in all respects to the copy we printed on _____, 2020. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Preliminary Official Statement.

In our capacity as Disclosure Counsel, we have participated with you and other parties in the preparation of the Preliminary Official Statement. In the course of such participation, we have generally reviewed information furnished to us by, and have participated in conferences with, representatives of the Authority; the General Counsel of the Authority; Frasca & Associates, LLC, the Authority’s municipal advisor; Citigroup Global Markets Inc., _____, and _____, the underwriters of the Series 2020 Bonds (the “Underwriters”); and Stradling Yocca Carlson & Rauth, a Professional Corporation counsel to the Underwriters. We have also reviewed the documents, certificates and opinions delivered this date related to the issuance of the Series 2020 Bonds, other documents and records relating to the authorization, issuance, delivery and sale of the Series 2020 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.

Based solely on the foregoing, we advise you that although we 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 accuracy, correctness, fairness or completeness of, the statements included in the Preliminary Official Statement, during the course of the activities described in the preceding paragraph no information came to the attention of the attorneys in our firm rendering legal services in connection with the issuance and delivery of the Series 2020 Bonds which caused us to believe that the Preliminary Official Statement as of its date and as of _____, 2020 (except for permitted omissions allowed pursuant to Rule 15c2-12 of the Securities and Exchange Commission relating to the details of the offering of the Series 2020 Bonds such as offering prices, principal amounts, maturities, interest rates and other pricing information, delivery dates, redemption terms, selling compensation and other terms dependent on such matters, including without limitation, use of proceeds, CUSIP numbers, amounts of reserve funds, and other information not known or reasonably ascertainable on such dates; information under the captions “UNDERWRITING,” “APPENDIX A- AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018,” and “APPENDIX G- BOOK-ENTRY-ONLY SYSTEM; any CUSIP numbers, financial statements, financial, accounting, 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; or any information about DTC and its book-entry system included or referred to therein, which we expressly exclude from the scope of this letter and as to which we express no opinion or view), contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The scope of our engagement has not and does not extend beyond the examinations and the rendering of the opinions expressed herein. Our engagement with respect to the transaction referred to herein terminates upon the date of this letter. No attorney-client relationship has existed or exists between our firm and any of the Underwriters in connection with the Series 2020 Bonds or by virtue 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. This letter is based solely upon existing laws, regulations, rulings and judicial decisions. We express no opinion as of any subsequent date or with respect to any pending legislation. No person (including, but in no way by limitation, the registered and beneficial owners of the Series 2020 Bonds) other than the addressees of this letter, 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 such addressees without our express prior written consent.

Very truly yours,

[Closing Date]

San Diego County Regional Airport Authority
San Diego, California

Citigroup Global Markets Inc., as Representative of the Underwriters

\$ _____
**Subordinate Airport
Revenue Refunding Bonds
Series 2020D
(Federally Taxable)**

\$ _____
**Subordinate Airport Revenue Refunding
Bonds
Series 2020E
(Federally Taxable)**

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) \$ _____ aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020D (the “Series 2020D Bonds”), and (b) \$ _____ aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020E (the Series 2020E Bonds,” and together with the Series 2020D Bonds, the “Series 2020 Bonds”). In that connection, we have reviewed a printed copy of the Official Statement of the Authority, dated _____, 2020, with respect to the Series 2020 Bonds (the “Official Statement”). We do not assume any responsibility for any electronic version of the Official Statement, and assume that any such version is identical in all respects to the printed version. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Official Statement.

In our capacity as Disclosure Counsel, we have participated with you and other parties in the preparation of the Official Statement. In the course of such participation, we have generally reviewed information furnished to us by, and have participated in conferences with, representatives of the Authority; the General Counsel of the Authority; Frasca & Associates, LLC, the Authority’s municipal advisor; Citigroup Global Markets Inc., _____, and _____, the underwriters of the Series 2020 Bonds (the “Underwriters”); and Stradling Yocca Carlson & Rauth, a Professional Corporation counsel to the Underwriters. We have also reviewed the documents, certificates and opinions delivered this date related to the issuance of the Series 2020 Bonds, other documents and records relating to the authorization, issuance, delivery and sale of the Series 2020 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.

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 accuracy, correctness, fairness or completeness of, the statements included in the Official Statement, during the course of the activities described in the preceding paragraph no information came to the attention of the attorneys in our firm rendering legal services in connection with the issuance and delivery of the Series 2020 Bonds which causes us to believe that the Official Statement, as of its date and as of the date hereof (except for any information

under the captions “UNDERWRITING,” “APPENDIX A- AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018” and “APPENDIX G- BOOK-ENTRY-ONLY SYSTEM”; any CUSIP numbers, financial statements, financial, accounting, statistical, economic, engineering, demographic or tabular data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion included in the Official Statement; or any information about DTC and its book-entry system included or referred to therein, which we expressly exclude from the scope of this letter and as to which we express no opinion or view), contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The scope of our engagement has not and does not extend beyond the examinations and the rendering of the opinions expressed herein. Our engagement with respect to the transaction referred to herein terminates upon the date of this letter. No attorney-client relationship has existed or exists between our firm and any of the Underwriters in connection with the Series 2020 Bonds or by virtue 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. This letter is based solely upon existing laws, regulations, rulings and judicial decisions. We express no opinion as of any subsequent date or with respect to any pending legislation. No person (including, but in no way by limitation, the registered and beneficial owners of the Series 2020 Bonds) other than the addressees of this letter, 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 such addressees without our express prior written consent.

Very truly yours,

EXHIBIT B

FORM OF OPINION OF THE GENERAL COUNSEL OF THE AUTHORITY

[Closing Date]

San Diego County Regional Airport Authority
San Diego, California

Citigroup Global Markets Inc., as Representative of the Underwriters

Re: San Diego County Regional Airport Authority
Subordinate Airport Revenue Refunding Bonds, Series 2020D
Subordinate Airport Revenue Refunding Bonds, Series 2020E

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 Subordinate Airport Revenue Refunding Bonds, Series 2020D (the “Series 2020D Bonds”), and (b) San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020E (the “Series 2020E Bonds,” and together with the Series 2020D Bonds, the “Series 2020 Bonds”). The Series 2020 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 I 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 Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the “Master Subordinate Indenture”), by and between the Authority and U.S. Bank National Association, as successor trustee (the “Subordinate Trustee”); and the Eighth Supplemental Trust Indenture, dated as of April 1, 2020 (the “Eighth Supplemental Subordinate Indenture,” and together with the Master Subordinate Indenture, the “Subordinate Indenture”), by and between the Authority and the Subordinate Trustee.

In connection with such advice, I have examined copies of the Subordinate Indenture; the Purchase Contract, dated _____, 2020 (the “Purchase Contract”), between _____, as Representative of the Underwriters, and the Authority; the Continuing Disclosure Certificate, dated _____, 2020 (the “Disclosure Certificate”), executed by the Authority; the Escrow Agreement, dated _____, 2020 (the “Escrow Agreement”), between the Authority and U.S. Bank National Association, as trustee and escrow agent; and a copy of the Preliminary Official Statement, dated _____, 2020 with respect to the Series 2020 Bonds (the “Preliminary Official Statement”) and the Official Statement, dated _____, 2020, with respect to the Series 2020 Bonds (the “Official Statement”). The Subordinate Indenture, the Purchase Contract, the Disclosure Certificate and the Escrow Agreement are collectively referred to herein as the “Legal Documents.” Additionally, I have reviewed a certified copy of Resolution No. 2020-____, adopted by the board of directors of the Authority (the “Board”) on _____, 2020 (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.

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 2020 Bonds from Subordinate Net Revenues (as defined in the Subordinate Indenture) or in any way contesting or affecting the validity of the Legal Documents, the Bond Resolution or the Series 2020 Bonds.

4. The execution and delivery of the Legal Documents, the adoption of the Bond Resolution and the approval of the Preliminary Official Statement and the Official Statement, and compliance with the provisions thereof and hereof, 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, is required for the valid authorization, execution and delivery of the Legal Documents, and the approval of the Preliminary Official Statement and the Official Statement.

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 _____, 2020, 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 for inclusion in the Preliminary Official Statement and the Official Statement, the information included in Appendices G and H 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 2020 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,

ESCROW AGREEMENT

by and between

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
as Trustee and Escrow Agent

Dated April [•], 2020

relating to

San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2013A

San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2013B

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated April [•], 2020 (this “*Escrow Agreement*”), is made by and between the **SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**, a local government entity of regional government created pursuant to laws of the State of California (the “*Authority*”), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association organized and existing under the laws of the United States of America, formerly known as The Bank of New York Trust Company, N.A., as trustee under the hereinafter defined Master Indenture and Third Supplemental Indenture, and as escrow agent (the “*Trustee/Escrow Agent*”).

WITNESSETH:

WHEREAS, the Authority has previously issued its (a) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2013A (the “*Series 2013A Bonds*”), and (b) San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2013B (the “*Series 2013B Bonds*,” and together with the Series 2013A Bonds, the “*Series 2013 Bonds*”) pursuant to the Master Trust Indenture, dated as of November 1, 2005, as amended (the “*Master Indenture*”), by and between the Authority and the Trustee/Escrow Agent, as trustee, and the Third Supplemental Trust Indenture, dated as of January 1, 2013 (the “*Third Supplemental Indenture*”), by and between the Authority and the Trustee/Escrow Agent, as trustee; and

WHEREAS, the Authority is, simultaneously with the execution of this Escrow Agreement, issuing (a) \$[•] aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020D (Federally Taxable) (the “*Series 2020D Subordinate Bonds*”) and (b) \$[•] aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020E (Federally Taxable) (the “*Series 2020E Subordinate Bonds*,” and together with the Series 2020D Subordinate Bonds, the “*Series 2020D/E Subordinate Bonds*”), under the terms of the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended, by and between the Authority and U.S. Bank National Association, as successor trustee (the “*Subordinate Trustee*”), and the Eighth Supplemental Subordinate Trust Indenture, dated as of April 1, 2020, by and between the Authority and the Subordinate Trustee; and

WHEREAS, the Series 2020D Subordinate Bonds are being issued to, among other things, advance refund and defease the Series 2013A Bonds set forth in Exhibit A attached hereto (the “*Refunded Series 2013A Bonds*”), and the Series 2020E Subordinate Bonds are being issued to, among other things, advance refund and defease the Series 2013B Bonds set forth in Exhibit A attached hereto (the “*Refunded Series 2013B Bonds*,” and together with the Refunded Series 2013A Bonds, the “*Refunded Series 2013 Bonds*”); and

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. Creation of Series 2013 Escrow Funds.

(a) There is hereby created and established with the Trustee/Escrow Agent a special and irrevocable escrow fund designated as “San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2013A Escrow Fund” (herein referred to as the “*Series 2013A Escrow Fund*”) to be held in the custody of the Trustee/Escrow Agent in trust under this Escrow Agreement for the benefit of the owners of the Refunded Series 2013A Bonds. Except as otherwise provided in Section 5 hereof, the Authority shall have no interest in the funds or investments held in the Series 2013A Escrow Fund.

(b) There is hereby created and established with the Trustee/Escrow Agent a special and irrevocable escrow fund designated as “San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2013B Escrow Fund” (herein referred to as the “*Series 2013B Escrow Fund*,” and together with the Series 2013A Escrow Fund, the “*Series 2013 Escrow Funds*”) to be held in the custody of the Trustee/Escrow Agent in trust under this Escrow Agreement for the benefit of the owners of the Refunded Series 2013B Bonds. Except as otherwise provided in Section 5 hereof, the Authority shall have no interest in the funds or investments held in the Series 2013B Escrow Fund.

Section 2. Deposits to the Series 2013 Escrow Funds.

(a) (i) Concurrently with the execution and delivery of this Escrow Agreement, the Authority hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall, deposit the sum of \$[•], to be received from the Subordinate Trustee, derived from the proceeds of the sale of the Series 2020D Subordinate Bonds, to the Series 2013A Escrow Fund.

(ii) Additionally, on or before April [•], 2020, the Authority hereby directs the Trustee/Escrow Agent, as trustee under the Master Indenture and the Third Supplemental Indenture, to, and the Trustee/Escrow Agent shall (i) transfer \$[•] from the Interest Account of the Series 2013A Debt Service Fund maintained by the Trustee/Escrow Agent pursuant to the Master Indenture and the Third Supplemental Indenture, and (ii) transfer \$[•] from the Series 2013 Reserve Account of the Reserve Fund maintained by the Trustee/Escrow Agent pursuant to the Master Indenture and the Third Supplemental Indenture, to the Series 2013A Escrow Fund.

(iii) The Trustee/Escrow Agent hereby acknowledges receipt of \$[•] as described in clauses (i) and (ii) above, and that such amounts were deposited in the Series 2013A Escrow Fund.

(b) (i) Concurrently with the execution and delivery of this Escrow Agreement, the Authority hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall, deposit the sum of \$[•], to be received from the Subordinate Trustee, derived from the proceeds of the sale of the Series 2020E Subordinate Bonds, to the Series 2013B Escrow Fund.

(ii) Additionally, on or before April [●], 2020, the Authority hereby directs the Trustee/Escrow Agent, as trustee under the Master Indenture and the Third Supplemental Indenture, to, and the Trustee/Escrow Agent shall (i) transfer \$[●] from the Interest Account of the Series 2013B Debt Service Fund maintained by the Trustee/Escrow Agent pursuant to the Master Indenture and the Third Supplemental Indenture, and (ii) transfer \$[●] from the Series 2013 Reserve Account of the Reserve Fund maintained by the Trustee/Escrow Agent pursuant to the Master Indenture and the Third Supplemental Indenture, to the Series 2013B Escrow Fund.

(iii) The Trustee/Escrow Agent hereby acknowledges receipt of \$[●] as described in clauses (i) and (ii) above, and that such amounts were deposited in the Series 2013B Escrow Fund

Section 3. Investment of the Series 2013 Escrow Funds.

(a) The Authority hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall, on April [●], 2020, use \$[●] on deposit in the Series 2013A Escrow Fund to purchase the securities described in Schedule I attached hereto (the “**Series 2013A Initial Government Securities**”), and shall retain \$[●] in the Series 2013A Escrow Fund as a beginning cash balance.

The Trustee/Escrow Agent shall purchase the Series 2013A Initial Government Securities as provided in this Section and shall hold such Series 2013A Initial Government Securities, the beginning cash balance, and any earnings received thereon and any reinvestment thereof pursuant to this Escrow Agreement and disburse such amounts as provided herein. The Trustee/Escrow Agent shall collect amounts due and shall sell or otherwise liquidate investments in the Series 2013A Escrow Fund as needed to make the payments required by this Escrow Agreement and may substitute Government Securities, as defined and subject to the terms and limitations of Section 7 hereof, but otherwise shall have no power or duty to sell, transfer, request the redemption of or otherwise dispose of the Series 2013A Initial Government Securities.

(b) The Authority hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall, on April [●], 2020, use \$[●] on deposit in the Series 2013B Escrow Fund to purchase the securities described in Schedule II attached hereto (the “**Series 2013B Initial Government Securities**,” and together with the Series 2013A Initial Government Securities, the “**Series 2013 Initial Government Securities**”), and shall retain \$[●] in the Series 2013B Escrow Fund as a beginning cash balance.

The Trustee/Escrow Agent shall purchase the Series 2013B Initial Government Securities as provided in this Section and shall hold such Series 2013B Initial Government Securities, the beginning cash balance, and any earnings received thereon and any reinvestment thereof pursuant to this Escrow Agreement and disburse such amounts as provided herein. The Trustee/Escrow Agent shall collect amounts due and shall sell or otherwise liquidate investments in the Series 2013B Escrow Fund as needed to make the payments required by this Escrow Agreement and may substitute Government Securities,

as defined and subject to the terms and limitations of Section 7 hereof, but otherwise shall have no power or duty to sell, transfer, request the redemption of or otherwise dispose of the Series 2013B Initial Government Securities.

Section 4. Creation of Lien on the Series 2013 Escrow Funds.

(a) The deposit of the moneys, the Series 2013A Initial Government Securities and any other Government Securities in the Series 2013A Escrow Fund shall constitute an irrevocable deposit in trust for the benefit of the holders of the Refunded Series 2013A Bonds. The holders of the Refunded Series 2013A Bonds are hereby granted an express lien on the Series 2013A Escrow Fund and all moneys and investments from time to time held therein for the payment of amounts described in Section 5 hereof.

(b) The deposit of the moneys, the Series 2013B Initial Government Securities and any other Government Securities in the Series 2013B Escrow Fund shall constitute an irrevocable deposit in trust for the benefit of the holders of the Refunded Series 2013B Bonds. The holders of the Refunded Series 2013B Bonds are hereby granted an express lien on the Series 2013B Escrow Fund and all moneys and investments from time to time held therein for the payment of amounts described in Section 5 hereof.

Section 5. Use of Series 2013 Escrow Funds.

(a) ***Series 2013A Escrow Fund.*** The Trustee/Escrow Agent shall withdraw the amounts described in Schedule III attached hereto on the dates set forth in such Schedule III from the Series 2013A Escrow Fund and use such amounts in its capacity as trustee for the Refunded Series 2013A Bonds to pay the principal of and interest on the Refunded Series 2013A Bonds as directed pursuant to the Third Supplemental Indenture.

The Trustee/Escrow Agent shall retain all unclaimed moneys, together with interest thereon, in the Series 2013A Escrow Fund and shall invest such unclaimed moneys as directed in writing by an Authorized Authority Representative (as defined in the Master Indenture). At such time as the Authority delivers to the Trustee/Escrow Agent written notice that no additional amounts from the Series 2013A Escrow Fund will be needed to redeem the Refunded Series 2013A Bonds, or on July 5, 2023, whichever occurs first, the Trustee/Escrow Agent shall transfer all amounts then remaining in the Series 2013A Escrow Fund to the Authority and thereafter the holders of the Refunded Series 2013A Bonds shall look only to the Authority for payment and the Trustee/Escrow Agent shall have no responsibility or liability whatsoever with respect to any of such moneys. At such time as no amounts remain in the Series 2013A Escrow Fund, such fund shall be closed.

(b) ***Series 2013B Escrow Fund.*** The Trustee/Escrow Agent shall withdraw the amounts described in Schedule IV attached hereto on the dates set forth in such Schedule IV from the Series 2013B Escrow Fund and use such amounts in its capacity as trustee for the Refunded Series 2013B Bonds to pay the principal of and interest on the Refunded Series 2013B Bonds as directed pursuant to the Third Supplemental Indenture.

The Trustee/Escrow Agent shall retain all unclaimed moneys, together with interest thereon, in the Series 2013B Escrow Fund and shall invest such unclaimed moneys as

directed in writing by an Authorized Authority Representative (as defined in the Master Indenture). At such time as the Authority delivers to the Trustee/Escrow Agent written notice that no additional amounts from the Series 2013B Escrow Fund will be needed to pay or redeem the Refunded Series 2013B Bonds, or on July 5, 2023, whichever occurs first, the Trustee/Escrow Agent shall transfer all amounts then remaining in the Series 2013B Escrow Fund to the Authority and thereafter the holders of the Refunded Series 2013B Bonds shall look only to the Authority for payment and the Trustee/Escrow Agent shall have no responsibility or liability whatsoever with respect to any of such moneys. At such time as no amounts remain in the Series 2013B Escrow Fund, such fund shall be closed.

Section 6. Notices of Redemption and Defeasance of the Refunded Series 2013 Bonds.

By the execution of this Escrow Agreement and delivery hereof to the Trustee/Escrow Agent, the Authority hereby delivers irrevocable notice to the Trustee/Escrow Agent that pursuant to the Master Indenture and the Third Supplemental Indenture that, on July 1, 2023, the Authority wishes to redeem all of the Refunded Series 2013 Bonds in accordance with the provisions of Section 3.03 of the Third Supplemental Indenture. The Trustee/Escrow Agent hereby waives any right to receive any other notices that it may be entitled to from the Authority under the Master Indenture and the Third Supplemental Indenture with respect to the redemption of the Refunded Series 2013 Bonds. The Authority hereby directs the Trustee/Escrow Agent to give or cause to be given, and the Trustee/Escrow Agent agrees to give or cause to be given, notice of the redemption of the Refunded Series 2013 Bonds (a form such notice being attached hereto as Exhibit B) after May 2, 2023, but prior to June 1, 2023, in such manner as required pursuant to Section 3.01 of the Third Supplemental Indenture to the owners of the Refunded Series 2013 Bonds.

Additionally, the Authority hereby directs the Trustee/Escrow Agent to give or cause to be given on the date hereof, and the Trustee/Escrow Agent agrees to give or cause to be given on the date hereof, notice of the defeasance of the Refunded Series 2013 Bonds (a form of such notice being attached hereto as Exhibit C). Such notice of defeasance shall be mailed (or delivered via such other approved delivery method, including via electronically) to The Depository Trust Company as required pursuant to Article VII of the Master Indenture.

Section 7. Reinvestment; Substitution of Government Securities. EXCEPT AS SPECIFICALLY PROVIDED BELOW, THE TRUSTEE/ESCROW AGENT MAY NOT SELL, TRANSFER, REQUEST THE REDEMPTION OF OR OTHERWISE DISPOSE OF THE SERIES 2013 INITIAL GOVERNMENT SECURITIES.

(a) Interest income and other amounts received by the Trustee/Escrow Agent as payments on the Series 2013A Initial Government Securities held in the Series 2013A Escrow Fund shall be held as part of such escrowed funds to be used for the purposes set forth in Section 5(a) hereof and may be invested by the Trustee/Escrow Agent at the written direction of an Authorized Authority Representative; provided that (a) such amounts may only be invested in Government Securities as defined in this Section 7; and (b) such investments shall have maturities which do not extend beyond the dates on which the moneys so invested will be needed to make payments required by Section 5(a) hereof.

Upon the fulfillment of the conditions set forth in this Section 7, the Trustee/Escrow Agent at the written direction of the Authority may sell, liquidate or otherwise dispose of some or all of the Series 2013A Initial Government Securities then held as an investment of the Series 2013A Escrow Fund and reinvest the proceeds thereof, together with other moneys held in the Series 2013A Escrow Fund in different Government Securities; provided that no such substitution shall occur unless the Authority shall first deliver to the Trustee/Escrow Agent, (a) an opinion by an independent certified public accountant that, after such reinvestment or substitution, the principal amount of the Government Securities then held in the Series 2013A Escrow Fund, together with the interest thereon and other available moneys therein, will be sufficient to pay the principal of and interest with respect to the Refunded Series 2013A Bonds on the dates and in the amounts as required pursuant to the Third Supplemental Indenture; and (b) an opinion of nationally recognized bond counsel to the effect that such sale, liquidation or other disposition and substitution of different Government Securities is permitted under this Escrow Agreement, the Third Supplemental Indenture and the Master Indenture, and will not have any adverse effect with respect to the exemption of the interest on the Refunded Series 2013A Bonds from income taxation under the Internal Revenue Code of 1986, as amended; provided further that no opinions shall be required pursuant to this Section 7 with respect to the reinvestment of any moneys derived from Government Securities held in the Series 2013A Escrow Fund hereunder which have matured so long as such moneys are reinvested in Government Securities maturing not later than the date such funds are required to pay and redeem the Refunded Series 2013A Bonds [and the yield on such Government Securities does not exceed the yield on the Series 2020D/E Subordinate Bonds].

(b) Interest income and other amounts received by the Trustee/Escrow Agent as payments on the Series 2013B Initial Government Securities held in the Series 2013B Escrow Fund shall be held as part of such escrowed funds to be used for the purposes set forth in Section 5(b) hereof and may be invested by the Trustee/Escrow Agent at the written direction of an Authorized Authority Representative; provided that (a) such amounts may only be invested in Government Securities as defined in this Section 7; and (b) such investments shall have maturities which do not extend beyond the dates on which the moneys so invested will be needed to make payments required by Section 5(b) hereof.

Upon the fulfillment of the conditions set forth in this Section 7, the Trustee/Escrow Agent at the written direction of the Authority may sell, liquidate or otherwise dispose of some or all of the Series 2013B Initial Government Securities then held as an investment of the Series 2013B Escrow Fund and reinvest the proceeds thereof, together with other moneys held in the Series 2013B Escrow Fund in different Government Securities; provided that no such substitution shall occur unless the Authority shall first deliver to the Trustee/Escrow Agent, (a) an opinion by an independent certified public accountant that, after such reinvestment or substitution, the principal amount of the Government Securities then held in the Series 2013B Escrow Fund, together with the interest thereon and other available moneys therein, will be sufficient to pay the principal of and interest with respect to the Refunded Series 2013B Bonds on the date and in the amounts as required pursuant to the Third Supplemental Indenture; and (b) an opinion of nationally recognized bond counsel to the effect that such sale, liquidation or other disposition and substitution of different Government Securities is permitted under this Escrow Agreement, the Third

Supplemental Indenture and the Master Indenture, and will not have any adverse effect with respect to the exemption of the interest on the Refunded Series 2013B Bonds from income taxation under the Internal Revenue Code of 1986, as amended; provided further that no opinions shall be required pursuant to this Section 7 with respect to the reinvestment of any moneys derived from Government Securities held in the Series 2013B Escrow Fund hereunder which have matured so long as such moneys are reinvested in Government Securities maturing not later than the date such funds are required to pay and redeem the Refunded Series 2013B Bonds [and the yield on such Government Securities does not exceed the yield on the Series 2020D/E Subordinate Bonds.]

(c) “**Government Securities**,” as used in this Escrow Agreement, means only noncallable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the full faith and credit of, the United States of America, and which are limited to:

(i) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series—”SLGS” and any stripped interest on the principal portion of such U.S. Treasury Certificates, Notes and Bonds); and

(ii) Resolution Funding Corp. (REFCORP), only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable).

(d) If the Trustee/Escrow Agent learns that the Authority of the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a SLGS subscription that is to be submitted pursuant to this Escrow Agreement, the Trustee/Escrow Agent shall promptly request alternative written investment instructions from the Authority with respect to escrowed funds which were to be invested in SLGS. The Trustee/Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Trustee/Escrow Agent shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Authority. In the absence of investment instructions from the Authority, the Trustee/Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Trustee/Escrow Agent may conclusively rely upon the Authority's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

Section 8. Liability of Trustee/Escrow Agent.

(a) The Trustee/Escrow Agent shall not under any circumstance be liable for any loss resulting from any investment made pursuant to this Escrow Agreement in compliance with the provisions hereof. The Trustee/Escrow Agent shall have no lien whatsoever on the Series 2013 Escrow Funds or moneys on deposit in the Series 2013 Escrow Funds for the payment of fees and expenses for services rendered by the Trustee/Escrow Agent under this Escrow Agreement or otherwise.

(b) The Trustee/Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of any moneys deposited into the Series 2013 Escrow Funds or the Series 2013 Initial Government Securities or any Government Securities purchased at the direction of the Authority to pay the principal of and interest on the Refunded Series 2013 Bonds.

(c) The Authority agrees that if for any reason the investments and moneys and other funds available to pay principal of and interest on the Refunded Series 2013 Bonds are insufficient therefor, the Authority shall continue to be liable for payment therefor in accordance with the terms of the Master Indenture and the Third Supplemental Indenture.

(d) No provision of this Escrow Agreement shall require the Trustee/Escrow Agent to expend or risk its own funds.

(e) The Trustee/Escrow Agent may consult with bond counsel to the Authority or with such other counsel of its own choice subject to reasonable approval by the Authority (which may but need not be counsel to the Authority) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(f) Whenever in the administration of this Escrow Agreement the Trustee/Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or not taking any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence or willful misconduct on the part of the Trustee/Escrow Agent, be deemed to be conclusively proved and established by a certificate of an Authorized Authority Representative, and such certificate shall, in the absence of gross negligence or willful misconduct on the part of the Trustee/Escrow Agent, be full warrant to the Trustee/Escrow Agent for any action taken or not taken by it under the provisions of this Escrow Agreement in reliance thereon. Except with respect to any future reinvestment or substitution of Government Securities as may be directed by the Authority as set forth in Section 7 hereof, the Trustee/Escrow Agent hereby represents that, as of the date hereof, it does not need any further certificate or direction from any other party in order to carry out the terms of this Escrow Agreement.

(g) The Trustee/Escrow Agent may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided, and shall be protected and indemnified as set forth in Section 12 hereof, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Trustee/Escrow Agent signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

(h) The Trustee/Escrow Agent undertakes to perform only such duties as are expressly and specifically set forth in this Escrow Agreement and no implied duties or obligations shall be read into this Escrow Agreement against the Trustee/Escrow Agent.

(i) The Trustee/Escrow Agent shall not have any liability hereunder except to the extent of its own gross negligence or willful misconduct. In no event shall the Trustee/Escrow Agent be liable for any special, indirect or consequential damages.

(j) The Trustee/Escrow Agent shall not be responsible for any of the recitals or representations contained herein.

(k) The Trustee/Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“**Instructions**”) given pursuant to this Escrow Agreement and delivered using Electronic Means (“**Electronic Means**” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee/Escrow Agent, or another method or system specified by the Trustee/Escrow Agent as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Trustee/Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions (“**Authorized Officers**”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee/Escrow Agent Instructions using Electronic Means and the Trustee/Escrow Agent in its discretion elects to act upon such Instructions, the Trustee/Escrow Agent’s understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee/Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Trustee/Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee/Escrow Agent have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee/Escrow Agent and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee/Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee/Escrow Agent’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee/Escrow Agent, including without limitation the risk of the Trustee/Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee/Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee/Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

(l) The Trustee/Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents,

attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

(m) The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee/Escrow Agent will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee/Escrow Agent hereunder.

Section 9. Successor Trustee/Escrow Agent. Any corporation into which the Trustee/Escrow Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Trustee/Escrow Agent shall be a party or any corporation succeeding to the corporate trust business of the Trustee/Escrow Agent, shall be the successor Trustee/Escrow Agent under this Escrow Agreement without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 10. Termination. This Escrow Agreement shall terminate when all transfers and payments required to be made by the Trustee/Escrow Agent under the provisions hereof shall have been made. Any deficiency in the amounts required to be paid hereunder shall be paid by the Authority. The Authority hereby directs the Trustee/Escrow Agent to, and the Trustee/Escrow Agent shall, (a) distribute any moneys remaining in the Series 2013A Escrow Fund at the time of such termination to the Authority as required pursuant to Section 5(a) hereof, and (b) distribute any moneys remaining in the Series 2013B Escrow Fund at the time of such termination to the Authority as required pursuant to Section 5(b) hereof. Any deficiency in the amounts required to be paid hereunder shall be paid by the Authority.

Section 11. Tax-Exempt Nature of Interest on the Refunded Series 2013 Bonds. The Authority covenants and agrees for the benefit of the holders of the Refunded Series 2013 Bonds that it will not direct or permit anything or act to be done in such manner as would cause interest on the Refunded Series 2013 Bonds to be included in the gross income of the recipients thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended.

Section 12. Compensation and Indemnity of Trustee/Escrow Agent. For acting under this Escrow Agreement, the Trustee/Escrow Agent shall be entitled to payment of fees pursuant to the schedule of fees provided to the Authority for its services, including, without limitation, reasonable compensation for all services rendered in the execution, exercise and performance of any of the duties of the Trustee/Escrow Agent to be exercised or performed pursuant to the provisions of this Escrow Agreement, and all reasonable expenses, disbursements and advances incurred in accordance with any provisions of this Escrow Agreement (including the reasonable compensation and expenses and disbursements of independent counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder and out-of-pocket expenses including, but not limited to, postage, insurance, wires, stationery, costs of printing forms and letters and publication of notices of redemption); however,

such amount shall never be payable from or become a lien upon the Series 2013 Escrow Funds, which funds shall be held solely for the purposes and subject to the liens set forth in Sections 4 and 5, respectively, hereof. To the extent permitted by law, the Authority agrees to indemnify and hold the Trustee/Escrow Agent and its officers, agents, employees and directors harmless from and against all claims, suits and actions brought against it, or to which it is made a party, and from all costs, expenses (including reasonable attorneys' fees of counsel reasonably acceptable to the Authority), losses and damages suffered by it as a result thereof, including the costs and expenses of defending against any such claims, suits or actions, where and to the extent such claim, suit or action arises out of the performance by the Trustee/Escrow Agent of its duties under this Escrow Agreement; provided, however, that such indemnification shall not extend to claims, suits and actions brought against the Trustee/Escrow Agent which result in a judgment being entered, settlement being reached or other disposition made based upon the Trustee/Escrow Agent's gross negligence or willful misconduct. The indemnification provided for in this Escrow Agreement shall never be payable from or become a lien upon the Series 2013 Escrow Funds, which funds shall be held solely for the purpose and subject to the liens set forth in Sections 4 and 5, respectively, hereof. The obligations of the Authority under this Section 12 shall remain in effect and continue notwithstanding the termination of this Escrow Agreement.

Section 13. Third-Party Beneficiaries and Amendments. The owners of the Refunded Series 2013A Bonds are hereby recognized as third-party beneficiaries of this Escrow Agreement to the extent of their interests in the Series 2013A Escrow Fund, as applicable, as set forth in Sections 4(a) and 5(a) hereof. The owners of the Refunded Series 2013B Bonds are hereby recognized as third-party beneficiaries of this Escrow Agreement to the extent of their interests in the Series 2013B Escrow Fund, as applicable, as set forth in Sections 4(a) and 5(b) hereof.

Section 14. Replacement and Resignation of Trustee/Escrow Agent. The Authority may remove the Trustee/Escrow Agent and/or the Trustee/Escrow Agent may resign pursuant to the provisions of Section 9.09 of the Master Indenture and the applicable provisions of the Third Supplemental Indenture.

Section 15. Severability. If any one or more of the provisions of this Escrow Agreement should be determined by a court of competent jurisdiction to be contrary to law, such provision shall be deemed and construed to be severable from the remaining provisions herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 16. Successors and Assigns. All of the covenants and agreements in this Escrow Agreement contained by or on behalf of the Authority or the Trustee/Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 17. Governing Law. This Escrow Agreement shall be governed by the applicable laws of the State of California.

Section 18. Headings. Any headings preceding the text of the several Sections hereof shall be solely for convenience of reference and shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect.

Section 19. Amendments. The Authority and the Trustee/Escrow Agent shall not modify this Escrow Agreement without the consent of all of the owners of the Refunded Series 2013 Bonds affected by such modification which have not been paid in full.

Section 20. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By _____
Kimberly J. Becker,
President and CEO

Attest:

By _____
Tony R. Russell,
Director, Board Services/Authority Clerk

Approved as to form:

By _____
Amy Gonzalez
General Counsel

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee and Escrow Agent

By _____
Authorized Representative

[Signature page to Escrow Agreement]

EXHIBIT A

REFUNDED SERIES 2013 BONDS

Refunded Series 2013A Bonds

**San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2013A**

<u>Maturity Date (July 1)</u>	<u>Principal to be Redeemed</u>	<u>Redemption Price</u>	<u>Redemption Date</u>	<u>CUSIP Number</u>
	\$	%		

Refunded Series 2013B Bonds

**San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2013B**

<u>Maturity Date (July 1)</u>	<u>Principal to be Redeemed</u>	<u>Redemption Price</u>	<u>Redemption Date</u>	<u>CUSIP Number</u>
	\$	%		

EXHIBIT B

FORM OF NOTICE OF REDEMPTION

NOTICE OF REDEMPTION

**San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2013A
Series 2013B**

Redemption Date: July 1, 2023

NOTICE IS HEREBY GIVEN that, pursuant to 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”), and the Third Supplemental Trust Indenture, dated as of January 1, 2013 (the “Third Supplemental Indenture”), by and between the Authority and the Trustee, the Authority’s Senior Airport Revenue Bonds, Series 2013A, as described below (the “Series 2013A Bonds”), and Senior Airport Revenue Bonds, Series 2013B, as described below (the “Series 2013B Bonds,” and together with the Series 2013A Bonds, the “Series 2013 Bonds”), shall be redeemed on July 1, 2023 (the “Redemption Date”) at the redemption price of 100% of the principal amount thereof (the “Redemption Price”), plus accrued interest thereon.

The Series 2013A Bonds selected for full redemption are as follows:

Maturity Date	Principal Redeemed	Interest Rate	CUSIP Number*	Date of Original Issuance
July 1	\$	%		January 30, 2013

*Neither the Authority nor the Trustee shall be responsible for the selection or use of the CUSIP Numbers, nor is representation made as to their correctness indicated in this Notice of Redemption. They are included solely for the convenience of the Bondholders.

The Series 2013B Bonds selected for full redemption are as follows:

Maturity Date July 1	Principal Redeemed	Interest Rate	CUSIP Number*	Date of Original Issuance
	\$	%		January 30, 2013

*Neither the Authority nor the Trustee shall be responsible for the selection or use of the CUSIP Numbers, nor is representation made as to their correctness indicated in this Notice of Redemption. They are included solely for the convenience of the Bondholders.

Payment of the Redemption Price, and the accrued interest thereon, will become due and payable on the Redemption Date upon presentation and surrender thereof in the following manner:

By Mail:	By Hand or Overnight:
The Bank of New York Corporate Trust Operations 111 Sanders Creek Parkway East Syracuse, NY 13057	The Bank of New York Corporate Trust Operations P.O. Box 396 111 Sanders Creek Parkway East Syracuse, NY 13057

Bondholders presenting their Series 2013 Bonds in person for same day payment must surrender their Series 2013 Bond(s) by 1:00 p.m. on the Redemption Date and a check will be available for pick up after 2:00 p.m. Checks not picked up by 4:30 p.m. will be mailed out to the bondholder via first class mail. If payment of the Redemption Price is to be made to the registered owner of the Series 2013 Bond, you are not required to endorse the Series 2013 Bond to collect the Redemption Price.

Interest on the Series 2013 Bonds shall cease to accrue on and after the Redemption Date.

IMPORTANT NOTICE

Under the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the “Act”), the Trustee may be obligated to withhold 28% of the Redemption Price from any Bondholder who has failed to furnish the Trustee with a valid taxpayer identification number and a certification that such Bondholder is not subject to backup withholding under the Act. Bondholders who wish to avoid the application of these provisions should submit a completed Form W-9 when presenting their Series 2013 Bonds.

By: THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

Dated: _____, 2023

EXHIBIT C

FORM OF NOTICE OF DEFEASANCE

NOTICE OF DEFEASANCE

RELATING TO:

**San Diego County Regional Airport Authority
Senior Airport Revenue Bonds
Series 2013A
Series 2013B**

Notice is hereby given to the holders of the below listed San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2013A (the “Series 2013A Bonds”), and San Diego County Regional Airport Authority Senior Airport Revenue Bonds, Series 2013B (the “Series 2013B Bonds,” and together with the Series 2013A Bonds, the “Series 2013 Bonds”) that (i) there has been deposited with The Bank of New York Mellon Trust Company, N.A., as Trustee and Escrow Agent, moneys and investment securities as permitted by 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”), and the Third Supplemental Trust Indenture, dated as of January 1, 2013 (the “Third Supplemental Indenture,” and together with the Master Indenture, the “Indenture”), by and between the Authority and the Trustee, the principal of and interest on which when due will provide moneys which, together with such other moneys deposited with the Trustee/Escrow Agent, will be sufficient and available on (a) July 1, 2020 through and including January 1, 2023, both dates inclusive, to pay the interest on the Series 2013 Bonds, and (b) July 1, 2023 to redeem the Series 2013 Bonds at a redemption price of par and to pay the interest then due on the Series 2013 Bonds, and (ii) the Series 2013 Bonds are deemed paid for purposes of the Indenture.

The Series 2013A Bonds consist of the following:

CUSIP Number*	Maturity Date (July 1)	Principal Amount	Interest Rate
		\$	%

* Neither the Authority nor the Trustee/Escrow Agent shall be responsible for the selection or use of the CUSIP Numbers, nor is any representation made as to their correctness indicated in this Notice of Defeasance. They are included solely for the convenience of the Bondholders.

The Series 2013B Bonds consist of the following:

<u>CUSIP Number *</u>	<u>Maturity Date (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
		\$	%

* Neither the Authority nor the Trustee/Escrow Agent shall be responsible for the selection or use of the CUSIP Numbers, nor is any representation made as to their correctness indicated in this Notice of Defeasance. They are included solely for the convenience of the Bondholders.

After May 2, 2023 and prior to June 1, 2023, in accordance with the terms of the Indenture, the Trustee will mail a redemption notice with respect to the Series 2013 Bonds to the Bondholders thereof.

Dated this [●] day of April, 2020

San Diego County Regional Airport Authority
The Bank of New York Mellon Trust Company, N.A.
as Trustee

SCHEDULE I

SERIES 2013A INITIAL GOVERNMENT SECURITIES

<u>Maturity Date</u>	<u>Type</u>	<u>Coupon</u>	<u>Price</u>	<u>Par Amount</u>	<u>Total Cost</u>
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Uninvested cash: \$[_____]

SCHEDULE II

SERIES 2013B INITIAL GOVERNMENT SECURITIES

<u>Maturity Date</u>	<u>Type</u>	<u>Coupon</u>	<u>Price</u>	<u>Par Amount</u>	<u>Total Cost</u>
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Uninvested cash: \$[_____]

SCHEDULE III

PAYMENT REQUIREMENTS FOR REFUNDED SERIES 2013A BONDS

Redemption Date	Principal	Interest	Total
July 1, 2020			
January 1, 2021			
July 1, 2021			
January 1, 2022			
July 1, 2023			

SCHEDULE IV

PAYMENT REQUIREMENTS FOR REFUNDED SERIES 2013B BONDS

Redemption Date	Principal	Interest	Total
July 1, 2020			
January 1, 2021			
July 1, 2021			
January 1, 2022			
July 1, 2023			

PRELIMINARY OFFICIAL STATEMENT DATED [_____] , 2020

NEW ISSUE
BOOK-ENTRY ONLY

Ratings: See "RATINGS" herein.

Interest on the Subordinate Series 2020DE Bonds is included in gross income for federal income tax purposes. In the opinion of Kutak Rock LLP, Bond Counsel to the Authority, interest on the Subordinate Series 2020DE Bonds is exempt from present State of California personal income taxes. See "TAX MATTERS" herein..

[Logo]

[\$[PAR]*

[Logo]

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

**[\$[PARD]*
Subordinate Airport
Revenue Refunding Bonds
Series 2020D
(Federally Taxable)**

**[\$[PARE]*
Subordinate Airport
Revenue Refunding Bonds
Series 2020E
(Federally Taxable)**

Dated: Date of Delivery

Due: July 1 as shown on the inside cover

The San Diego County Regional Airport Authority (the "Authority") is issuing its (i) Subordinate Airport Revenue Refunding Bonds, Series 2020D (Federally Taxable) (the "Subordinate Series 2020D Bonds"), and (ii) Subordinate Airport Revenue Refunding Bonds, Series 2020E (Federally Taxable) (the "Subordinate Series 2020E Bonds," and together with the Subordinate Series 2020D Bonds, the "Subordinate Series 2020D/E Bonds"), to (a) refund and defease the Refunded Bonds, (b) make a deposit to the Subordinate Reserve Fund, and (c) pay the costs of issuance of the Subordinate Series 2020D/E Bonds. See "PLAN OF REFUNDING AND ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Subordinate Series 2020D/E Bonds are special obligations of the Authority, payable solely from and secured by a pledge of (a) Subordinate Net Revenues, which include certain income and revenue received by the 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 less all amounts necessary to pay debt service on and fund the reserves for the Senior Bonds; and (b) certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture. The Subordinate Series 2020D/E Bonds will be issued with a pledge of and lien on Subordinate Net Revenues on parity with the Authority's Existing Subordinate Bonds, which, as of March 1, 2020, were outstanding in the aggregate principal amount of \$1,046,865,000, the Authority's Subordinate Revolving Obligations, which are authorized to be outstanding in the aggregate principal amount of \$125,000,000 at any one time, and the Authority's Subordinate Drawdown Bonds, which are authorized to be outstanding in the aggregate principal amount of \$100,000,000 at any one time. Additionally, on April 8, 2020, the Authority expects to issue (i) \$26,145,000 aggregate principal amount of its Subordinate Airport Revenue Refunding Bonds, Series 2020A (Governmental/Non-AMT), (ii) \$189,090,000 aggregate principal amount of its Subordinate Airport Revenue Refunding Bonds, Series 2020B (Private Activity/Non-AMT), and (iii) \$26,405,000 aggregate principal amount of its Subordinate Airport Revenue Refunding Bonds, Series 2020C (Private Activity/AMT).

NONE OF THE PROPERTIES OF THE AIRPORT SYSTEM ARE SUBJECT TO ANY MORTGAGE OR OTHER LIEN FOR THE BENEFIT OF THE OWNERS OF THE SUBORDINATE SERIES 2020D/E BONDS, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER 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 OF CALIFORNIA IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SUBORDINATE SERIES 2020D/E BONDS. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2020D/E BONDS."

The Subordinate Series 2020D/E 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 Subordinate Series 2020D/E Bonds may be made in book-entry-form only in denominations of \$5,000 and integral multiples thereof. Interest on the Subordinate Series 2020D/E Bonds will be payable on January 1 and July 1, commencing on July 1, 2020. So long as the Subordinate Series 2020D/E Bonds are held by DTC, the principal of and interest on the Subordinate Series 2020D/E 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 Subordinate Series 2020D/E Bonds, as more fully described herein. See "APPENDIX G—BOOK-ENTRY-ONLY SYSTEM."

Maturity Schedules on Inside Front Cover

The Subordinate Series 2020D/E Bonds are subject to optional [and mandatory sinking fund redemption prior to maturity, as more fully described herein. See "DESCRIPTION OF THE SUBORDINATE SERIES 2020D/E BONDS—Redemption Provisions."

The purchase and ownership of Subordinate Series 2020D/E 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 Subordinate Series 2020D/E 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 Subordinate Series 2020D/E Bonds are offered when, as and if issued by the Authority, subject to the approval of validity by Kutak Rock LLP, Bond Counsel to the Authority, and to certain other conditions. Certain matters will be passed upon for the Authority by its General Counsel and by Kutak Rock LLP, Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. Frasca & Associates, LLC, has served as Municipal Advisor to the Authority. It is expected that

* Preliminary; subject to change.

the delivery of the Subordinate Series 2020D/E Bonds will be available for delivery through the facilities of DTC on or about _____, 2020, subject to the satisfaction of certain conditions.

Citigroup

Backstrom McCarley Berry & Co., LLC

Jefferies

Morgan Stanley

RBC Capital Markets

Siebert Williams Shank & Co., LLC

Date of Official Statement:

MATURITY SCHEDULES*

\$(PAR)*
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Subordinate Airport Revenue Refunding Bonds
Series 2020D
(Federally Taxable)

Maturity Date (July 1)	Principal Amount	Interest Rate	Price	CUSIP Numbers†
---------------------------------------	-----------------------------	--------------------------	--------------	---------------------------

\$ _____ % Term Bonds due July 1, 20__; Yield ___%; Price ___; CUSIP No.†

* Preliminary; subject to change.

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[\$PARE]*
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Subordinate Airport Revenue Refunding Bonds
Series 2020E
(Federally Taxable)

Maturity Date (July 1)	Principal Amount	Interest Rate	Price	CUSIP Numbers[†]
---------------------------------------	-----------------------------	--------------------------	--------------	--------------------------------------

\$ _____ % Term Bonds due July 1, 20__ ; Yield ___ %; Price ___ ; CUSIP No.†

* Preliminary; subject to change.

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD OF DIRECTORS

C. April Boling (Chair)*
Paul Robinson (Vice Chair)*
Robert Lloyd*
Catherine Blakespear
Greg Cox
Mark Kersey
Paul McNamara
Johanna Schiavoni
Mark West
[Cory Binns, *Ex-Officio* Member]
Colonel Charles Dockery, *Ex-Officio* Member
Gayle Miller, *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 Operations Officer
Dennis Probst, Vice President, Chief Development Officer
Lee Parravano, Chief Auditor
Amy Gonzalez, General Counsel

**SUBORDINATE TRUSTEE/
ESCROW AGENT**

U.S. Bank National Association

INDEPENDENT AUDITORS

BKD, LLP

**BOND COUNSEL AND
DISCLOSURE COUNSEL**

Kutak Rock LLP

MUNICIPAL ADVISOR

Frasca & Associates, LLC

VERIFICATION AGENT

[Robert Thomas CPA, LLC]

[International marketing?]

No dealer, broker, salesperson or other person has been authorized by the 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 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Authority since the date hereof. This Official Statement is submitted in connection with the sale of the Subordinate Series 2020DE Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE SUBORDINATE SERIES 2020DE 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 SUBORDINATE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED THEREIN. THE SUBORDINATE SERIES 2020DE 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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SUBORDINATE SERIES 2020DE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SUBORDINATE SERIES 2020DE 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

**§[PARD]*
Subordinate Airport
Revenue Refunding Bonds
Series 2020D
(Federally Taxable)**

**§[PARE]*
Subordinate Airport
Revenue Refunding Bonds
Series 2020E
(Federally Taxable)**

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 “Authority”) of its (a) §[PARD]* San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020D (Federally Taxable) (the “Subordinate Series 2020D Bonds”), and (b) §[PARE]* San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020E (Federally Taxable) (the “Subordinate Series 2020E Bonds,” and together with the Subordinate Series 2020D Bonds, the “Subordinate Series 2020DE Bonds”). Capitalized terms used but not defined herein have the meanings ascribed to them in “APPENDIX C-1—CERTAIN DEFINITIONS.”

The Authority

The Authority is a local government entity of regional government, with jurisdiction extending throughout the County of San Diego (the “County”). The 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 Authority was formed for the purposes of: (a) operating the Airport System (the main asset of which is San Diego International Airport (“SDIA,” “SAN” or the “Airport”)); (b) planning and operating any future airport that could be developed as a supplement or replacement to SDIA; (c) developing a comprehensive land use plan as it may relate to the Airport System for the entire County; and (d) serving as the region’s airport land use commission.

San Diego International Airport and Airport System

SDIA was owned and operated by the San Diego Unified Port District (the “Port District”) until January 2003 at which time SDIA was transferred by long-term lease to the Authority (the “Transfer”). The Transfer included all obligations associated with SDIA, including bonds and commercial paper notes issued for the improvement of SDIA. SDIA is the busiest single-runway commercial airport in the United States and is classified as a large air traffic hub by the Federal Aviation Administration (the “FAA”). According to Airports Council International (“ACI”) statistics, for the calendar year ended December 31, 2018, SDIA was ranked as the 24th busiest airport in the country as measured by total number of enplaned and deplaned passengers. For the fiscal year ended June 30, 2019 (“Fiscal Year 2019”), approximately 12.4 million passengers were enplaned as SDIA, which represented an approximately 5.3% increase in

* Preliminary; subject to change.

enplaned passengers from the fiscal year ended June 30, 2018. For the calendar year ended December 31, 2019, approximately 96% of the passengers using SDIA were origination and destination (“O&D”) passengers (passengers beginning or ending their trips at SDIA, as opposed to passengers connecting through SDIA to other cities). See “THE AUTHORITY” and “SAN DIEGO INTERNATIONAL AIRPORT” herein.

In addition to operating SDIA, the 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 Authority, including SDIA, and any successor entities thereto, including all facilities and property related thereto, real or personal, under the jurisdiction or control of the Authority or in which the Authority has other rights or from which the Authority derives revenues at such location; and including or excluding, as the case may be, such property as the Authority may either acquire or which shall be placed under its control, or divest or have removed from its control. Currently, SDIA is the only airport in the Airport System.

Plan of Refunding

The Subordinate Series 2020DE Bonds are being issued to (a) refund and defease the Refunded Bonds (as defined herein), (b) make a deposit to the Subordinate Reserve Fund (as defined herein), and (c) pay the costs of issuance of the Subordinate Series 2020DE Bonds. See “PLAN OF REFUNDING AND ESTIMATED SOURCES AND USES OF FUNDS.”

Subordinate Series 2020DE Bonds and Pledge of Subordinate Net Revenues

The Subordinate Series 2020DE Bonds are being issued pursuant to the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the “Master Subordinate Indenture”), by and between the Authority and U.S. Bank National Association, as successor trustee (the “Subordinate Trustee”), and the Eighth Supplemental Subordinate Trust Indenture, to be dated as of [April] 1, 2020 (the “Eighth Supplemental Subordinate Indenture,” and collectively with the Master Subordinate Indenture and all supplements thereto, the “Subordinate Indenture”), by and between the Authority and the Subordinate Trustee; the Act; and certain other provisions of California State law (including Section 53580 *et seq.* of the California Government Code). The board of directors of the Authority (the “Board”) authorized the issuance of the Subordinate Series 2020DE Bonds pursuant to a resolution adopted by the Board on March 23, 2020 (the “Resolution”). See “DESCRIPTION OF THE SUBORDINATE SERIES 2020DE BONDS.”

The Subordinate Series 2020DE Bonds are secured by a pledge of and first lien on Subordinate Net Revenues (as defined herein) on a parity with the Existing Subordinate Obligations (as defined herein), and any additional bonds or obligations issued or incurred on a parity with the Subordinate Series 2020DE Bonds under the terms and provisions of the Master Subordinate Indenture (the “Additional Subordinate Obligations”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2020DE BONDS—Flow of Funds,” “—Pledge of Subordinate Net Revenues” and “—Use of PFCs to Pay Debt Service” and “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE.”

The Subordinate Series 2020DE Bonds are special obligations of the Authority, payable solely from and secured by a pledge of (a) “Subordinate Net Revenues,” which include Revenues (as defined herein), less all amounts which are required to be used to pay the Operation and Maintenance Expenses of the Airport System (as defined herein), less the debt service on the Senior Bonds (as defined herein) and less the reserve and replenishment requirements on and relating to the Senior Bonds, if any, and (b) certain funds and accounts held by the Subordinate Trustee under the Subordinate 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 Subordinate Series 2020DE Bonds, and neither the full faith and credit nor the taxing power of the 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 Subordinate Series 2020DE Bonds.

Outstanding Subordinate Obligations

Pursuant to the Subordinate Indenture, the Authority previously issued, and as of March 1, 2020, there was \$1,046,865,000 aggregate principal amount outstanding of its Subordinate Airport Revenue Bonds, Series 2010A (the “Subordinate Series 2010A Bonds”), Subordinate Airport Revenue Bonds, Series 2010B (the “Subordinate Series 2010B Bonds,” and together with the Subordinate Series 2010A Bonds, the “Subordinate Series 2010 Bonds”), Subordinate Airport Revenue Bonds, Series 2017A (the “Subordinate Series 2017A Bonds”), Subordinate Airport Revenue Bonds, Series 2017B (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”), and 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”). The Subordinate Series 2010 Bonds, the Subordinate Series 2017 Bonds and the Subordinate Series 2019 Bonds are collectively referred to in this Official Statement as the “Existing Subordinate Bonds.” The Authority has entered into a Forward Delivery Purchase Contract, dated November 14, 2019 (the “Subordinate Series 2020ABC Purchase Contract”), between Citigroup Global Markets Inc., as representatives of the underwriters (Citigroup Global Markets Inc., RBC Capital Markets, LLC, Backstrom McCarley Berry & Co., LLC, Jefferies LLC, Morgan Stanley & Co. LLC, and Siebert Williams Shank & Co., LLC (collectively, the “Subordinate Series 2020ABC Underwriters”), and the Authority, pursuant to which the Authority has agreed to issue, and the Subordinate Series 2020ABC Underwriters have agreed to purchase the Authority’s (i) \$26,145,000 aggregate principal amount of San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020A (Governmental/Non-AMT) (the “Subordinate Series 2020A Bonds”), (ii) \$189,090,000 aggregate principal amount of San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020B (Private Activity/Non-AMT) (the “Subordinate Series 2020B Bonds”), and (iii) \$26,405,000 aggregate principal amount of San Diego County Regional Airport Authority 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 2020ABC Bonds”). The Authority expects to issue the Subordinate Series 2020ABC Bonds on April 8, 2020 to, among other things, refund and defease a portion of the Subordinate Series 2010 Bonds.

Pursuant to the Master Subordinate Indenture, the Third Supplemental Subordinate Trust Indenture, dated as of September 1, 2014 (the “Third Supplemental Subordinate Indenture”), by and between the Authority and the Subordinate Trustee, and the Revolving Credit Agreement, dated as of September 1, 2014, as amended (the “Subordinate Credit Agreement”), by and between the Authority and U.S. Bank National Association (the “Subordinate Revolving Obligations Bank”), the Authority is authorized to issue and have outstanding, from time to time, up to \$125,000,000 in aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Revolving Obligations (collectively, the “Subordinate Revolving Obligations”). As of March 1, 2020, the Authority had \$13,719,000 aggregate principal amount of Subordinate Revolving Obligations outstanding. All Subordinate Revolving Obligations issued by the Authority are purchased by the Subordinate Revolving Obligations Bank in accordance with the terms of the Subordinate Credit Agreement.

Pursuant to the Master Subordinate Indenture, the Fourth Supplemental Subordinate Trust Indenture, dated as of April 1, 2017, as amended (the “Fourth Supplemental Subordinate Indenture”), by

and between the Authority and the Subordinate Trustee, the Bondholder’s Agreement, dated as of April 1, 2017, as amended (the “Subordinate Drawdown Bondholder’s Agreement”), by and between the Authority and RBC Municipal Products, LLC (the “Subordinate Drawdown Bond Purchaser”), and the Bond Purchase Agreement, dated April 19, 2017 (the “Subordinate Drawdown Bond Purchase Agreement”), between RBC Capital Markets, LLC (the “Subordinate Drawdown Bond Underwriter”) and the Authority, the Authority is authorized to issue and have outstanding, from time to time, up to \$100,000,000 in aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds (collectively, the “Subordinate Drawdown Bonds”). As of March 1, 2020, the Authority had no Subordinate Drawdown Bonds outstanding. All Subordinate Drawdown Bonds issued by the Authority are purchased by the Subordinate Drawdown Bond Purchaser in accordance with the terms of the Subordinate Drawdown Bondholder’s Agreement and the Subordinate Drawdown Bond Purchase Agreement.

The Existing Subordinate Bonds, the Subordinate Revolving Obligations and the Subordinate Drawdown Bonds are collectively referred to in this Official Statement as the “Existing Subordinate Obligations”; and the Subordinate Series 2020DE Bonds, the Existing Subordinate Obligations and any Additional Subordinate Obligations (including the Subordinate Series 2020ABC Bonds) are collectively referred to in this Official Statement as “Subordinate Obligations.” The Subordinate Obligations are secured by a pledge of Subordinate Net Revenues and certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2020DE BONDS—Flow of Funds,” and “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations.”

Senior Bonds

Pursuant to 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., as trustee (the “Senior Trustee”), and the Third Supplemental Trust Indenture, dated as of January 1, 2013 (the “Third Supplemental Senior Indenture,” and collectively with the Master Senior Indenture and all supplements thereto, the “Senior Indenture”), by and between the Authority and the Senior Trustee, the Authority has previously issued and, as of March 1, 2020, there was outstanding \$368,750,000 aggregate principal amount of its Senior Airport Revenue Bonds, Series 2013A (the “Senior Series 2013A Bonds”), and Senior Airport Revenue Bonds, Series 2013B (the “Senior Series 2013B Bonds,” and together with the Senior Series 2013A Bonds, the “Senior Series 2013 Bonds”). *A portion of the proceeds of the Subordinate Series 2020DE Bonds, along with certain other available moneys, will be used to refund and defease all or a portion of the Senior Series 2013 Bonds.*

The Senior Series 2013 Bonds are secured by a pledge of and first lien on Net Revenues senior to the Subordinate Obligations (including the Subordinate Series 2020DE Bonds). “Net Revenues” include Revenues less Operation and Maintenance Expenses of the Airport System. For purposes of this Official Statement, “Senior Bonds” means the Senior Series 2013 Bonds and any additional bonds or obligations issued or incurred under the terms and provisions of the Master Senior Indenture that are secured on a parity basis by the Net Revenues (the “Additional Senior Bonds”). See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2020DE BONDS” and “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Senior Bonds.”

Capital Program and Airport Development Plan

Capital Program. The Authority maintains a capital program that is designed to preserve regulatory compliance, critical infrastructure functions and Airport access. Additionally, the capital program seeks to enhance safety, customer service, cost savings and revenue opportunities. The Authority’s current capital program, which was most recently amended on January 9, 2020 with the addition of the

ADP (as described below) (collectively, the “Capital Program”) includes projects completed and anticipated to be completed in Fiscal Years 2019 through 2024 that have an estimated cost of \$3.955 billion (as of [January 31, 2020, \$446 million] of this cost had been incurred). The Capital Program includes, among other projects, the ADP, a new facilities maintenance building, a new passenger airline belly cargo and provisioning facility, storm water capture and reuse projects, a remain-overnight aircraft parking facility on the north side of SDIA, and various other airfield, terminal and landside projects. The Capital Program has been and will be financed with a combination of proceeds of the Senior Series 2013 Bonds, the Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, federal grants, Passenger Facility Charges (“PFCs”), Additional Senior Bonds and/or Additional Subordinate Obligations, and certain other available moneys of the Authority. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT.”

Airport Development Plan. In 2012, the Authority embarked on a new master-planning effort for SDIA known as the “Airport Development Plan” (the “ADP”), to identify the facilities needed to meet the Airport’s passenger demand through 2035. SDIA has had record-breaking growth over the last five Fiscal Years with approximately 24.7 million passengers being served in Fiscal Year 2019. Activity levels at the Airport are estimated to surpass 39 million passengers and 280,000 aircraft operations in 2035, based on the latest FAA-approved forecast. The cornerstone of the ADP is the replacement of Terminal 1, which is over 50 years old, with a more modern, comfortable, and efficient terminal facility. As of the date of this Official Statement, the new terminal is expected to have 30 gates and be able to accommodate both narrow-body and wide-body aircraft. The Authority expects the new Terminal 1 will be served by a dual-level curbside, a new close-in parking structure (currently planned with 5,500 parking spaces, which, when combined with the parking spaces that will be lost as a result of the ADP, will add a total of approximately 650 new, permanent parking spaces at the Airport), and new entry and circulation roadways. Other components contemplated to be part of the ADP include multiple airfield improvements, such as a new apron area for the new terminal, a new full length Taxiway A, and reconfigured Remain Overnight aircraft parking positions. Overall, the Authority expects the ADP will add 11 net aircraft gates to SDIA (bringing the total gate count to 62), while creating enhanced non-airline revenue opportunities.

The total cost of the ADP is currently estimated by the Authority to be not more than \$3.0 billion. The Authority expects to finance the costs of the ADP from various sources including, but not limited to, the proceeds of Additional Senior Bonds and/or Additional Subordinate Obligations. On January 9, 2020, the Board certified the final Environmental Impact Report for the ADP (“Final ADP EIR”) under the California Environmental Quality Act (“CEQA”) and formally approved the ADP. The ADP still requires environmental review by FAA under the National Environmental Policy Act (“NEPA”), and a Coastal Development Permit by the California Coastal Commission.

On February 7, 2020, a group residents and communities in the San Diego area, known as *Quiet Skies San Diego* (“Quiet Skies”) filed a lawsuit in San Diego Superior Court alleging that the Final ADP EIR should be rescinded and set aside because it does not comply with CEQA. Quiet Skies alleges, among other things, that the Final ADP EIR violates CEQA because it fails to disclose all potential significant environmental impacts related to noise and greenhouse gas emissions and fails to implement feasible mitigation measures. [status of litigation to come] The Authority cannot predict the net exposure to the Authority with respect to this matter, the probability or remoteness of any outcome, or what affect this may have on the cost or construction schedule for the ADP.

Prior to the filing of the challenge by Quiet Skies, the Authority had estimated that construction of the ADP could begin as early as 2021 (assuming the FAA’s review under NEPA was timely completed and the Authority timely received the Coastal Development Permit). Based on this preliminary schedule, the Authority had estimated that the first phase of the new Terminal 1 (19 gates) would open in Fiscal Year 2025, and full completion of the new facility (30 gates) and associated roadway and airfield improvements would occur in Fiscal Year 2026. However, all construction on the ADP could be delayed until the Quiet

Skies litigation is resolved. While the Quiet Skies litigation is ongoing, construction of the ADP cannot begin, however, the Authority is currently continuing preliminary design work on the ADP. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Airport Development Plan.”

Continuing Disclosure

The Authority will covenant for the benefit of the owners and beneficial owners of the Subordinate Series 2020DE Bonds to annually provide, or cause to be provided, certain financial information and operating data concerning the 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” and “APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

Investment Considerations

The purchase and ownership of the Subordinate Series 2020DE Bonds involve investment risks. Prospective purchasers of the Subordinate Series 2020DE Bonds should read this Official Statement in its entirety. For a discussion of certain risks relating to the Subordinate Series 2020DE Bonds, see “CERTAIN INVESTMENT CONSIDERATIONS.” See also “DELAYED DELIVERY OF THE SUBORDINATE SERIES 2020DE BONDS.”

Forward-Looking Statements

The statements contained in this Official Statement that are not purely historical, are forward-looking statements, including statements regarding the 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 Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. It is important to note that the 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 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 Subordinate Series 2020DE 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 Authority since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or owners of any of the Subordinate Series 2020DE Bonds. The Authority maintains a website, the information on which 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 Subordinate Series 2020DE Bonds.

PLAN OF REFUNDING AND ESTIMATED SOURCES AND USES OF FUNDS

Plan of Refunding

Proceeds from the sale of the Subordinate Series 2020DE Bonds, along with certain other available moneys of the Authority, will be used to (a) refund and defease the Refunded Senior Series 2013A Bonds and the Refunded Senior Series 2013B Bonds, (b) make a deposit to the Subordinate Reserve Fund and (c) pay the costs of issuance of the Subordinate Series 2020DE Bonds.

A portion of the proceeds of the Subordinate Series 2020DE Bonds, along with certain other available moneys of the Authority, will be used to (a) current refund and defease all or a portion of the Senior Series 2013A Bonds described in the following table, and (b) current refund and defease all or a portion of the Senior Series 2013B Bonds described in the following table.

Series	Maturity Date (July 1)	Principal Amount	CUSIP Number¹	Redemption Date	Redemption Price
2013A	2024	\$ 2,670,000	79739GDN3	July 1, 2023	100%
2013A	2025	2,805,000	79739GDP8	July 1, 2023	100
2013A	2026	2,945,000	79739GDQ6	July 1, 2023	100
2013A	2027	3,090,000	79739GDR4	July 1, 2023	100
2013A	2028	3,210,000	79739GDS2	July 1, 2023	100
2013A	2029	3,340,000	79739GDT0	July 1, 2023	100
2013A	2030	3,475,000	79739GDU7	July 1, 2023	100
2013A	2043	15,000,000	79739GDV5	July 1, 2023	100
2013A	2043	51,455,000	79739GDW3	July 1, 2023	100
2013B	2024	\$ 6,955,000	79739GEG7	July 1, 2023	100%
2013B	2025	7,300,000	79739GEH5	July 1, 2023	100
2013B	2026	7,670,000	79739GEJ1	July 1, 2023	100
2013B	2027	8,055,000	79739GEK8	July 1, 2023	100
2013B	2028	8,455,000	79739GEL6	July 1, 2023	100
2013B	2029	8,870,000	79739GEM4	July 1, 2023	100
2013B	2030	9,325,000	79739GEN2	July 1, 2023	100
2013B	2031	4,070,000	79739GEP7	July 1, 2023	100
2013B	2032	4,585,000	79739GEQ5	July 1, 2023	100
2013B	2033	5,075,000	79739GER3	July 1, 2023	100
2013B	2038	36,645,000	79739GES1	July 1, 2023	100
2013B	2043	139,620,000	79739GET9	July 1, 2023	100

¹ CUSIP numbers are provided only for the convenience of the reader. Neither the Authority nor the Underwriters undertake any responsibility for the accuracy of such CUSIP numbers or for any changes or errors in the list of CUSIP numbers.

The specific principal amount, if any, of each maturity of (i) the Senior Series 2013A Bonds listed above to be refunded (the “Refunded Senior Series 2013A Bonds”) and (ii) the Senior Series 2013B Bonds listed above to be refunded (the “Refunded Senior Series 2013B Bonds,” and together with the Refunded Senior Series 2013A Bonds, the “Refunded Bonds”) will be determined by the Authority at the time the Authority and the Underwriters sign the Purchase Contract (as defined herein). The issuance of any of the Subordinate Series 2020DE Bonds and the refunding of the Refunded Bonds are subject to market conditions, and the Authority will only issue the Subordinate Series 2020DE Bonds to refund the Refunded Bonds if such issuance and refunding result in acceptable debt service savings to the Authority.

A portion of the proceeds of the Subordinate Series 2020DE Bonds, together with certain available moneys of the Authority, will be deposited into separate escrow funds for the Refunded Senior Series 2013A Bonds and the Refunded Senior Series 2013B Bonds (the “Senior Series 2013A/B Escrow Funds”) to be established under the terms of an escrow agreement to be entered into by the Authority and the Senior Trustee, as trustee and escrow agent. Certain amounts deposited into the Senior Series 2013A/B Escrow Funds will be invested in direct, noncallable obligations of the United States Treasury and all remaining amounts deposited into the Senior Series 2013A/B Escrow Funds will be held uninvested in cash. Amounts on deposit in the Senior Series 2013A/B Escrow Funds will be used (a) on each July 1 and January 1 between, and including, July 1, 2020 and January 1, 2023 (both dates inclusive) to pay the interest on the Refunded Bonds, and (b) on July 1, 2023 to pay the redemption price of and interest on the Refunded Bonds.

Upon delivery of the Subordinate Series 2020DE Bonds, Robert Thomas CPA, LLC, certified public accountants (the “Verification Agent”), will deliver a report stating that it has verified the mathematical accuracy of the computations contained in the schedules provided by Citigroup Global Markets Inc. to determine that the amounts to be held in the Senior Series 2013A/B Escrow Funds will be sufficient to pay (a) the interest on the Refunded Bonds on each July 1 and January 1 between, and including, July 1, 2020 and January 1, 2023 (both dates inclusive), and (b) the redemption price of and interest on the Refunded Bonds on July 1, 2023. See “VERIFICATION OF MATHEMATICAL COMPUTATIONS.”

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 Subordinate Series 2020DE Bonds:

	<u>Subordinate Series 2020D Bonds</u>	<u>Subordinate Series 2020E Bonds</u>	<u>Total</u>
Sources			
Principal Amount			
Release from Interest Account of Senior Series 2013A Debt Service Fund			
Release from Interest Account of Senior Series 2013B Debt Service Fund			
Release from Senior Reserve Fund			
<i>Total Sources</i>			
Uses			
Deposit to Senior Series 2013A Escrow Fund			
Deposit to Senior Series 2013B Escrow Fund			
Deposit to Subordinate Reserve Fund			
Costs of Issuance ¹			
<i>Total Uses</i>			

¹ Includes Underwriters’ discount, legal and other costs of issuance.

DESCRIPTION OF THE SUBORDINATE SERIES 2020DE BONDS

General

The Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 July 1, 2020. Interest due and payable on the Subordinate Series 2020DE 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 DTC is in effect). Each Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE Bond will bear interest from such succeeding Interest Payment Date,

or unless such date of authentication is on or before June 15, 2020, in which event such Subordinate Series 2020DE Bond will bear interest from its date of delivery. If interest on the Subordinate Series 2020DE Bonds is in default, Subordinate Series 2020DE Bonds issued in exchange for Subordinate Series 2020DE Bonds surrendered for transfer or exchange will bear interest from the Interest Payment Date to which interest has been paid in full on the Subordinate Series 2020DE Bonds surrendered.

The Subordinate Series 2020DE Bonds will be issued in denominations of \$5,000 or integral multiples thereof. The Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds. Individual purchases may be made in book-entry-form only. Purchasers will not receive certificates representing their interest in the Subordinate Series 2020DE Bonds purchased. So long as Cede & Co., as a nominee of DTC, is the registered owner of the Subordinate Series 2020DE Bonds, references herein to the Holders or registered owners means Cede & Co., and does not mean the Beneficial Owners of the Subordinate Series 2020DE Bonds.

So long as Cede & Co. is the registered owner of the Subordinate Series 2020DE Bonds, principal of and interest on the Subordinate Series 2020DE Bonds will be payable by wire transfer by the Subordinate 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 (Prior to July 1, 2030). Prior to July 1, 2030, the Subordinate Series 2020DE Bonds may be redeemed in whole or in part at any time, from any moneys that may be provided for such purpose, at a redemption price for such Subordinate Series 2020DE Bonds to be redeemed determined by the Designated Investment Banker (as defined below) equal to the greater of (i) 100% of the principal amount of the Subordinate Series 2020DE Bonds to be redeemed, or (ii) an amount equal to the sum of the present values of the remaining scheduled payments of principal and interest on each of the Subordinate Series 2020DE Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Subordinate Series 2020DE Bonds are to be redeemed, discounted to the date on which such Subordinate Series 2020DE Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the applicable Treasury Rate (as defined below) plus _____ basis points, plus accrued and unpaid interest on the Subordinate Series 2020DE Bonds to be redeemed on the redemption date.

“Designated Investment Banker” means a Reference Treasury Dealer appointed by the Authority.

“Reference Treasury Dealer” means each of five firms, specified by the Authority from time to time, that are primary U.S. Government securities dealers in the City of New York (each, a “Primary Treasury Dealer”); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Authority may substitute another Primary Treasury Dealer.

“Treasury Rate” means, with respect to any redemption date for a particular Subordinate Series 2020DE Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the actual or interpolated rate based on (a) the most recent yield data for the applicable U.S. Treasury maturity index or indices, as applicable, from the Federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m. New York City time, on the Valuation Date; or (b) if the yield described in (a) above is not reported as of such date and time or the yield reported as of such date and time is not ascertainable, the semi-annual equivalent yield to maturity of the Comparable

Treasury Issue or Comparable Treasury Issues, assuming that such Comparable Treasury Issue or Comparable Treasury Issues are purchased on the redemption date for a price equal to the applicable Comparable Treasury Price, as calculated by the Designated Investment Banker.

“Comparable Treasury Issue” means, with respect to any redemption date for a particular Subordinate Series 2020DE Bond, the U.S. Treasury security or securities selected by the Designated Investment Banker that has or have an actual maturity closest to (one equal to or one earlier and one later than) the remaining average life of the Subordinate Series 2020DE Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of such Subordinate Series 2020DE Bonds to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Subordinate Series 2020DE Bond, the average of five Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or if the Designated Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all such quotations.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date for a particular Subordinate Series 2020DE Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue or Comparable Treasury Issues, as applicable (expressed in each case as a percentage of its principal amount), quoted in writing to the Authority and the Subordinate Trustee by such Reference Treasury Dealer at 3:30 p.m. (New York City time) on the Valuation Date.

“Valuation Date” means a date, as determined by the Authority, after consultation with the Designated Investment Banker, that is no earlier than 45 days prior to the redemption date.

Optional Redemption (On and After July 1, 2030). On and after July 1, 2030, the Subordinate Series 2020DE Bonds maturing on or after July 1, 2031 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, 2030, at a redemption price equal to 100% of the principal amount of the Subordinate Series 2020DE Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Subordinate Series 2020D Bonds maturing on July 1, 20__ (the “Subordinate Series 2020D Term Bonds”) are subject to mandatory sinking fund redemption in part, on a pro-rata pass-through distribution of principal basis, 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
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† Final Maturity.

The Subordinate Series 2020E Bonds maturing on July 1, 20__ (the “Subordinate Series 2020E Term Bonds,” and together with the Subordinate Series 2020D Term Bonds, the “Subordinate Series 2020DE Term Bonds”) are subject to mandatory sinking fund redemption in part, on a pro-rata pass-through distribution of principal basis, 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
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† Final Maturity.

In the event that a portion, but not all of the Subordinate Series 2020DE Term Bonds are redeemed pursuant to optional redemption (as described above under “—Optional Redemption”), then the principal amount of any remaining mandatory sinking fund redemptions applicable to the applicable Subordinate Series 2020DE Term Bonds will be proportionally reduced (subject to the Subordinate Trustee making such adjustments as it deems necessary to be able to affect future redemptions of the Subordinate Series 2020DE Term Bonds in Authorized Denominations).

At the option of the Authority, to be exercised by delivery of a written certificate to the Subordinate Trustee on or before the 60th day next preceding any mandatory sinking fund redemption date for the Subordinate Series 2020DE Term Bonds, it may (a) deliver to the Subordinate Trustee for cancellation Subordinate Series 2020DE Term Bonds or portions thereof (in Authorized Denominations) purchased in the open market or otherwise acquired by the Authority or (b) specify a principal amount of Subordinate Series 2020DE Term Bonds or portions thereof (in Authorized Denominations) which prior to said date have been optionally redeemed and previously cancelled by the Subordinate Trustee at the request of the Authority and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Subordinate Series 2020DE Term Bond or portion thereof so purchased or otherwise acquired or redeemed and delivered to the Subordinate Trustee for cancellation will be credited by the Subordinate Trustee at 100% of the principal amount thereof against the obligation of the Authority to pay the principal of such applicable Subordinate Series 2020DE Term Bond on such mandatory sinking fund redemption date.

Notices of Redemption to Holders; Conditional Notice of Optional Redemption. The Subordinate Trustee will give notice of redemption, in the name of the 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 issue date, the maturity date, the interest rate and the CUSIP number of each Subordinate Series 2020DE Bond to be redeemed (if less than all Subordinate Series 2020DE Bonds of a Series, maturity date and interest rate are called for redemption, the numbers assigned to the Subordinate Series 2020DE Bonds to be redeemed), the principal amount to be

redeemed, the date fixed for redemption, the redemption price (or the formula that will be used to calculate the redemption price on the redemption date, provided a supplemental notice of redemption is delivered prior to the redemption date setting forth the actual redemption price), the place or places of payment, the Subordinate Trustee's name, that payment will be made upon presentation and surrender of the Subordinate Series 2020DE 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.

Failure to give any required notice of redemption as to any particular Subordinate Series 2020DE Bond will not affect the validity of the call for redemption of any Subordinate Series 2020DE Bonds in respect of which no failure occurs. Any notice sent as provided in the Subordinate Indenture will be conclusively presumed to have been given whether or not actually received by the addressee. When notice of redemption is given, Subordinate Series 2020DE 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 Subordinate Trustee sufficient for redemption, interest on the Subordinate Series 2020DE Bonds to be redeemed will cease to accrue on and after the date fixed for redemption.

The Authority may provide that, if at the time of mailing of notice of an optional redemption there has not been deposited with the Subordinate Trustee moneys sufficient to redeem all the Subordinate Series 2020DE Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Subordinate 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 cancelled and on such cancellation date notice of such cancellation will be mailed to the Holders of such Subordinate Series 2020DE Bonds called 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 Subordinate Indenture and as described above and sufficient moneys for payment of the redemption price being held in trust to pay the redemption price, the Subordinate Series 2020DE Bonds called for redemption will become and be due and payable on the redemption date, interest on such Subordinate Series 2020DE Bonds will cease to accrue from and after such redemption date, such Subordinate Series 2020DE Bonds will cease to be entitled to any lien, benefit or security under the Subordinate Indenture and the Holders of such Subordinate Series 2020DE Bonds will have no rights in respect thereof except to receive payment of the redemption price. Subordinate Series 2020DE 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 Subordinate Indenture, will not be deemed to be Outstanding under the provisions of the Subordinate Indenture.

Selection of Subordinate Series 2020DE Bonds for Redemption; Subordinate Series 2020DE Bonds Redeemed in Part. Redemption of the Subordinate Series 2020DE Bonds will only be in Authorized Denominations. The Subordinate Series 2020DE Bonds are subject to redemption in such order of maturity and interest rate within a Series (except mandatory sinking fund payments on the Subordinate Series 2020DE Term Bonds) as the Authority may direct. If less than all of the Subordinate Series 2020DE Bonds of a Series and maturity date are redeemed prior to their stated maturity date, the particular Subordinate Series 2020DE Bonds to be redeemed will be selected on a pro-rata pass-through distribution of principal basis in accordance with the rules and procedures of DTC.

It is the Authority's intent that redemption allocations made by DTC, the Participants or such other intermediaries that may exist between the Authority and the beneficial owners of the Subordinate Series 2020DE Bonds will be made on a pro-rata pass-through distribution of principal basis. However, so long

as the Subordinate Series 2020DE Bonds are Book-Entry Bonds, the selection for redemption of such Subordinate Series 2020DE Bonds will be made in accordance with the operational arrangements of DTC then in effect. The Authority cannot provide any assurance and nor will the Authority have any responsibility or obligation to ensure that DTC, the Participants or any other intermediaries allocate redemptions of the Subordinate Series 2020DE Bonds among beneficial owners on a pro-rata pass-through distribution of principal basis. If the DTC operational arrangements do not allow for the redemption of the Subordinate Series 2020DE Bonds on a pro-rata pass-through distribution of principal basis, the Subordinate Series 2020DE Bonds will be selected for redemption, in accordance with DTC procedures, by lot. If the Subordinate Series 2020DE Bonds are not Book-Entry Bonds and less than all of the Subordinate Series 2020DE Bonds of a Series and maturity date are to be redeemed, the Subordinate Series 2020DE Bonds to be redeemed will be selected by the Subordinate Trustee on a pro-rata pass-through distribution of principal basis among all of the holders of the Subordinate Series 2020DE Bonds based on the principal amount of Subordinate Series 2020DE Bonds owned by such holders.

SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2020DE BONDS

Flow of Funds

The application of Revenues of the Authority is governed by the Master Senior Indenture and the Subordinate Indenture. Pursuant to the Master Senior Indenture, the 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 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 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 Authority, including rental or business interruption insurance proceeds received by, held by, accrued to or entitled to be received by the 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 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 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 and Customer Facility Charges (“CFCs”), are specifically excluded from Revenues. The Authority has not designated, pursuant to a Supplemental Senior Indenture or a certificate of the 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 or CFCs as Revenues. However, the Authority expects to apply a portion of the PFCs it receives to the payment of debt service on the Senior Series 2013 Bonds, the Subordinate Series 2019A Bonds, the Subordinate Series 2020ABC Bonds and the Subordinate

Series 2020DE Bonds (see “—Use of PFCs to Pay Debt Service” below). Additionally, although not included in Revenues, the Subordinate Capitalized Interest on deposit in the debt service funds for the Subordinate Series 2019A Bonds and the Subordinate Series 2019B Bonds is subject to a lien on and security interest in favor of the Holders of the Subordinate Series 2019A Bonds and the Subordinate Series 2019B 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 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 Authority for such Fiscal Year as finally approved by the 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 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 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. As of the date of this Official Statement, the Senior Debt Service Reserve Fund for the Senior Series 2013 Bonds is the only Senior Debt Service Reserve Fund established for Senior Bonds.

(4) *Subordinate Obligations Debt Service Funds.* On or prior to the 20th day of each calendar month, Revenues will be transferred by the 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 Authority in connection with the Subordinate Obligations, the 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. See “—Subordinate Reserve Fund” below.

(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.

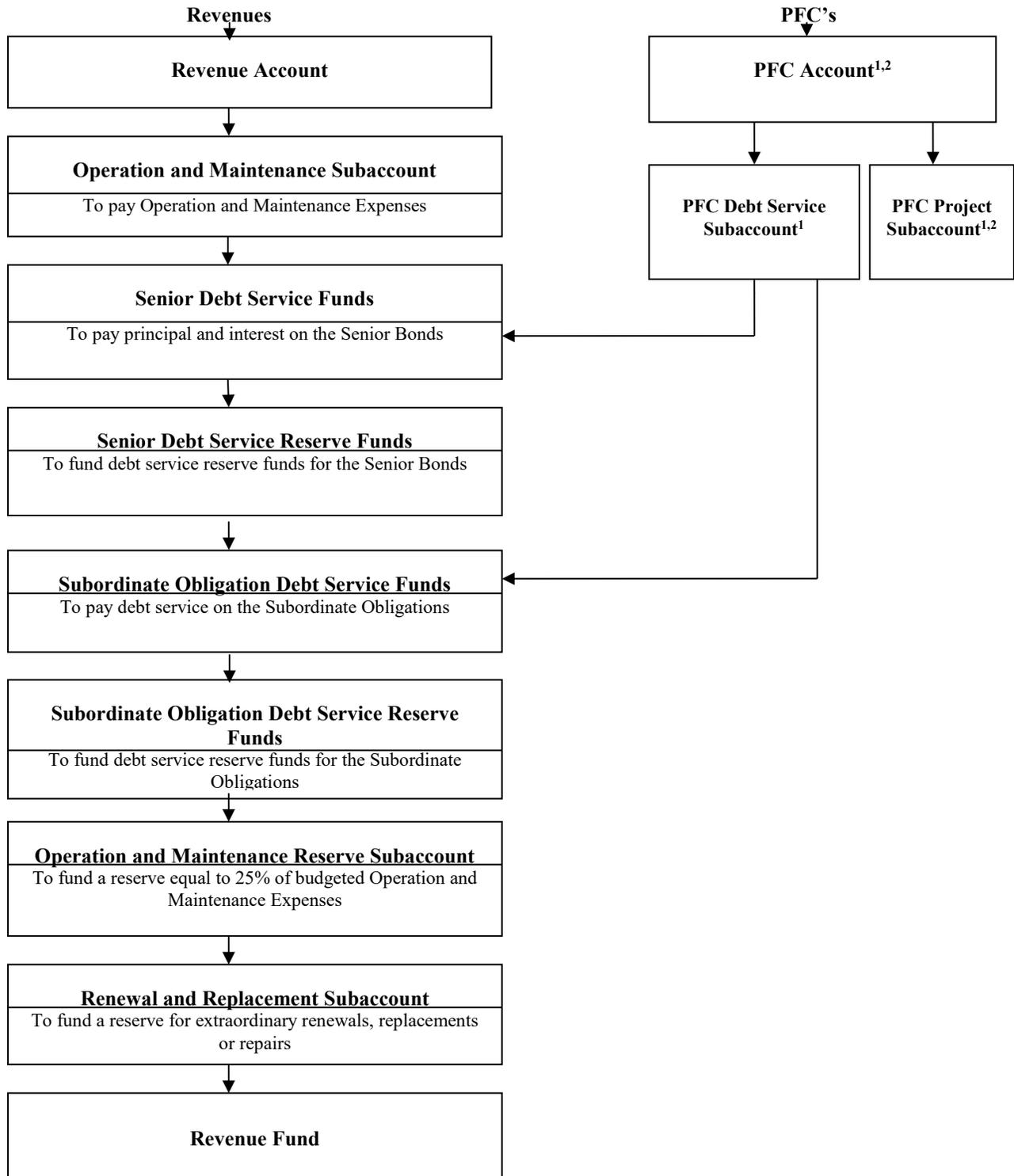
(7) *Renewal and Replacement Subaccount.* On or prior to the 20th day of each month, to the payment of the amounts required to be deposited in the Renewal and Replacement Subaccount as specified in the Master Senior Indenture.

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 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.”

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**San Diego County Regional Airport Authority
Flow of Funds**



¹ Revenues do not include PFC revenues unless otherwise included in Revenues pursuant to a Supplemental Senior Indenture or a certificate of the Authority; which has not occurred as of the date of this Official Statement.

Pledge of Subordinate Net Revenues

The Subordinate Series 2020DE Bonds are special obligations of the Authority payable solely from and secured by a pledge of Subordinate Net Revenues. The Subordinate Series 2020DE Bonds also are secured by a pledge of amounts held by the Subordinate Trustee in certain funds and accounts pursuant to the Subordinate Indenture, as further described herein.

“Subordinate 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, the debt service on the Senior Bonds for such period, and the reserve and replenishment requirements on and relating to the Senior Bonds for such period, if any. 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 Subordinate Series 2020DE Bonds, and neither the full faith and credit nor the taxing power of the 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 Subordinate Series 2020DE Bonds.

Subordinate Net Revenues are available for the equal and proportionate benefit and security of all Subordinate Obligations (including the Subordinate Series 2020DE Bonds). The Subordinate Series 2020DE Bonds are secured by a pledge of and lien on Subordinate Net Revenues on parity with the Existing Subordinate Bonds, the Subordinate Revolving Obligations, the Subordinate Drawdown Bonds and any Additional Subordinate Obligations issued in the future. See “—Additional Subordinate Obligations” below.

Subordinate Rate Covenant

(a) Under the Master Subordinate Indenture, the Authority has covenanted that while any Subordinate Obligations remain Outstanding (but subject to all prior existing contracts and legal obligations of the 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 Subordinate Net Revenues in each Fiscal Year will be at least equal to the following amounts:

(i) the interest on and principal of the Outstanding Subordinate Obligations required to be funded by the Authority in such Fiscal Year as required by the Master Subordinate Indenture or any Supplemental Subordinate Indenture with respect to the Outstanding Subordinate Obligations;

(ii) the required deposits to any Subordinate Debt Service Reserve Fund which may be established by a Supplemental Subordinate Indenture;

(iii) the reimbursement owed to any Credit Provider or Liquidity Provider as required by a Supplemental Subordinate Indenture;

(iv) the interest on and principal of any indebtedness required to be funded during such Fiscal Year other than Special Facility Obligations, Senior Bonds and Outstanding Subordinate Obligations, but including obligations issued with a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations; and

(v) payments of any reserve requirement for debt service for any indebtedness other than Senior Bonds and Outstanding Subordinate Obligations, but including obligations issued with a lien on Subordinate Net Revenues ranking junior and subordinate to the lien of the Subordinate Obligations.

(b) The 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 the Subordinate Net Revenues will be equal to at least 110% of the total Subordinate Annual Debt Service on the Outstanding Subordinate Obligations for such Fiscal Year.

The Authority has covenanted that if Subordinate Net Revenues in any Fiscal Year are less than the amounts described in paragraphs (a) and (b) above, the Authority will retain and direct a Consultant to make recommendations as to the revision of the 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 Authority in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made the Authority will take all lawful measures to revise the schedule of rentals, rates, fees and charges as may be necessary to produce Subordinate Net Revenues in the next succeeding Fiscal Year sufficient to comply with paragraphs (a) and (b) above.

In the event Subordinate Net Revenues for any Fiscal Year are less than the amounts described in paragraphs (a) and (b) above, but the 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 Subordinate Net Revenues will not constitute a Subordinate Event of Default under the Master Subordinate Indenture. However, if after taking the measures described in the preceding paragraph to revise the schedule of rentals, rates, fees and charges, Subordinate Net Revenues in the next succeeding Fiscal Year (as evidenced by the audited financial statements of the Authority for such Fiscal Year) are less than the amounts described in paragraphs (a) and (b) above, such deficiency in Subordinate Net Revenues will constitute a Subordinate Event of Default under the Master Subordinate Indenture.

Pursuant to the Master Subordinate Indenture, the Authority may exclude from its calculation of Subordinate Aggregate Annual Debt Service with respect to the Subordinate Obligations, for the purpose of determining compliance with the rate covenant described above, the payment of debt service or portions thereof on Subordinate Obligations whose debt service is payable from amounts not included in Revenues, including, but not limited to PFC revenues and Subordinate Capitalized Interest. The exclusion of such debt service could result in higher debt service coverage ratios. The Authority expects to use (a) PFC revenues to pay a portion of the debt service on the Senior Series 2013 Bonds, the Subordinate Series 2019A Bonds, the Subordinate Series 2020ABC Bonds and the Subordinate Series 2020DE Bonds and (b) Subordinate Capitalized Interest to pay a portion of the debt service on the Subordinate Series 2019 Bonds. See “—Use of PFCs to Pay Debt Service,” “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—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 Authority's expected use of PFC revenues.

Subordinate Reserve Fund

Pursuant to the Master Subordinate Indenture and the Second Supplemental Subordinate Indenture, the Authority established a Subordinate Debt Service Reserve Fund (the “Subordinate Reserve Fund”) with the Subordinate Trustee to secure any Subordinate Obligations the Authority elects to participate in the Subordinate Reserve Fund. At the time of issuance of the Subordinate Series 2010 Bonds, the Subordinate Series 2017 Bonds and the Subordinate Series 2019 Bonds, the Authority elected to have the Subordinate Series 2010 Bonds, the Subordinate Series 2017 Bonds and the Subordinate Series 2019 Bonds participate in the Subordinate Reserve Fund. Additionally, at the time of issuance of the Subordinate Series 2020ABC Bonds and the Subordinate Series 2020DE Bonds, the Authority will elect to have the Subordinate Series 2020ABC Bonds and the Subordinate Series 2020DE Bonds participate in the Subordinate Reserve Fund. The Subordinate Series 2010 Bonds, the Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2020ABC Bonds, the Subordinate Series 2020DE Bonds and any Additional Subordinate Obligations the Authority elects to have participate in the Subordinate Reserve Fund are collectively referred to in this Official Statement as the “Subordinate Reserve Fund Participating Bonds.”

Moneys and investments held in the Subordinate Reserve Fund may only be used to pay the principal of and interest on the Subordinate Reserve Fund Participating Bonds (including the Subordinate Series 2020DE Bonds). Moneys and investments held in the Subordinate Reserve Fund are not available to pay debt service on the Senior Bonds, the Subordinate Revolving Obligations, the Subordinate Drawdown Bonds or any Subordinate Obligations for which the Authority has decided will not participate in the Subordinate Reserve Fund. The Subordinate Reserve Fund may be drawn upon if the amounts in the respective Subordinate Debt Service Funds for the Subordinate Reserve Fund Participating Bonds are insufficient to pay in full any principal or interest then due on the Subordinate Reserve Fund Participating Bonds. In the event any amounts are required to be withdrawn from the Subordinate Reserve Fund, such amounts will be withdrawn and deposited pro rata to meet the funding requirements of the Subordinate Reserve Fund Participating Bonds.

Except as otherwise described below, the Subordinate Reserve Fund is required to be funded at all times in an amount equal to the “Subordinate Reserve Requirement.” The Subordinate Reserve Requirement is equal to the lesser of (a) Subordinate Maximum Aggregate Annual Debt Service for the Subordinate Reserve Fund Participating Bonds; (b) 10% of the principal amount of the Subordinate Reserve Fund Participating Bonds, less the amount of original issue discount with respect to such Subordinate Reserve Fund Participating Bonds if such original issue discount exceeded 2% on such Subordinate Reserve Fund Participating Bonds at the time of their original sale; and (c) 125% of the average Subordinate Aggregate Annual Debt Service for the Subordinate Reserve Fund Participating Bonds. At the time of issuance of any Additional Subordinate Obligations which the Authority elects to have participate in the Subordinate Reserve Fund, the Authority will be required to deposit an amount to the Subordinate Reserve Fund sufficient to cause the amount then on deposit in the Subordinate Reserve Fund to equal the Subordinate Reserve Requirement. Such deposit to the Subordinate Reserve Fund can be made at the time of issuance of such Additional Subordinate Obligations or within 12 months of the date of issuance of such Additional Subordinate Obligations (such deposit being made in 12 substantially equal monthly installments). At the time of issuance of the Subordinate Series 2020CDE Bonds, a portion of the proceeds of the Subordinate Series 2020CDE Bonds will be deposited to the Subordinate Reserve Fund in order to satisfy the Subordinate Reserve Requirement, which will be \$ _____ at the time of issuance of the Subordinate Series 2020CDE Bonds.

The Authority may fund all or a portion of the Subordinate Reserve Requirement with a Subordinate Reserve Fund Insurance Policy. A Subordinate Reserve Fund Insurance Policy may be an insurance policy, letter of credit, qualified surety bond or other financial instrument deposited in the Subordinate 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 bonds or other financial instrument, in one of the two highest long term rating categories by one or more of the Rating Agencies. Any such Subordinate Reserve Fund Insurance Policy must either extend to the final maturity of the Series of Subordinate Obligations for which the Subordinate Reserve Fund Insurance Policy was issued, or the Authority must agree, by Supplemental Subordinate Indenture, that the Authority will replace such Subordinate Reserve Fund Insurance Policy prior to its expiration with another Subordinate Reserve Fund Insurance Policy, or with cash. Any such Subordinate Reserve Fund Insurance Policy will be required to secure all of the Subordinate Reserve Fund Participating Bonds.

The Subordinate Reserve Fund is currently, and will be at the time of issuance of the Subordinate Series 2020DE Bonds, funded with cash and securities. No portion of the Subordinate Reserve Fund has been, or will be at the time of issuance of the Subordinate Series 2020DE Bonds, funded with a Subordinate Reserve Fund Insurance Policy.

Additional Subordinate Obligations

The Master Subordinate Indenture provides the Authority with flexibility as to establishing the nature and terms of any Additional Subordinate Obligations. Additional Subordinate Obligations may be issued under the Master Subordinate Indenture on a parity with the Subordinate Series 2020DE Bonds, provided, among other things, that there is delivered to the Subordinate Trustee either:

(a) a certificate, dated as of a date between the date of pricing of the Subordinate Obligations being issued and the date of delivery of such Subordinate Obligations (both dates inclusive), prepared by an Authorized Authority Representative showing the Subordinate 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 Subordinate Obligations or preceding the first issuance of the proposed Subordinate Program Obligations were at least equal to 110% of Subordinate Maximum Aggregate Annual Debt Service with respect to all Outstanding Subordinate Obligations, Unissued Subordinate Program Obligations and the proposed Series of Subordinate Obligations, calculated as if the proposed Series of Subordinate Obligations and the full Subordinate Authorized Amount of such proposed Subordinate Program Obligations (as applicable) were then Outstanding; or

(b) a certificate dated as of a date between the date of pricing of the Subordinate Obligations being issued and the date of delivery of such Subordinate Obligations (both dates inclusive), prepared by a Consultant showing that:

(i) 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 or the establishment of a Subordinate Program, were at least equal to 110% of the sum of Subordinate Aggregate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations 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 Subordinate Obligations through and including the last Fiscal Year during any part of which the amount of interest on such Series of Subordinate Obligations to be on deposit in the respective Subordinate Debt Service Fund or such other fund or account is expected to be funded from the proceeds thereof, the Consultant estimates that the Authority will be in compliance with the rate covenant under the Subordinate Indenture (see “—Subordinate Rate Covenant” above); and

(iii) for the period from and including the first full Fiscal Year following the issuance of such proposed Series of Subordinate Obligations during which no amount of interest on such Series of Subordinate Obligations to be on deposit in the respective Subordinate 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 Subordinate Obligations, or (B) the third full Fiscal Year during which no amount of interest on such Series of Subordinate Obligations to be on deposit in the respective Subordinate Debt Service Fund or such other Fund or Account is expected to be funded from the proceeds thereof, the estimated Subordinate Net Revenues for each such Fiscal Year, will be at least equal to 110% of the Subordinate Aggregate Annual Debt Service for each such Fiscal Year with respect to all Outstanding Subordinate Obligations, Unissued Subordinate Program Obligations and calculated as if the proposed Series of Subordinate Obligations and the full Authorized Amount of such proposed Subordinate Program Obligations (as applicable) were then Outstanding.

The certificate described in ([]) above is expected to be delivered by [the Authority/a Consultant] at the time of issuance of the Subordinate Series 2020DE Bonds.

For purposes of clauses (b)(ii) and (iii) above, in estimating Subordinate 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 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 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 Subordinate Net Revenues, and will also set forth the calculations of Subordinate 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 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 Subordinate Obligations being issued are for the purpose of refunding then Outstanding Subordinate Obligations and there is delivered to the Subordinate Trustee, instead, a certificate of an Authorized Authority Representative showing that Subordinate Aggregate Annual Debt Service after the issuance of the Refunding Subordinate Obligations will not exceed the Subordinate Aggregate Annual Debt Service prior to the issuance of such Refunding Subordinate Obligations for each Fiscal Year;

(B) the Subordinate Obligations being issued constitute Subordinate Notes and there is delivered to the Subordinate Trustee, instead, a certificate prepared by an Authorized Authority Representative showing that the principal amount of the proposed Subordinate Notes being issued, together with the principal amount of any Subordinate Notes then Outstanding, does not exceed 10% of the Subordinate Net Revenues for any 12 consecutive months out of the most recent 24 months immediately preceding the issuance of the proposed Subordinate Notes and there is delivered to the Subordinate Trustee a certificate of an Authorized Authority Representative setting forth calculations showing that for each of the Fiscal Years during which the Subordinate Notes will be Outstanding, and taking into account the debt service becoming due on such Subordinate Notes, the Authority will be in compliance with the rate covenant under the Subordinate Indenture (see “—Subordinate Rate Covenant” above); or

(C) if the Subordinate Obligations being issued are to pay costs of completing a Project for which Subordinate Obligations have previously been issued and the principal amount of such Subordinate Obligations being issued for completion purposes does not exceed an amount equal to 15% of the principal amount of the Subordinate Obligations 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 Subordinate 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 Subordinate Construction Fund allocable to such Project) of the original Subordinate Obligations 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 Subordinate Construction Fund established for the Project (including unspent proceeds of Subordinate Obligations 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 Authority currently charges all enplaning passengers at SDIA a PFC of \$4.50. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program—Passenger Facility Charges” for additional information about PFCs collected by the 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 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 Authority has not irrevocably committed any PFCs to the payment of debt service on Senior Bonds and/or Subordinate Obligations, the Authority still expects to use approximately \$30 million of PFCs to pay debt service on PFC Eligible Bonds (a portion of the Senior Series 2013 Bonds, a portion of the Subordinate Series 2019A Bonds, a portion of the Subordinate Series 2020ABC Bonds and a portion of the Subordinate Series 2020DE Bonds) through Fiscal Year 2022.

Additionally, as described in “APPENDIX D—SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT,” the Authority has agreed in the Airline Lease Agreements to set aside \$30 million of PFCs each Fiscal Year during the three Fiscal Years prior to the opening of the new Terminal 1 to be constructed as part of the ADP, and to use those PFCs in the three Fiscal Years following the opening of the new Terminal 1 to pay debt service on Senior Bonds and/or Subordinate Obligations the proceeds of which were used to finance the construction of the new Terminal 1.

See also “CERTAIN INVESTMENT CONSIDERATIONS—Unavailability of, or Delay in, Anticipated Funding Sources—Availability of PFCs.”

Permitted Investments

Moneys and funds held by the Authority 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 Authority. Moneys and funds held by the Subordinate Trustee under the Subordinate Indenture, including moneys in the respective Subordinate Debt Service Funds (and the accounts therein) and in the Subordinate Reserve Fund, may be invested as directed by the Authority in Subordinate Permitted Investments, subject to the restrictions set forth in the Subordinate Indenture, and subject to restrictions imposed upon the Authority. See “FINANCIAL INFORMATION—Summary of Financial Operations—Investment Practices.”

Subordinate Events of Default and Remedies; No Acceleration

Events of default under the Subordinate Indenture and related remedies are described in “APPENDIX C-3—SUMMARY OF MASTER SUBORDINATE INDENTURE—Subordinate Defaults and Remedies.” Except as described below, the occurrence of a Subordinate Event of Default under the Subordinate Indenture (or a Senior Event of Default under the Senior Indenture) does not grant any right to accelerate payment of the Subordinate Obligations (including the Subordinate Series 2020DE Bonds) or the Senior Bonds to either the Subordinate Trustee or the Senior Trustee, or the Holders of the Subordinate Obligations (including the Subordinate Series 2020DE Bonds) or the Senior Bonds. However, pursuant to the Third Supplemental Subordinate Indenture and the Subordinate Credit Agreement, the Authority granted to the Subordinate Revolving Obligations Bank the right to accelerate any payments due the Subordinate Revolving Obligations Bank upon an event of default under the Subordinate Credit Agreement; and pursuant to the Fourth Supplemental Subordinate Indenture and the Subordinate Drawdown Bondholder’s Agreement, the Authority granted to the Subordinate Drawdown Bond Purchaser the right to accelerate any payments due the Subordinate Drawdown Bond Purchaser upon an event of default under the Subordinate Drawdown Bondholder’s Agreement. See “OUTSTANDING OBLIGATIONS AND DEBT SERVICE SCHEDULE—Outstanding Subordinate Obligations—Subordinate Revolving Obligations” and “—Subordinate Drawdown Bonds.” The Subordinate Trustee is authorized to take certain

actions upon the occurrence of a Subordinate Event of Default under the Subordinate Indenture, including proceedings to enforce the obligations of the Authority under the Subordinate Indenture. If there is a Subordinate Event of Default under the Subordinate Indenture, payments, if any, on the Subordinate Obligations will be made after Operation and Maintenance Expenses of the Airport System and payments of debt service and reserve requirements on and relating to the Senior Bonds.

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 2013 Bonds outstanding as of March 1, 2020.

TABLE 1
San Diego County Regional Airport Authority
Senior Series 2013 Bonds
(as of March 1, 2020)

Existing Senior Bonds¹	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
Series 2013A	\$107,285,000	\$ 97,455,000	7/1/2043
Series 2013B	<u>272,300,000</u>	<u>271,295,000</u>	7/1/2043
Total	<u>\$379,585,000</u>	<u>\$368,750,000</u>	

¹ See “PLAN OF REFUNDING AND ESTIMATED SOURCES AND USES OF FUNDS—Plan of Refunding” for a discussion of the planned refunding and defeasance of a portion of the Senior Series 2013A Bonds and Senior Series 2013B Bonds.

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 March 1, 2020.

TABLE 2
San Diego County Regional Airport Authority
Existing Subordinate Bonds
(as of March 1, 2020)

Existing Subordinate Bonds	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date
Series 2010A ¹	\$ 313,150,000	\$ 268,570,000	7/1/2040
Series 2010B ¹	44,055,000	32,805,000	7/1/2040
Series 2017A	146,040,000	141,500,000	7/1/2047
Series 2017B	145,170,000	140,310,000	7/1/2047
Series 2019A	338,775,000	338,775,000	7/1/2049
Series 2019B	<u>124,905,000</u>	<u>124,905,000</u>	7/1/2049
Total	<u>\$1,112,095,000</u>	<u>\$1,046,865,000</u>	

¹ On April 8, 2020, the Authority expects to issue the Subordinate Series 2020ABC Bonds in the aggregate principal amount of \$241,640,000, the proceeds of which will be used to, among other things, refund and defease (a) \$259,390,000 aggregate principal amount of the Subordinate Series 2010A Bonds, and (b) \$31,120,000 aggregate principal amount of the Subordinate Series 2010B Bonds.

Source: San Diego County Regional Airport Authority

Subordinate Revolving Obligations. Pursuant to the Master Subordinate Indenture, the Third Supplemental Subordinate Indenture and the Subordinate Credit Agreement, the Authority is authorized to issue and have outstanding, from time to time, up to \$125,000,000 in aggregate principal amount of Subordinate Revolving Obligations. As of March 1, 2020, the Authority had \$13,719,000 aggregate principal amount of Subordinate Revolving Obligations outstanding. All Subordinate Revolving Obligations issued by the Authority are purchased by the Subordinate Revolving Obligations Bank (U.S. Bank National Association) 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 Third Supplemental Subordinate Indenture and the Subordinate Credit Agreement are due and payable on June 29, 2020. However, subject to the terms of the Subordinate Credit Agreement, on June 29, 2020, the Authority can convert any outstanding Subordinate Revolving Obligations to a term loan that will be payable in twelve equal quarterly installments beginning 90 days following June 29, 2020, with the final payment being due on June 29, 2023. As of the date of this Official Statement, the Authority is planning on paying off the \$13,719,000 of outstanding Subordinate Revolving Obligations and letting the Subordinate Credit Agreement expire on June 29, 2020.

Subordinate Drawdown Bonds. Pursuant to the Master Subordinate Indenture, the Fourth Supplemental Subordinate Indenture, the Subordinate Drawdown Bondholder's Agreement, and the Subordinate Drawdown Bond Purchase Agreement, the Authority is authorized to issue and have outstanding, from time to time, up to \$100,000,000 in aggregate principal amount of its Subordinate Drawdown Bonds. As of March 1, 2020, the Authority had no Subordinate Drawdown Bonds outstanding.

All Subordinate Drawdown Bonds will be purchased by the Subordinate Drawdown Bond Purchaser (RBC Municipal Products, LLC) in accordance with the terms of the Subordinate Drawdown Bondholder's Agreement and the Subordinate Drawdown Bond Purchase Agreement. Except as otherwise provided in the Subordinate Drawdown Bondholder's Agreement, the principal of all Subordinate Drawdown Bonds outstanding pursuant the Master Subordinate Indenture, the Fourth Supplemental Subordinate Indenture and the Subordinate Drawdown Bondholder's Agreement are due and payable on April 17, 2020. However, subject to the terms of the Subordinate Drawdown Bondholder's Agreement, on April 17, 2020, the Authority can convert any outstanding Subordinate Revolving Obligations to a term loan that will be payable in eleven equal quarterly installments beginning 180 days following April 17, 2020, with the final payment being due on April 17, 2023. As of the date of this Official Statement, the Authority is planning on letting the Subordinate Drawdown Bond Purchase Agreement and the Subordinate Drawdown Bondholder's Agreement expire on April 17, 2020.

[Remainder of page intentionally left blank.]

Debt Service Requirements

The following table sets forth the debt service requirements on the Senior Series 2013 Bonds (excluding the Refunded Bonds), the Existing Subordinate Bonds, the Subordinate Series 2020ABC Bonds and the Subordinate Series 2020DE Bonds.

TABLE 3
San Diego County Regional Airport Authority
Debt Service Requirements
Senior and Subordinate Bonds¹

Year Ended July 1	Total Debt Service Senior Series 2013 Bonds ^{2,3}	Total Debt Service Existing Subordinate Bonds and Subordinate Series 2020ABC Bonds ^{4,5,6,7}	Subordinate Series 2020DE Bonds ⁸		Total Debt Service Subordinate Bonds	Total Debt Service Senior and Subordinate Bonds
			Principal	Interest		
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						
2041						
2042						
2043						
2044						
2045						
2046						
2047						
2048						
2049						
Total						

¹ Numbers may not total due to rounding to nearest dollar.

² The Senior Series 2013 Bonds have a priority lien on Net Revenues. Principal of and interest on the Senior Series 2013 Bonds does not reflect the application of PFCs to the payment of debt service on the Senior Series 2013 Bonds. The Authority is currently reviewing plans to issue one or more series of Additional Subordinate Obligations to refund all or a portion of the Senior Series 2013 Bonds.

³ Excludes debt service on the Refunded Bonds. See “PLAN OF REFUNDING AND ESTIMATED SOURCES AND USES OF FUNDS.”

⁴ The Existing Subordinate Bonds and the Subordinate Series 2020ABC Bonds have, or will have, a lien on Subordinate Net Revenues on parity with the other Subordinate Obligations (including the Subordinate Series 2020DE Bonds). The Authority expects to issue the Subordinate Series 2020ABC Bonds on April 8, 2020 to, among other things, refund and defease a portion of the Subordinate Series 2010 Bonds. Principal of and interest on the Existing Subordinate Bonds and the Subordinate Series 2020ABC Bonds (a) excludes the debt service on the Subordinate Series 2010 Bonds to be refunded and defeased with the proceeds of the Subordinate Series 2020ABC Bonds, and (b) does not reflect the application of PFCs to the payment of debt service on the Existing Subordinate Bonds and the Subordinate Series 2020ABC Bonds.

⁵ Does not reflect the application of cash subsidy payments the Authority received in Fiscal Year 2020 from the United States Treasury (the “Federal Direct Payments”), that were equal to a portion of the interest payable on the Authority’s previously Outstanding Subordinate Airport Revenue Bonds, Series 2010C (the “Subordinate Series 2010C Bonds”) to the payment of debt service on the Existing Subordinate Bonds. Upon the issuance of the Subordinate Series 2019 Bonds and the defeasance of the Subordinate Series 2010C Bonds, the Authority’s receipt of Federal Direct Payments ceased.

⁶ Debt Service on the Subordinate Revolving Obligations (which may be outstanding from time to time in an aggregate principal amount of up to \$125 million at any one time) and the Subordinate Drawdown Bonds (which may be outstanding from time to time in an aggregate principal amount of up to \$100 million at any one time) are not reflected in this table. As of March 1, 2020, \$13,719,000 aggregate principal amount of Subordinate Revolving Obligations were outstanding and no Subordinate Drawdown Bonds were outstanding.

⁷ Includes a portion of the interest on the Subordinate Series 2019 Bonds through July 1, 2022 to be paid from a portion of the proceeds of the Subordinate Series 2019 Bonds.

⁸ The Subordinate Series 2020DE Bonds have a lien on Subordinate Net Revenues on parity with the other Subordinate Obligations.

Source: San Diego County Regional Airport Authority and Frasca & Associates, LLC (only with respect to debt service on the Subordinate Series 2020DE Bonds).

Future Financings

The Authority expects to finance the costs of the ADP from various sources including, but not limited to, the proceeds of Additional Senior Bonds and/or Additional Subordinate Obligations. Other than the ADP, the Authority does not expect to issue any Additional Senior Bonds and/or Additional Subordinate Obligations to finance the costs of the other projects in the Capital Program. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Airport Development Plan.” Additionally, the 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 Authority entered into several leases with the Port District. The Authority is leasing from the Port District the land used for SDIA for \$1 per year, for 66 years, through December 31, 2068. In addition, the Authority leases from the Port District 90.67 acres of the former General Dynamics property on Pacific Highway adjacent to SDIA 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 Authority. The 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 Authority pays the Port District \$3 million annually to lease the TDY Property.

The Authority also entered into a lease with the Port District, commencing September 1, 2006, for a 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.

Under current law, in the event SDIA is relocated and the current location is no longer used by SDIA for airport purposes, all of the 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 above-described 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 and the Subordinate Obligations (including the Subordinate Series 2020DE Bonds). All such leases are treated as operating leases by the Authority.

As of July 1, 2019, the Authority estimated that its future rental commitments under the above described operating lease agreements will be in the amounts described in the following table.

TABLE 4
San Diego County Regional Airport Authority
Future Rental Commitments

<u>Fiscal Year</u>	<u>Rental Payments</u>
2020	\$10,176,660
2021	10,176,660
2022	10,176,660
2023	10,176,660
2024	10,176,660
2025-2029	50,883,300 ¹
2030-2034	50,883,300 ¹
2035-2039	50,883,300 ¹
2040-2044	50,883,300 ¹
2045-2049	50,883,300 ¹
2050-2054	50,883,300 ¹
2055-2059	50,883,300 ¹
2060-2064	50,883,300 ¹
2065-2069	45,794,970 ²
Total	<u>\$503,744,670</u>

¹ Total rental payments due during five Fiscal Year period. Rental payments are \$10,176,660 in each Fiscal Year.

² The current expiration date of the leases is December 31, 2068.

Source: San Diego County Regional Airport Authority

Capital Leases. The Authority also has entered into five-year capital lease agreements for office equipment that require monthly payments of \$6,849.

RDC Installment Purchase Agreement. The 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 SDIA, and the 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 SDIA. Distribution of these goods to various locations at SDIA is conducted by a single delivery service provided by Bradford Logistics. Pursuant to the RDC Installment Purchase Agreement, the Authority pays AFCO a monthly installment payment of \$73,108. The installment payments are payable from any legally available moneys of the 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 and the Subordinate Obligations (including the Subordinate Series 2020DE Bonds), 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 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 Authority may provide that all contractual payments derived by the 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 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 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 Authority.

In February 2014, the 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 SDIA. As of March 1, 2020, the Series 2014 Special Facilities Bonds were outstanding in the aggregate principal amount of \$293,985,000. The Series 2014 Special Facilities Bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of (a) the CFCs collected by the rental car companies operating at SDIA, (b) under certain circumstances, “Bond Funding Supplemental Consideration” payable by the rental car companies operating at SDIA, 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.”*

Senior and Subordinate Repayment Obligations. Under certain circumstances, the obligation of the 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 or secured by a pledge of and lien on the Subordinate Net Revenues on parity with the Subordinate Obligations (including the Subordinate Series 2020DE Bonds). If a Credit Provider or Liquidity Provider advances funds to pay principal of or purchase Senior Bonds, all or a portion of the 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 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 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 AUTHORITY

General

The Port District operated SDIA from 1963 until December 31, 2002. Pursuant to the Act, the California Legislature created the Authority and transferred, by long-term lease, the operations of SDIA to the Authority effective January 1, 2003.

The Authority is vested with four principal responsibilities: (a) operating the Airport System (the main asset of which is SDIA); (b) planning and operating any future airport that could be developed as a

supplement or replacement to SDIA; (c) developing a comprehensive land use compatibility plan as it 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 Authority is governed by a nine-member board of directors (the "Board"), 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 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.

Board Members	Occupation	Appointing Authority	Current Term Expires
<u>Executive Committee</u>			
C. April Boling (Chair)	Certified Public Accountant	Mayor, City of San Diego	January 31, 2021
Paul Robinson (Vice Chair)	Partner, Hecht Solberg Robinson Goldberg and Bagley LLP	Chair, San Diego County Board of Supervisors	January 31, 2023
Robert Lloyd	President/CEO, Lloyds Collision Center	Mayors, East County Cities	January 31, 2022
<u>General Members</u>			
Catherine Blakespear	Mayor, City of Encinitas	Mayor, North County Coastal Cities	January 31, 2023
Greg Cox	San Diego County Supervisor	Chair, San Diego County Board of Supervisors	January 31, 2022
Mark Kersey	Councilmember, City of San Diego	Mayor, City of San Diego	January 31, 2019 ¹
Johanna Schiavoni	Attorney	Mayor, City of San Diego	January 31, 2020 ²
Paul McNamara	Mayor, City of Escondido; Executive Director, MCRD Museum Foundation	Mayors, North County Inland City Mayors	January 31, 2021
Mark West	Councilmember, Imperial Beach	Mayors, South County Cities	January 31, 2021
<u>Ex-Officio Members</u>			
[Cory Binns]	District Director for the California Department of Transportation, San Diego Region	Governor, State of California	N/A
Colonel Charles Dockery	Commander, Marine Corps Air Station Miramar	United States Navy/United States Marine Corps	N/A
Gayle Miller	Chief Deputy Director, Policy at the Department of Finance, State of California	Governor, State of California	N/A

¹ Mr. Kersey will continue to serve on the Board until a successor is appointed and confirmed. Mr. Kersey could also be reappointed to the Board.

² Ms. Schiavoni will continue to serve on the Board until a successor is appointed and confirmed. Ms. Schiavoni could also be reappointed to the Board.

The fundamental powers and functions of the 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 Authority, and those persons and entities that interact with the Authority or utilize the premises and property of the 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 Authority's jurisdiction; and policies that address the 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 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 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, 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 Authority. The Executive Committee members may not be included in the direct operation of the facilities and the airports under the jurisdiction of the 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 his or her staff to review the operations of the 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, 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 Authority and review the operating and capital budget and financial plan, and major financial policies or actions of the 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.

Each committee is required to include one Executive Committee member. 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 Authority's policies.

Executive Management

Kimberly J. Becker, President and CEO. Kimberly J. Becker was appointed President and CEO of the Authority on May 1, 2017. As President/CEO, Ms. Becker is responsible for management oversight of the Authority and SDIA and the Authority's annual operating budget and five-year capital budget. Prior to joining the Authority, Ms. Becker served as Director of Aviation for the Norman Y. Mineta San José International Airport ("San José Airport") from 2013 to 2017. Prior to being appointed the Director of Aviation for San José Airport, she was appointed the Chief Operating Officer for the San José Airport in 2011, and the Assistant Director of Aviation at San José 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. She is a member

of the California Airports Council Board of Directors, the Gateway Airports Council Committee of Directors and a board member of the American Association of the Airport Executives International Facilitation Committee. Ms. Becker actively serves as a U.S. Policy Council Member and Large Hub Committee Member for Airports Council International – North America, where she participates in policy discussions that affect U.S. airports. Locally, she serves on the Boards of the San Diego Regional Chamber of Commerce, the San Diego Regional Economic Development Corp. and the San Diego Tourism Authority. 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 Authority. Mr. Brickner held various senior management positions in the private sector prior to joining the Authority in 2009. He currently leads the Authority's Accounting, Airline Relations, Finance & Risk Management, Information & Technology Services, and Procurement functions. Since joining the Authority, Mr. Brickner has led three airport revenue bond financings, and one special facility revenue bond financing totaling over \$1.5 billion. In 2016, he received the CFO of the Year Award from the San Diego Business Journal. Mr. Brickner serves on the Board of the San Diego Chapter of Financial Executives International and also serves on the Finance Committee of ACI. In 2019, he was named ACI's Financial Professional of the Year for large hub airports. 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 Operations Officer. Angela Shafer-Payne is the Vice President, Chief Operations Officer of the Authority. Ms. Shafer-Payne oversees airside and landside operations, aviation security and public safety, ground transportation and facilities maintenance. She has been with SDIA since 1995, during which time she has held various leadership positions. One of Ms. Shafer-Payne's most notable achievements was her instrumental role in establishing and setting up the Authority, effectually separating SDIA 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.

Dennis Probst, Vice President, Chief Development Officer. Dennis Probst is the Vice President, Chief Development Officer of the Authority. Mr. Probst oversees all aspects of planning, environmental affairs, capital improvements and facilities development. Major projects completed under his leadership include the new Federal Inspection Services ("FIS") facility and the Terminal 2 Parking Plaza. Mr. Probst is currently overseeing the largest planned development program in the Authority's history, the ADP. Prior to joining the Authority in December 2017, he was the Chief Operating Officer for the Metropolitan Airports Commission (Minneapolis-St. Paul). In that role, Mr. Probst was responsible for airport planning and development activities, information technology functions, and management and operation of Minneapolis-St. Paul International Airport and six general aviation airports in the Twin Cities metropolitan area. Mr. Probst holds a Bachelor of Science degree in civil engineering, a bachelor of arts degree in architecture and a master of architecture degree from Iowa State University.

Lee Parravano, Chief Auditor. Lee Parravano is the Chief Auditor for the Authority. Prior to joining the Authority on April 4, 2018, Mr. Parravano served for five years as the Internal Auditor at the San Diego City Employees' Retirement System, the Authority's pension plan administrator. He also worked for White Nelson Diehl Evans, an accounting, audit, and tax management advisory firm, as a senior audit manager for 11 years. Mr. Parravano 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, and a Chartered Global Management Accountant.

Amy Gonzalez, General Counsel. Amy Gonzalez serves as the General Counsel for the Authority. She has served as an attorney representing the Authority since 2003. Prior to joining the 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 20 years of experience representing public entities, and, for the past 19 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 California Western School of Law.

Employees and Labor Relations

The Authority employs approximately 409 full-time employees. Approximately 133 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 133 employees are governed by a labor agreement between the Authority and Teamsters Local 911, which will expire on September 30, 2020.

The Authority has never experienced any disruption in its operations due to labor related matters.

SAN DIEGO INTERNATIONAL AIRPORT

Introduction

SDIA is located approximately three miles northwest of downtown San Diego on 661 acres of land. SDIA is bounded by San Diego Bay, military facilities and residential areas. Dedicated on August 16, 1928, SDIA was originally named “San Diego Municipal Airport—Lindbergh Field.” SDIA 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 SDIA 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 SDIA jet-ready long before jet passenger planes came into widespread service.

SDIA 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 SDIA 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 SDIA is relocated and the current location is no longer used by the Authority for airport purposes, all of the 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, SDIA is the busiest single-runway commercial airport in the United States. SDIA 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 January 2020, SDIA handled air transportation for 17 passenger airlines. In Fiscal Year 2019, SDIA enplaned approximately 12.4 million passengers (which represented an approximately 5.3% increase in enplaned passengers from the fiscal year ended June 30, 2018). For the calendar year ended December 31, 2019, approximately 96% of the passengers using SDIA were O&D passengers. According to ACI statistics, for the calendar year ended December 31, 2018, SDIA was ranked as the 24th busiest airport in the country as measured by total number of enplaned and deplaned passengers.

Pursuant to the Act, the Authority was required to study alternative sites for relocating SDIA and proposing a county-wide ballot measure regarding the relocation of SDIA. After a thorough study, the Authority concluded that the best alternative for relocating SDIA 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 Authority’s proposal to move SDIA to Marine Corps Air Station-Miramar. At this time, the Board does not plan to pursue relocation of SDIA from its current location.

Existing Facilities

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 SDIA 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. SDIA has a system of taxiways leading to and from the terminal area on the south side of SDIA, and to and from the north side of SDIA which is used by cargo and general aviation aircraft. See “CERTAIN INVESTMENT CONSIDERATIONS—Restrictions on Airport Facilities and Operations.”

Passenger services at SDIA are located in two terminals, Terminal 1 and Terminal 2 (consisting of Terminal 2 East and Terminal 2 West). Terminals 1 and 2 provide a total of 51 aircraft gates. Terminal 1, the oldest terminal at the Airport, was opened in 1967 and renovated in 1994 and 1997. Terminal 1 is approximately 257,500 square-feet, with 19 aircraft gates. 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. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Airport Development Plan” for a discussion of the Authority’s plans to potentially replace Terminal 1 with a new terminal of up to 30 gates.

Approximately 6,800 public parking spaces, operated by the Authority, are currently available at the Airport, including (a) approximately 5,141 short-term parking spaces located directly in front of Terminals 1 and 2 (consisting of two surface lots and the new Terminal 2 Parking Plaza that opened in 2018), (b) approximately 1,123 long-term parking spaces located in a remote lot, (c) approximately 84 spaces in a free cell phone lot located east of the Authority’s administration offices, and (d) approximately 450 valet parking spaces, with curb-side drop-off in front of Terminals 1 and 2. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Airport Development Plan” for a discussion of the Authority’s plans to potentially construct a new parking structure adjacent to Terminal 1 that would contain approximately 5,500 parking spaces, which, when combined with the parking spaces that will be lost as a result of the ADP, will add a total of approximately 650 new, permanent parking spaces at the Airport.

The on-Airport rental car companies operate from the newly constructed “Rental Car Center” that 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, and is located on approximately 24.8 acres on the north-side of the Airport. The Rental Car Center opened in January 2016. 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.”

Air cargo facilities at the Airport currently provide approximately 69,000 square feet of building space in three buildings on approximately 6.7 acres of land. In September 2019, the Authority began constructing a new 80,000 square foot passenger airline belly cargo and provisioning facility consisting of an approximately 80,000 square foot building located on approximately eight acres of land on the south side of the Airport. The Authority currently anticipates that a portion of the facility will be leased to various airlines operating at the Airport. The Authority expects a third party will operate the remaining portion of the facility as a common cargo transfer point for international and smaller air carriers’ cargo and logistics needs. The Authority is currently negotiating the terms of separate lease agreements for the facility. The Authority expects the facility to be completed and operations beginning in late 2020.

The Authority also has selected a developer to design, build, finance, operate and maintain a new, 100,000 square foot, integrated cargo operator facility and an aircraft ramp on the northside of the Airport (the “North Cargo Facility”). See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Third-Party Financed Projects” for additional information on the North Cargo Facility.

Various other facilities are located at the Airport or on land located near the Airport, including, among others, a control tower, central utilities plant and fuel facilities. The previous Commuter Terminal, a three-story building with approximately 133,000 square-feet, currently serves as the offices of the Authority. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Airport Development Plan” for a discussion of the Authority’s plans to construct new administrative offices as a result of the demolition of the Commuter Terminal in connection with construction of the new Terminal 1.

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Air Carriers Serving SDIA

As of January 2020, 17 passenger airlines provided service from SDIA to a total of 64 U.S. cities and nine international cities, and five air carriers provided scheduled all-cargo service at SDIA. The following table sets forth the air carriers serving SDIA as of January 2020. See “AIRLINE INDUSTRY INFORMATION.”

TABLE 5
San Diego International Airport
Air Carriers Serving San Diego International Airport
(As of January 2020)

U.S. Carriers	Foreign Flag Carriers	All-Cargo Carriers
Alaska Airlines ¹	Air Canada ⁵	Ameriflight
Allegiant Air	British Airways	Atlas Air
American Airlines ²	Edelweiss Air	FedEx
Delta Air Lines ³	Japan Airlines	United Parcel Service
Frontier Airlines	Lufthansa Airlines	West Air
Hawaiian Airlines	WestJet Airlines	
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 Operated by American Airlines and regional affiliates, Compass Air and SkyWest Airlines.

³ Operated by Delta Air Lines and regional affiliates, Compass Air and SkyWest Airlines.

⁴ Operated by United Airlines and regional affiliate, SkyWest Airlines.

⁵ Operated by affiliates, Air Canada Jazz and Air Canada Jazz Rouge.

Source: San Diego County Regional Airport Authority

Aviation Activity

In Fiscal Year 2019, SDIA enplaned approximately 12.4 million passengers (which represented an approximately 5.3% increase in enplaned passengers from the fiscal year ended June 30, 2018). For the calendar year ended December 31, 2018, approximately 96% of the passengers using SDIA were O&D passengers. According to ACI statistics, for the calendar year ended December 31, 2018, SDIA was ranked as the 24th busiest airport in the country as measured by total number of enplaned and deplaned passengers. During January 2020, passenger airlines and cargo carriers were operating approximately 275 departures daily at SDIA.

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The following table sets forth the total domestic and international enplanements and total deplanements at SDIA for the last ten Fiscal Years and the first six months of Fiscal Years 2019 and 2020. Over the last ten Fiscal Years, total enplanements increased approximately 46%, with domestic enplanements increasing approximately 42% and international enplanements increasing approximately 356%.

TABLE 6
San Diego International Airport
Total Enplanements and Deplanements

Fiscal Year	Enplanements					Deplanements		Total Enplanements and Deplanements		
	Domestic Enplanements	Percent of Total	International Enplanements	Percent of Total	Total Enplanements	Percent Change	Total Deplanements	Percent Change	Total Enplanements and Deplanements	Percent Change
2010	8,339,147	98.6%	114,739	1.4%	8,453,886	(1.0)%	8,463,709	(0.9)%	16,917,595	(0.9)%
2011	8,316,322	98.5	124,798	1.5	8,441,120	(0.2)	8,427,612	(0.4)	16,868,732	(0.3)
2012	8,323,734	97.1	251,741	2.9	8,575,475	1.6	8,562,938	1.6	17,138,413	1.6
2013	8,460,959	96.8	276,658	3.2	8,737,617	1.9	8,703,351	1.6	17,440,968	1.7
2014	8,745,640	96.3	336,604	3.7	9,082,244	3.9	9,062,886	4.1	18,145,130	4.0
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
<i>First Six Months¹</i>										
2019	6,012,296	95.7%	272,232	4.3%	6,284,528	–	6,297,231	–	12,581,759	–
2020	6,282,391	95.9	270,978	4.1	6,553,369	4.3%	6,553,597	4.1%	13,106,966	4.2%

¹ July 1 through December 31. Results for the first six months of Fiscal Year 2020 may not be indicative of results for the full Fiscal Year 2020. See “CERTAIN INVESTMENT CONSIDERATIONS—COVID-19.”

Source: San Diego County Regional Airport Authority

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The following table sets forth total revenue operations (landings and takeoffs) at SDIA for Fiscal Years 2010 through 2019 and the first six months of Fiscal Years 2019 and 2020.

TABLE 7
San Diego International Airport
Revenue Operations

Fiscal Year	Total Operations¹	Operations Growth
2010	194,509	(6.8)%
2011	186,181	(4.3)
2012	186,196	0.0
2013	187,322	0.6
2014	187,757	0.2
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
 <i>First Six Months²</i>		
2019	115,894	—
2020 ³	119,317	3.0%

¹ For revenue-related departures and arrivals.

² July 1 through December 31. Results for the six three months of Fiscal Year 2020 may not be indicative of results for the full Fiscal Year 2020. See “CERTAIN INVESTMENT CONSIDERATIONS—COVID-19.”

³ Estimated.

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 six months of Fiscal Years 2019 and 2020.

TABLE 8
San Diego International Airport
Historical Enplaned and Deplaned Freight and U.S. Mail Cargo
(in tons)

<u>Fiscal Year</u>	<u>Freight</u>	<u>Annual Percentage Change</u>	<u>U.S. Mail</u>	<u>Annual Percentage Change</u>	<u>Total</u>	<u>Annual Percentage Change</u>
2010	108,823	3.9%	16,690	4.1%	125,513	3.9%
2011	122,204	12.3	16,802	0.7	139,005	10.7
2012	136,036	11.3	17,335	3.2	153,370	10.3
2013	138,760	2.0	18,265	5.4	157,025	2.4
2014	145,831	5.1	19,135	4.8	164,966	5.1
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	24,198	9.2	191,550	1.6
2019	162,231 ¹	(3.1)	24,238	1.0	186,469	(2.5)
<i>First Six Months</i> ²						
2019	84,838	—	N/A ³	—	84,838	—
2020 ³	77,667	(8.5)%	N/A ³	—	77,667	(8.5)%

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 July 1 through September 30. Results for the first six months of Fiscal Year 2020 may not be indicative of results for the full Fiscal Year 2020. See “CERTAIN INVESTMENT CONSIDERATIONS—COVID-19.”

³ In accordance with new rules imposed by the U.S. Postal Service, as of August 2019, FedEx ceased reporting U.S. Mail tonnage. Over the last several years, FedEx carried approximately two-thirds of all U.S. Mail out of SDIA.

Source: San Diego County Regional Airport Authority.

Enplanements by Air Carriers

The following table presents total enplanements for each air carrier serving SDIA for the last five Fiscal Years. For Fiscal Year 2019, Southwest accounted for approximately 37.7% of the enplanements at SDIA, 35.7% of the landed weight at SDIA and 14.4% of the operating revenues of the Authority. Over the past five Fiscal Years, Southwest has enplaned about one-third of the passengers at SDIA. Since approximately 96% of the passengers using SDIA are O&D passengers (based on calendar year 2019 enplanements), and the Authority relies very little on connecting enplanements, the Authority believes that any reduction in service by Southwest would probably be absorbed by one or more other airlines operating at SDIA.

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TABLE 9
San Diego International Airport
Enplanements By Air Carriers
(Ranked on 2019 Results)¹

Air Carrier	Fiscal Year 2015	2015 Percent Share	Fiscal Year 2016	2016 Percent Share	Fiscal Year 2017	2017 Percent Share	Fiscal Year 2018	2018 Percent Share	Fiscal Year 2019	2019 Percent Share
Southwest	3,736,688	38.5%	3,840,455	37.6%	3,967,487	37.4%	4,457,984	38.0%	4,656,029	37.7%
Alaska ²	1,172,634	12.1	1,249,548	10.9	1,326,087	10.7	1,578,470	13.5	1,702,289	13.8
United ³	1,180,300	12.2	1,347,650	11.4	1,396,671	11.9	1,501,572	12.8	1,593,244	12.9
Delta ⁴	1,268,168	13.1	1,234,034	10.4	1,268,737	10.3	1,362,135	11.6	1,504,544	12.2
American ⁵	1,398,936	14.4	1,495,078	13.4	1,454,495	12.6	1,492,627	12.7	1,467,899	11.9
Spirit	252,219	2.6	327,183	3.2	287,208	2.7	318,201	2.7	323,623	2.6
Frontier	150,595	1.6	118,990	1.2	180,235	1.7	254,760	2.2	277,320	2.2
JetBlue	178,590	1.8	182,605	1.8	224,700	2.1	248,325	2.1	230,909	1.9
Hawaiian	96,963	1.0	102,462	1.0	107,776	1.0	108,971	0.9	149,744	1.2
Air Canada ⁶	41,175	0.4	48,985	0.5	93,274	0.9	110,684	0.9	130,404	1.1
British Airways	84,263	0.9	89,723	0.9	90,200	0.9	82,543	0.7	83,492	0.7
Japan Airlines	59,372	0.6	59,647	0.6	59,916	0.6	62,034	0.5	66,688	0.5
Lufthansa	0	0.0	0	0.0	0	0.0	13,037	0.1	49,974	0.4
WestJet	33,723	0.3	34,516	0.3	41,043	0.4	39,285	0.3	42,939	0.3
Sun Country Airlines	28,732	0.3	34,886	0.3	40,109	0.4	41,466	0.4	40,167	0.3
Allegiant	7,406	0.1	16,825	0.2	49,480	0.5	44,934	0.4	30,750	0.2
Others ⁶	<u>23,302</u>	<u>0.2</u>	<u>23,635</u>	<u>0.2</u>	<u>9,065</u>	<u>0.0</u>	<u>14,805</u>	<u>0.1</u>	<u>6,271</u>	<u>0.1</u>
Total Enplanements	<u>9,713,066</u>	<u>100.0%</u>	<u>10,206,222</u>	<u>100.0%</u>	<u>10,596,483</u>	<u>100.0%</u>	<u>11,731,833</u>	<u>100.0%</u>	<u>12,356,286</u>	<u>100.0%</u>

¹ Totals may not add due to rounding.

² In December 2016, Alaska Air Group acquired Virgin America Inc. Alaska and Virgin received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. Enplanements are for Alaska, Virgin America 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.

⁵ Effective December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc. American Airlines and US Airways began operating as a single airline (under the American brand) in October 2015. Enplanements are for both American and US Airways and American's regional carrier service provided by Compass.

⁶ Enplanements are for Air Canada Rouge and Jazz Aviation, both affiliates for Air Canada.

⁷ "Others" includes airlines that ceased operating at SDIA during the period shown in the table, and airlines with a Fiscal Year 2019 market share of less than 0.2%.

Source: San Diego County Regional Airport Authority

Landed Weight

The following table sets forth the total revenue landed weight for the largest passenger airlines and cargo carriers serving SDIA for the last five Fiscal Years, ranked on Fiscal Year 2019 results.

TABLE 10
San Diego International Airport
Total Revenue Landed Weight
(Ranked on Fiscal Year 2019 Results)
(in thousands of lbs.)¹

<u>Airline/Cargo Carrier</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2019% of Total</u>
Southwest	4,214,314	4,257,162	4,470,104	4,924,451	5,180,064	35.8%
Alaska ²	1,265,328	1,360,980	1,545,488	1,828,522	1,995,130	13.8
United ³	1,394,106	1,461,056	1,515,672	1,611,065	1,701,559	11.8
Delta ⁴	1,304,596	1,361,671	1,416,839	1,484,342	1,616,827	11.2
American ⁵	1,499,407	1,620,768	1,576,026	1,627,081	1,566,041	10.8
FedEx	384,686	444,038	390,716	388,782	375,807	2.6
Spirit	296,925	351,977	286,162	328,424	331,366	2.3
JetBlue	193,848	199,232	244,364	293,160	281,715	1.9
Frontier	153,880	115,238	167,590	232,794	247,145	1.7
Hawaiian	146,284	147,406	147,568	161,486	237,560	1.6
British Airways	166,980	183,760	217,360	208,926	210,432	1.5
United Parcel Service	127,660	135,318	146,778	143,678	138,860	1.0
Japan Airlines	138,700	139,080	139,626	138,745	138,700	1.0
Air Canada ⁶	48,216	57,375	101,552	116,381	138,417	1.0
Lufthansa	0	0	0	29,727	103,322	0.7
Atlas Air	28,560	72,890	71,988	70,278	71,076	0.5
Sun Country	35,163	41,302	48,589	49,687	44,972	0.3
WestJet	36,080	37,144	44,880	39,488	42,540	0.3
Allegiant	7,053	17,403	57,227	47,516	31,927	0.2
Others ⁷	<u>81,933</u>	<u>49,115</u>	<u>27,538</u>	<u>45,412</u>	<u>27,770</u>	<u>0.2</u>
Total	<u>11,523,720</u>	<u>12,052,913</u>	<u>12,616,066</u>	<u>13,769,945</u>	<u>14,481,229</u>	<u>100.0%</u>
Annual % Change	3.0%	4.6%	4.7%	9.1%	5.2%	

¹ Totals may not add due to rounding.

² In December 2016, Alaska Air Group acquired Virgin America Inc. Alaska and Virgin received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. Landed weight is for Alaska, Virgin America and Alaska's regional carrier service provided by Horizon and SkyWest.

³ Landed weight is for United and its regional carrier service provided by SkyWest.

⁴ Landed weight is for Delta and its regional carrier service provided by Compass and SkyWest.

⁵ Effective December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc. American Airlines and US Airways began operating as a single airline (under the American brand) in October 2015. Landed weight is both American and US Airways and American's regional carrier service provided by Compass.

⁶ Landed weight is for Air Canada Rouge and Jazz Aviation, both affiliates for Air Canada.

⁷ "Others" includes airlines/cargo carriers that ceased operating at SDIA during the period shown in the table, and airlines/cargo carriers with a Fiscal Year 2019 market share of less than 0.2%.

Source: San Diego County Regional Airport Authority

Emergency Preparedness

The 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 SDIA 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 Authority also has prepared a Business Continuity Plan (“BCP”) to assist the organization in managing (a) minor events - business disruptions impacting a single Authority function/department, (b) moderate events – business disruptions impacting multiple Authority functions/department, and (c) major events – business disruptions impacting the entire Authority/SDIA. 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 SDIA 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 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 Authority’s internal Audit department periodically reviews the BCP and provides comments and suggestions for its improvement.

The 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 SDIA and the Authority. However, the Authority cannot predict whether SDIA would need to cease operations in the event of an emergency or what types of emergencies would cause SDIA to cease operating. The Authority is not able to predict for how long SDIA would be closed and whether the Authority’s reserves would be adequate to return SDIA to full operation in the event of a cessation of operations due to an emergency. [Under the current COVID-19 outbreak the Authority has activated its Financial Resilience Plan due to anticipated substantial impacts as a result of the outbreak. See “CERTAIN INVESTMENT CONSIDERATIONS—COVID-19.”]

AGREEMENTS FOR THE USE OF AIRPORT FACILITIES

The 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 SDIA.

Agreements with Passenger Airlines and All-Cargo Carriers

Airline Lease Agreements. The Authority has entered into separate, but substantially similar, Airline Operating and Lease Agreements (the “Airline Lease Agreements”) with 12 passenger airlines operating at SDIA (the “Signatory Passenger Airlines”) and 3 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, Delta, Frontier, Hawaiian, Japan Airlines, JetBlue, Southwest, Spirit, United and WestJet; and 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 SDIA. The Airline Lease Agreements have a term commencing on July 1, 2019 and terminating 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, JetBlue, Spirit, and WestJet) and Terminal 2 (Air Canada, Alaska, American, Delta, Hawaiian, Japan Airlines and United) 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. 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 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 SDIA are calculated based on a residual rate-setting methodology and the terminal rental rates at SDIA 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 SDIA 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, 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) 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, Major Maintenance Fund deposits and bad debt expenses attributable or allocable to the terminal, divided by (ii) the square footage of spaced 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 and aircraft parking position overnight fees. As described above, 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 Authority, plus (b) the Operation and Maintenance Expenses of the Airport System, minus (c) Revenues and PFCs used to pay debt service on the Senior Bonds, the Subordinate Obligations and any other indebtedness of the Authority.

Pursuant to the Airline Lease Agreements, for each Fiscal Year, the 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 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 Authority will review the rents, fees, and charges at least once during the Fiscal Year. If during any review the Authority finds that the estimated rents, fees, and charges vary by more than 5% from those originally budgeted or previously estimated by the Authority, the 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 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 Authority or the Signatory Airlines shall pay the 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 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 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 Authority to receive the approval of the Signatory Airlines for the construction of the projects included in the Master Plan, the Capital Program or the ADP. Under the Airline Lease Agreements the Signatory Airlines have agreed that the Authority can fund one or more Off-Airport Public Transportation Projects that are approved by the FAA. 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 \$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 Authority contribution cannot exceed \$350 million without Signatory Airline approval.

In accordance with the Airline Lease Agreement, the 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 Authority has agreed to deposit \$40 million to 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.

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 SDIA as its Affiliate, (b) have executed an Affiliate Airline Operating Agreement with the Authority and the Signatory Passenger Airline, (c) fly in or out of the Airport solely for the benefit of a Signatory Airline and providing 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 SDIA also apply to the Affiliate Airline’s operations at SDIA. In the event an Affiliate Airline fails to pay fees and charges to the 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 Passenger Airlines.

TABLE 11
San Diego International Airport
Signatory Passenger Airlines and Their
Affiliate Airlines

Signatory Passenger Airline	Affiliate Airline
Air Canada	Air Canada Rouge
Air Canada	Jazz Aviation
Alaska Airlines	Horizon Air
Alaska Airlines	SkyWest Airlines
American Airlines	Compass Air
Delta Air Lines	Compass Air
United Airlines	SkyWest Airlines

Source: San Diego County Regional Airport Authority

Non-Signatory Airline Operating Agreements. Passenger airlines and cargo carriers operating at SDIA 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 Allegiant, British Airways, Edelweiss, Lufthansa, Sun County, Ameriflight and WestAir. 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 Authority in Fiscal Year 2019.

Parking Agreement

The Authority has entered into an agreement with ACE Parking Management Inc. (“ACE Management”) for the management of the parking facilities at SDIA. The agreement with ACE

Management expires on September 30, 2021, however, the agreement has an option for two 1-year extensions, that may be exercised at the sole discretion of the Authority. The agreement requires ACE Management to remit the gross revenues from the parking facilities it operates, on a daily basis, to the Authority. As compensation for ACE Management's performance under the agreement, the Authority pays ACE Management a fixed annual management fee and reimburses ACE Management for expenses incurred in the management and operation of the parking facilities.

The Authority sets rates for parking in the Authority's public parking lots. For Fiscal Year 2020, long-term parking rates will be \$20 per day (\$15 per day with an advance reservation), and short-term parking rates will be \$6 for the first hour and a maximum of \$32 for the first day, with every additional day being \$32 per day (the daily rate is \$19 per day with an advance reservation).

For Fiscal Year 2020, valet parking rates will be \$40 per day. Customers who reserve parking in advance of arriving at SDIA pay a discounted rate for valet parking (\$35 per day). Public parking accounted for approximately \$46.7 million of operating revenues in Fiscal Year 2019, equal to approximately 15.8% of operating revenues or approximately 34.6% of nonairline revenues.

Rental Car Agreements

As of January 31, 2020, there were 12 rental car companies (operating a total of 18 brands) authorized by the Authority to provide rental car services at SDIA. All of the major national brands are represented at SDIA (Advantage, Alamo, Avis, Budget, Dollar, Enterprise, E-Z, Hertz, National, Thrifty and ZipCar) as well as regional brands (Fox, Nu Car, Payless and Silvercar by Audi) and local brands (Ace, Mex Rent a Car and Pacific). Fourteen of the brands lease space within and operate from the Rental Car Center (the "On-Airport Rental Car Companies"). The remaining four brands operate off-Airport by shuttling passenger between the Rental Car Center and their 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 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 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 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 Authority will have, at the 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 operated at the Airport pursuant to a Non-Exclusive Off-Airport Rental Car Concession Agreement.

In addition to the Rental Car Concession Agreements, the 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 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, on October 4, 2012, the Board authorized the following CFC collection rates on rental cars rented from the rental car companies operating at SDIA: \$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 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 Subordinate Series 2020DE Bonds).

The Authority received approximately \$34.3 million in payments (not including CFCs) from the On-Airport Rental Car Companies and Off-Airport Rental Car Companies in Fiscal Year 2019. The Authority recorded the receipt of approximately \$41.9 million of CFC revenues in Fiscal Year 2019. The CFC revenues are not pledged to or available to pay the Subordinate Series 2020DE 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.

Terminal Concessions, Advertising and Other Agreements

As part of its Concessions Development Program, the Authority entered into 18 leases with a variety of vendors for 83 food, beverage and retail units at SDIA. 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 expires 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 expires on a date 7 years after such date of available use. The leases provide for rental payments equal to the greater of a minimum annual guarantee (“MAG”) or a percentage of gross income. For Fiscal Year 2019, gross sales for food and beverage outlets were \$96.1 million, providing approximately \$14.0 million in operating revenues to the Authority (which equaled a percentage of the gross sales for food and beverage outlets). For Fiscal Year 2019, gross sales for gift, news and specialty retail outlets were \$50.7 million, providing approximately \$8.2 million in operating revenues to the Authority (which equaled a percentage of the gross sales for gift, news and specialty retail outlets).

Effective November 1, 2018, the Authority entered into a new in-terminal advertising lease with Clear Channel. The in-terminal advertising lease has a ten-year term and provides for payments from Clear Channel equal to the greater of a MAG or a percentage of gross income received by Clear Channel from advertisements at SDIA. From November 1, 2018 through June 30, 2019, gross advertising income was \$1.9 million, providing approximately \$1.0 million in operating revenues to the Authority.

The Authority also has entered into agreements with operators of vending machines, airport carts, ATMs and certain other concessionaires. Most of these operators pay the Authority the greater of a MAG or a percentage of gross income. Additionally, the Authority recovers certain costs of operating the concession program and collects a marketing fee from the concessionaires to promote the program.

FINANCIAL INFORMATION

Summary of Financial Operations

Budgeting Process. The 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 update, review and formulate the strategies and initiatives that will drive business 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 with the Authority's overall strategies and initiatives. The Board is briefed continually 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 of the first six months of the then-current Fiscal Year. In February and March departments submit budget requests reflecting operating needs and programs to achieve the Authority's strategies and initiatives. Meetings are held with each division to review their budget requests and weigh the cost/benefit impact, where appropriate.

To ensure that the budget is funded adequately and to maintain the Authority's strong financial condition, the Financial Management team prepares an airline revenue budget that incorporates budget expenditure requests into the rate setting formula to determine projected rates, fees and charges to the airlines and other tenants.

From April to June, proposed operational and capital program budgets are distributed to the Board and a budget workshop is held to review the materials for input and guidance. The Board adopts the budget as a whole, and it may be amended as required, with Board approval, at any time during the year.

On May 30, 2019, the Board adopted the budget for Fiscal Year 2020 and approved, in concept, the budget for Fiscal Year 2021. The conceptual budget for Fiscal Year 2021 approved by the Board will be brought back to the Board in 2020 for review, any needed revisions and final adoption.

In 2019, the Authority received its 14th 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 2019.

Fiscal Year 2020 Budget and Interim Results for Fiscal Year 2020. Budgeted operating and non-operating revenues for Fiscal Year 2020 are \$476.8 million, an increase of \$64.3 million (or 15.6%) over Fiscal Year 2019 budgeted operating and non-operating revenues. This increase can be primarily attributed to an increase in airline revenues, ground transportation revenue, rental car revenue, terminal concessions, PFCs, interest income and capital grant contributions. Budgeted expenses for Fiscal Year 2020 are projected to increase \$18.0 million, or 6.0%, over Fiscal Year 2019 budgeted expenses (which were \$299.7 million). This increase is primarily attributable to increases in debt service costs, personnel costs and utilities. The Fiscal Year 2020 budget assumes 12.6 million enplaned passengers, as compared to (a) 11.8 million enplaned passengers in the Fiscal Year 2019 budget (a 6.4% increase), and (b) 12.4 million actual enplaned passengers for Fiscal Year 2019 (a 2.2% increase).

Through January 31, 2020, operating Revenues exceeded budget by 2.9% and operating expenses were 3.3% under budget. PFC revenues exceeded budget by 3.6% and CFC revenues were flat to budget. Enplanements through January 2020 were 3.8% higher than the same period through January 2019 and

exceeded budget by 1.4%. Results for the first seven months of Fiscal Year 2020 may not be indicative of results for the full Fiscal Year 2020. See “CERTAIN INVESTMENT CONSIDERATIONS—COVID-19.”

Conceptual Fiscal Year 2021 Budget. Budgeted operating and non-operating revenues for Fiscal Year 2021 are \$496.1 million, an increase of \$19.3 million (or 4.0%) over Fiscal Year 2020 budgeted operating and non-operating revenues. This increase can be primarily attributed to an increase in airline revenues and ground transportation revenues. Budgeted expenses for Fiscal Year 2021 are projected to increase \$17.5 million, or 5.5%, over Fiscal Year 2020 budgeted expenses (which are \$317.6 million). This increase is primarily attributable to increases in debt service costs, personnel costs, safety and security costs and maintenance. The Fiscal Year 2021 budget assumes 12.8 million enplaned passengers, versus 12.6 million enplaned passengers in the Fiscal Year 2020 budget (a 2.0% increase). See “CERTAIN INVESTMENT CONSIDERATIONS—COVID-19.”

Internal Controls. The 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 Authority has external auditors who review the annual financial statements of the Authority and express an opinion that the contents present fairly, in all material respects, the financial condition of the Authority.

Debt Issuance and Management Policies. The Authority has established formal debt issuance and management policies (the “Debt Policies”) that were last amended by the Board in 2019. The Debt Policies contain the policies of the Authority that govern its existing and anticipated debt obligations. The Debt Policies contain, among other things, several goals and targets with respect to the Authority’s outstanding debt coverage ratios, airline costs per enplaned passenger, debt to enplaned passenger ratios and available liquidity. The Debt Policies include: (a) a debt service coverage target (Net Revenues (which, for purposes of the Debt Policies, includes PFCs used to pay debt service) divided by annual debt service) of 1.40 times for combined debt service on Senior Bonds and Subordinate Obligations; (b) a goal that the debt to enplaned passenger ratio will not exceed \$150 per enplaned passenger; and (c) a target of unrestricted reserves of 600 days of budgeted operating and maintenance expenses for the current fiscal year. The Debt Policies are only the internal goals and targets of the Authority. A failure of the 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 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. The 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. The Authority may not invest any funds in any security that could result in zero interest accrual and zero discount accretion if held to maturity. Investments that exceed five years to maturity require authorization by the Board at least 30 days prior to purchase.

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The following table sets forth a summary of the Authority’s investments as of June 30, 2019:

TABLE 12
San Diego County Regional Airport Authority
Investments
(As of June 30, 2019)

<u>Security Type</u>	<u>Market Value as of June 30, 2019</u>	<u>Percentage of Portfolio</u>
U.S. Agency Securities	\$135,540,168	25.6%
U.S. Treasuries	115,975,780	21.9
Medium Term Notes	67,172,042	12.7
San Diego County Investment Pool	56,765,755	10.7
Local Area Investment Fund (LAIF)	50,095,523	9.5
Collateralized Bank Demand Deposits	40,558,128	7.7
Negotiable Certificates of Deposit	18,914,775	3.6
Cal Trust	15,952,044	3.0
Certificates of Deposit	15,923,749	3.0
Supra Nationals	12,687,291	2.4
Money Market Fund	<u>153,611</u>	<u><0.0</u>
Total	<u>\$529,738,866</u>	<u>100.0%</u>

Source: San Diego County Regional Airport Authority June 30, 2019 Investment Report.

Derivatives Policy. In September 2007, the Board adopted a derivatives policy which provides guidelines to be used by the 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 Authority has not entered into any contracts for derivative financial products.

Summary of Financial Results

Financial Results for Fiscal Years 2015 through 2019. The following table summarizes the financial results from operations for the Authority for Fiscal Years 2015 through 2019. See “APPENDIX A—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018.” BKD, LLP, the Authority’s independent auditor, has not been engaged to perform, and has not performed, since the date of its report included in Appendix A attached hereto, any procedures on the financial statements addressed in that report. BKD, LLP also has not performed any procedures relating to this Official Statement.

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TABLE 13
San Diego County Regional Airport Authority
Statements of Revenues, Expenses and Change in Net Position
(Dollars in Thousands)¹

	<u>2015²</u>	<u>2016³</u>	<u>2017</u>	<u>2018⁴</u>	<u>2019</u>
Operating revenue:					
Aviation revenue					
Landing fees	\$ 21,390	\$ 23,985	\$ 24,612	\$ 23,900	\$ 24,816
Aircraft parking fees	2,716	2,701	2,927	3,236	3,471
Building rentals	48,153	53,536	56,575	62,241	70,912
Security surcharge	25,180	29,223	29,468	32,303	33,559
Other aviation revenue	4,893	2,760	2,799	1,476	1,596
Concession revenue	52,496	56,274	61,256	65,610	71,256
Parking and ground transportation revenue	41,633	48,106	49,407	53,254	62,818
Ground rentals	13,074	16,226	20,053	22,109	22,810
Other operating revenue	971	1,183	1,750	1,949	2,440
Total operating revenue	<u>210,505</u>	<u>233,994</u>	<u>248,847</u>	<u>266,079</u>	<u>293,679</u>
Operating expenses:					
Salaries and benefits	39,211	42,025	46,874	47,866	49,578
Contractual services	32,422	38,215	44,372	45,249	49,903
Safety & security	23,464	28,721	28,422	30,733	31,397
Space rental	10,433	10,367	10,190	10,190	10,191
Utilities	10,152	11,480	10,736	12,509	13,194
Maintenance	14,516	14,122	14,270	12,603	13,436
Equipment and systems	1,805	708	506	598	375
Material and supplies	519	536	611	656	657
Insurance	1,145	949	956	1,098	1,200
Employee development & support	1,136	1,242	1,347	1,248	1,045
Business development	2,493	2,390	2,347	3,246	2,630
Equipment rental and repair	2,951	2,852	3,095	3,124	3,614
Total operating expenses before depreciation and amortization	<u>140,250</u>	<u>153,608</u>	<u>163,726</u>	<u>169,120</u>	<u>177,219</u>
Income from operations before depreciation and amortization	70,255	80,386	85,121	96,959	116,460
Depreciation and amortization	81,887	87,821	95,229	105,532	124,329
Operating (loss)	<u>(11,632)</u>	<u>(7,435)</u>	<u>(10,108)</u>	<u>(8,573)</u>	<u>(7,869)</u>
Non-operating revenues (expenses):					
Passenger facility charges	38,517	40,258	42,200	46,953	49,198
Customer facility charges	32,465	33,208	36,528	41,037	41,919
Quieter Home Program, net	(2,811)	(3,698)	(785)	(2,747)	(3,192)
Joint Studies Program	(145)	(101)	-	(114)	(99)
Interest income	5,747	5,999	5,689	9,426	25,533
Interest expense	(55,187)	(50,636)	(58,179)	(68,411)	(74,501)
“Build America Bond” rebate	4,631	4,656	4,651	4,666	4,686
Other revenues (expenses), net	1,367	2,247	(14,676)	(9,281)	(510)
Non-operating revenue, net	<u>24,584</u>	<u>31,933</u>	<u>15,428</u>	<u>21,529</u>	<u>43,033</u>
Income before capital grant contributions	12,952	24,498	5,321	12,956	35,164
Capital grant contributions	10,765	10,477	1,904	13,079	8,213
Change in net position	23,717	34,975	7,224	26,035	43,378
Prior Period Adjustment	(7,995)	(1,767)	-	717	-
Net position, beginning of year	727,017	742,740	775,949	783,173	809,925
Net position, end of year	<u>\$742,740</u>	<u>\$775,949</u>	<u>\$783,173</u>	<u>\$809,925</u>	<u>\$853,302</u>

¹ Totals may not add due to rounding.

² Certain amounts for Fiscal Year 2015 were restated in accordance with Governmental Accounting Standards Board Statement No. 65.

³ Certain amounts for Fiscal Year 2016 were restated in accordance with Governmental Accounting Standards Board Statement No. 68.

⁴ Certain amounts for Fiscal Year 2018 were restated in accordance with Governmental Accounting Standards Board Statement No. 75.

Source: Derived from the audited financial statements of the Authority.

Management's Discussion of Fiscal Year 2019 Financial Results. Total operating revenue for Fiscal Year 2019 increased \$27.6 million or 10.4% over Fiscal Year 2018. Aviation revenue for Fiscal Year 2019 increased \$11.2 million or 9.1% over Fiscal Year 2018. The increase in total airline revenue was primarily due to an increased cost recovery for the airlines due to higher operating expenses and amortization of capital projects. A large component of airline revenues consist of terminal rentals which increased by \$8.7 million or 13.9% due to increased terminal operating costs and amortization of cash funded projects including the FIS project and other terminal improvements. Additionally, security surcharges increased by \$1.3 million or 3.9%, primarily due to an increase of the security checkpoint footprint and the higher terminal rental rate for the security checkpoints. Concession revenue increased by \$5.6 million or 8.6% reflecting increased enplanements and higher per-enplanement sales. Parking and ground transportation revenue increased by \$9.6 million or 18.0%, due to higher enplanements and new fees charged to Transportation Network Companies, such as Uber and Lyft ("TNCs") for drop-offs.

Operating expenses, before depreciation and amortization expense, for Fiscal Year 2019 increased by \$8.1 million, or 4.8%, from \$169.1 million in Fiscal Year 2018 to \$177.2 million. Contributing to this increase were the following: salaries and benefits increased \$1.7 million or 3.6%, mostly due to planned wage and benefit increases and increased pension contribution; and contractual services increased by \$4.7 million or 10.3%, as a result of increased shuttle services at the terminal and higher environmental costs. Maintenance costs increased by \$833,000 or 6.6% as a result of major refurbishments including the baggage handling systems and the Airfield Operating Area access stairs. Utilities increased by \$685,000, or 5.5%, due to expanded facilities including the new FIS and the Terminal 2 Parking Plaza along with rate increases from the utility company; and safety and security increased \$664,000, or 2.2%, reflecting an increase in employee screening in the terminals and higher airfield rescue and firefighting hourly rates and training.

Depreciation and amortization increased by \$18.8 million as both the FIS and the Terminal 2 Parking Plaza were brought into service.

Non-operating revenue (net) increased by \$21.5 million or 99.9% in Fiscal Year 2019. Investment income increased by \$16.1 million; a portion of the increase was caused by the Fiscal Year 2018 unrealized loss on investments of \$3.0 million swinging to an unrealized gain of \$8.8 million in Fiscal Year 2019. The \$11.8 million change was a result of investment yields falling at the end of the 2019 Fiscal Year. The remaining increase in investment income was mainly due to higher cash balances and higher investment rates of return. Additionally, in Fiscal Year 2018, the Authority wrote-down fixed assets of \$9.5 million, there was no substantive write down in Fiscal Year 2019. Other changes within the Non-operating revenue (net) line include an increase in interest expense of \$6.1 million which was offset by a \$2.2 million increase in PFCs and a \$881,000 increase in CFCs. Interest expense has risen due to a change in accounting treatment due to Governmental Accounting Standards Board Statement No. 89 where interest costs are fully expensed in the year they are incurred. The PFC revenue increase of 4.8% was due to increased enplaned passengers while the CFC increase of 2.1% was due to longer rental car contracts.

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Revenue Diversity

The following table sets forth the top ten operating revenue providers at SDIA for Fiscal Year 2019.

TABLE 14
San Diego County Regional Airport Authority
Top Ten Operating Revenue Providers
(Fiscal Year 2019)

	<u>Revenue Provider</u>	<u>Revenues</u>	<u>Percent of Total Operating Revenue</u>
1.	Southwest Airlines	\$42,358,547	14.4%
2.	Delta Air Lines	18,367,799	6.3
3.	United Airlines	18,335,068	6.2
4.	Alaska Airlines	17,436,299	5.9
5.	American Airlines	17,073,172	5.8
6.	Enterprise Holdings	12,779,605	4.4
7.	Hertz Global Holdings	11,538,847	3.9
8.	Uber Technologies	8,618,750	2.9
9.	SSP America	6,798,270	2.3
10.	High Flying Foods San Diego	6,373,271	2.2

Source: San Diego County Regional Airport Authority

The following table sets forth the top ten revenue sources at SDIA for Fiscal Year 2019.

TABLE 15
San Diego County Regional Airport Authority
Top Ten Operating Revenue Sources
(Fiscal Year 2019)

	<u>Source</u>	<u>Revenue</u>	<u>Percent of Total Operating Revenue</u>
1.	Terminal Rent-Airlines	\$70,911,566	24.1%
2.	Parking	46,584,799	15.9
3.	Security Surcharge	33,558,621	11.4
4.	Car Rental License Fees ¹	32,350,039	11.0
5.	Terminal Concessions	30,101,705	10.2
6.	Landing Fees	24,816,308	8.5
7.	Ground Rent	20,646,993	7.0
8.	Ground Transportation Fees	15,737,225	5.4
9.	Ground Handling Services	4,409,697	1.5
10.	Aircraft Parking Fees	3,471,363	1.2

¹ Excludes CFC revenues, of which the Authority recorded the receipt of \$41,918,554 in Fiscal Year 2019.
Source: San Diego County Regional Airport Authority

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Historical Debt Service Coverage

The following table shows historical senior and subordinate debt service coverage for Fiscal Years 2015 through 2019.

TABLE 16
San Diego County Regional Airport Authority
Historical Senior and Subordinate Debt Service Coverage

	2015	2016	2017	2018	2019
Net Revenues					
Revenues ¹	\$214,770,544	\$238,640,326	\$255,540,858	\$276,983,726	\$306,683,097
Operating and Maintenance Expenses	(142,781,639)	(151,327,219)	(151,455,699)	(157,246,523)	(165,925,555)
Net Revenues Available for Debt Service	<u>\$71,988,905</u>	<u>\$87,313,106</u>	<u>\$101,085,159</u>	<u>\$119,737,204</u>	<u>\$140,757,542</u>
Senior Debt Service²					
Senior Bonds ³					
Principal	\$ 2,030,000	\$ 2,090,000	\$ 2,155,000	\$ 2,240,000	\$ 2,320,000
Interest	18,034,575 ⁴	18,414,600	18,349,950	18,263,750	18,174,150
Less: PFCs Applied to Senior Debt Service	(8,669,966)	(9,490,326)	(9,548,626)	(9,547,482)	(9,544,262)
Total Senior Debt Service	<u>\$11,394,609</u>	<u>\$11,014,274</u>	<u>\$10,956,324</u>	<u>10,956,268</u>	<u>10,949,889</u>
Senior Debt Service Coverage	6.32x	7.93x	9.23x	10.93x	12.85x
Subordinate Debt Service⁵					
Subordinate Net Revenues Available for Debt Service					
	\$60,594,296	\$76,298,832	\$90,128,835	\$108,780,936	\$129,807,653
Subordinate Bonds ⁶					
Principal	\$ 8,665,000	\$ 9,000,000	\$ 9,430,000	\$14,830,000	\$15,895,000
Interest ⁷	26,853,179	26,495,600	26,085,029	37,197,656	37,917,500
Variable Rate Debt ⁸	6,736,945	6,760,189	7,000,066	7,335,123	7,497,649
Less: PFCs Applied to Subordinate Debt Service	(21,554,245)	(20,331,674)	(20,456,707)	(20,457,851)	(20,461,071)
Total Subordinate Debt Service	<u>\$20,700,879</u>	<u>\$21,924,115</u>	<u>\$22,058,389</u>	<u>\$38,904,928</u>	<u>\$40,849,078</u>
Subordinate Debt Service Coverage	2.93x	3.48x	4.09x	2.80x	3.18x
Aggregate Senior and Subordinate Debt Service					
Net Revenues Available for Debt Service	\$71,988,905	\$87,313,106	\$101,085,159	\$119,737,204	\$140,757,542
Aggregate Debt Service (Bonds)					
Principal	10,695,000	11,090,000	11,585,000	17,070,000	18,215,000
Interest ^{4,7}	44,887,754	44,910,200	44,434,979	55,461,406	56,091,650
Variable Rate Debt ⁸	6,736,945	6,760,189	7,000,066	7,335,123	7,497,649
Less: PFCs Applied to Senior and Subordinate Debt Service	(30,224,211)	(29,822,000)	(30,005,333)	(30,005,333)	(30,005,333)
Total Aggregate Debt Service	<u>\$32,095,488</u>	<u>\$32,938,389</u>	<u>\$33,014,712</u>	<u>\$49,861,196</u>	<u>\$51,798,966</u>
Aggregate Debt Service Coverage	2.24x	2.65x	3.06x	2.40x	2.72x

¹ 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.

² Senior Debt Service is calculated pursuant to the provisions of the Master Senior Indenture.

³ Includes principal of and interest paid on the Senior Series 2013 Bonds.

⁴ Net of interest paid with proceeds of the Senior Series 2013 Bonds through July 1, 2015.

⁵ Subordinate Debt Service is calculated pursuant to the provisions of the Master Subordinate Indenture.

⁶ Includes principal of and interest paid on the Subordinate Series 2010 Bonds and the Subordinate Series 2017 Bonds.

⁷ Net of interest paid with proceeds of the Subordinate Series 2017 Bonds through January 1, 2019 and the Federal Direct Payments received by the Authority with respect to the Subordinate Series 2010C Bonds.

⁸ Includes principal and interest paid on the Subordinate Revolving Obligations, and commitment fees paid to the Subordinate Revolving Obligation Bank and the Subordinate Drawdown Bond Purchaser.

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 SDIA for the past five Fiscal Years.

TABLE 17
San Diego International Airport
Airline Derived Revenue Per Passenger

Airline Revenues	2015	2016	2017	2018	2019
Landing Fees ¹	\$21,616,219	\$ 24,073,489	\$ 24,856,800	\$ 24,001,147	\$ 24,973,853
Aircraft Parking Fees ²	2,715,854	2,701,219	2,926,972	3,235,788	3,471,363
Terminal Rentals ^{1,3}	48,227,864	51,389,765	54,235,615	59,578,125	65,821,092
FIS Use Charges	710,178	735,034	845,360	997,616	3,532,491
Security Surcharge	25,179,679	29,223,097	29,468,089	32,303,267	33,558,621
Common Use Charges	1,254,818	1,152,458	1,181,660	1,292,569	1,407,707
Total Airline Revenue	\$99,704,612	\$109,275,061	\$113,514,496	\$121,410,530	\$132,765,126
Enplaned Passengers	9,713,066	10,206,222	10,596,483	11,728,880	12,356,286
Airline Derived Revenue Per Passenger	\$10.26	\$10.71	\$10.71	\$10.35	\$10.74

¹ Excludes rebates.

² Amount excludes general aviation remote overnight parking.

³ Excludes Executive Lounge rent of approximately \$1.4 million in Fiscal Year 2016, \$1.5 million in Fiscal Year 2017, \$1.7 million in Fiscal Year 2018, and \$1.8 million in Fiscal Year 2019.

Source: San Diego County Regional Airport Authority

Projected Enplanements and Financial Results

In connection with the issuance of the Subordinate Series 2019 Bonds and the Subordinate Series 2020ABC Bonds, the Authority engaged Unison Consulting, Inc. (the “Feasibility Consultant”) to deliver the Financial Feasibility Report dated November 6, 2019 (the “Financial Feasibility Report”). The Financial Feasibility Report included, among other things, a description of the underlying economic base of SDIA’s air service area; a description of historical air traffic activity at SDIA; the Feasibility Consultant’s projections for air traffic activity at SDIA through Fiscal Year 2024 and a description of the assumptions on which such projections were based; a description of existing and planned facilities at SDIA; and the Feasibility Consultant’s projections of debt service, debt service coverage, expenses and revenues through Fiscal Year 2024 and a description of the assumptions upon which such projections were based. The Feasibility Consultant’s “base case” forecast projected enplanements at SDIA would increase from 12.36 million in Fiscal Year 2019 to 13.47 million in Fiscal Year 2024; aggregate debt service coverage on the Senior Series 2013 Bonds, the Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds and the Subordinate Series 2020ABC Bonds would range from 331% in Fiscal Year 2020 to 210% in Fiscal Year 2024; and costs per enplanement would range from \$14.01 per passenger in Fiscal Year 2020 to \$16.74 per enplanement in Fiscal Year 2024. The projections set forth in the Financial Feasibility Report did not take into account the construction costs, revenues, expenses or debt service payments that would result from the construction, operation, maintenance and financing of the ADP. The Financial Feasibility Report also was not updated to take into account the final debt service on the Subordinate Series 2019 Bonds and the Subordinate Series 2020ABC Bonds, or the debt service savings that the Authority will realize with the refunding of the Subordinate Series 2010 Bonds and the Subordinate Series 2010C Bonds.

The Authority did not engage the Feasibility Consultant to provide an update to the Financial Feasibility Report for inclusion in this Official Statement. Investors are cautioned that the assumptions and estimates underlying the forecasted financial information included in the Financial Feasibility Report (some of which forecasted information is described in the prior paragraph) are inherently uncertain and, though considered reasonable by the management of the Authority as of the date of the report, 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” (see specifically the discussion under “CERTAIN INVESTMENT CONSIDERATIONS—COVIA-19”) below. Accordingly, there can be no assurance that the forecasted results included in the Financial Feasibility Report are indicative of the future performance of the Authority or SDIA or that actual results will not be materially higher or lower than those contained in the forecasted financial information. Inclusion of the forecasted financial information stated above should not be regarded as a representation by any person that the results contained in the forecasted financial information will be achieved.

Pension and Retirement Plans

Authority Pension Plan. All full-time employees of the Authority are eligible to participate in the Authority’s defined-benefit pension plan, the Amended and Restated San Diego County Regional Airport Authority Retirement Plan and Trust of 2013 (the “Authority Pension Plan”), which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The 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 Authority, and is administered by the Retirement Board of Administration (the “Retirement Board”). Each of the 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 what level of contributions are required to achieve and maintain an appropriate funded status for the 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 Authority to pay a portion of the employees’ contributions. For Fiscal Year 2019, the Authority’s contribution rate was 24.43% as a percentage of covered payroll, as compared to 23.49% for Fiscal Year 2018. These contribution rates were greater than the actuarially determined contribution rates. For Fiscal Year 2019, the Authority contributed approximately \$7.78 million to the Authority Pension Fund, and for Fiscal Year 2018, the Authority contributed approximately \$7.25 million to the Authority Pension Fund. For Fiscal Year 2020, the Authority expects to contribute approximately \$8.4 million to the Authority Pension Fund. The Authority has always made its full required contributions to the Authority Pension Plan. The Authority cannot predict the levels of funding that will be required in the future.

See “Note 6. Defined-Benefit Plan” in the Authority’s financial statements for the year ended June 30, 2019 attached hereto as “APPENDIX A—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018” for more information on the Authority’s Pension Plan. Additionally, complete copies of SDCERS’ comprehensive annual financial reports and the actuarial reports with respect to the 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.

Postemployment Health Benefits. In addition to the pension benefits provided under the Authority Pension Plan, the 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 Authority’s Postemployment Health Benefits.

For Fiscal Year 2019, the Authority paid approximately \$603,000 for Postemployment Health Benefits, as compared to \$462,000 for Fiscal Year 2018. For Fiscal Year 2020, the Authority expects to pay approximately \$650,000 for Postemployment Health Benefits.

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 voluntary employee beneficiary association plan (“VEBA”). Currently, 261 employees of the Authority participate in VEBA. The Authority contributes approximately \$600 per year to VEBA for each employee that participates, and each participating employee must contribute \$300 per year. Upon their retirement, participants in VEBA may use the amounts deposited to VEBA by the Authority and the participant to pay for medical expenses.

See “Note 9. Other Postemployment Benefits” in the Authority’s financial statements for the year ended June 30, 2019 attached hereto as “APPENDIX A—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018” for more information on the Authority’s Postemployment Health Benefits.

Risk Management and Insurance

Pursuant to the Senior Indenture and the Subordinate Indenture the 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 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 Authority may satisfy some of these insurance requirements through qualified self-insurance or self-insured retentions.

The 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 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 Authority maintains a property insurance policy with limits of \$1 billion 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 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, 2019, the Authority had designated approximately \$11 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 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 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 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 2019, there were no reductions in insurance coverage from the prior year.

The Authority also has an active loss prevention program staffed by a Risk Manager, a Manager of Employee Safety and Wellness, a Risk Analyst, a Safety & Loss Prevention Analyst and two Administrative Assistants. All employees receive regular safety training. Loss control engineers from the Authority’s property and casualty insurers conduct annual safety survey and site inspections. Claims are monitored and administered by Willis Towers Watson, with Authority oversight and control.

DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT

Master Plan

In May 2008, the Board approved the Airport Master Plan for San Diego International Airport (the “Master Plan”), which was developed to address requirements for accommodating near term passenger growth at the Airport through 2015 and to consider conceptual improvements through 2030. The Master Plan’s primary goals included, among others, the improvement of air service and customer service, the improvement of safety and security at the Airport, the efficient utilization of property and facilities, and the enhancement of the Airport access as part of the region’s transportation system.

The Master Plan consisted of four components: airfield, terminal, ground transportation and airport support. The airfield component included aircraft movement areas such as 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.

The five primary steps of the Master Plan process included: (a) preparation of an aviation forecast; (b) development of facility requirements and draft preliminary concepts; (c) preparation of the preferred development concept (including development of an array of concepts for the Airport facilities, coordination of the Airport tenants and airlines, development of an off-airport transit plan); (d) preparation of a preliminary financial analysis, including development of a cost estimate on preliminary concepts and the financial feasibility of major project components; and (e) State/federal environmental analyses and State coastal permitting.

The Master Plan identified several near-term improvement needs for SDIA. The Authority developed its Green Build Program to implement certain of these near-term improvements at SDIA. The

Green Build Program, which was substantially completed in August 2013 for approximately \$811 million, consisted of, among other improvements: (i) constructing 10 new gates on Terminal 2 West, (ii) constructing a new aircraft parking apron and aircraft taxi lane, (iii) expanding vehicle circulation serving Terminal 2 East and West by constructing a dual-level roadway featuring an arrivals curb on level one and a departures curb on level two, (iv) expanding concession areas in Terminal 2 West by providing more dining and shopping options, (v) constructing an improved/expanded security checkpoint in Terminal 2 West, and (vi) constructing new holding areas at the gates in Terminal 2 West.

In addition to the Green Build Program, the Authority's planning and development of the northside of the Airport was part of the Master Plan near-term improvements, which included the Rental Car Center and the new general aviation facilities.

Airport Development Plan

In 2012, the Authority embarked on a new master-planning effort for SDIA, known as the "Airport Development Plan" (the "ADP"), to identify the facilities needed to meet the Airport's passenger demand through 2035. SDIA has had record-breaking growth over the last five Fiscal Years with approximately 24.7 million passengers being served in Fiscal Year 2019. Activity levels at the Airport are estimated to surpass 39 million passengers and 280,000 aircraft operations in 2035, based on the latest FAA-approved forecast.

In March 2017, the Board approved the development of environmental review documents for the ADP. A draft Environmental Impact Report ("EIR") was subsequently released in the summer of 2018 for public review, as required under CEQA. The Authority received numerous comment letters, and between October 2018 and July 2019, the 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 Authority recirculated a new draft EIR with respect to the ADP in September 2019 for public review. On January 9, 2020, the Board certified the draft EIR released in September 2019 (the "Final ADP EIR") and formally approved the ADP. The ADP is currently undergoing federal environmental review pursuant to NEPA, with the FAA acting as the lead agency. The ADP also will require a Coastal Development Permit from the California Coastal Commission.

The cornerstone of the ADP is the replacement of Terminal 1, which is over 50 years old, with a more modern, comfortable, and efficient terminal facility. As of the date of this Official Statement, the new terminal is expected to have 30 gates 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 (currently planned with 5,500 spaces, which when combined with the parking spaces that will be lost as a result of the ADP, will add a total of approximately 650 new, permanent parking spaces at the Airport), and new entry and circulation roadways. Additional mobility-focused project components include new pedestrian and bicycle infrastructure, a dedicated airport shuttle service between the Old Town Transit Center and SDIA, and designation of a "transit-ready" area next to the proposed parking structure for a potential future connection to the region's fixed-rail system. Airfield improvements contemplated as part of the ADP include a new apron area for the new Terminal 1, a new full-length Taxiway A and reconfigured Remain Overnight aircraft parking positions. Another component contemplated to be part of the ADP includes the replacement of the Authority's existing administration building with a new facility to be located on the west side of the Airport. Overall, the Authority expects the ADP will add 11 net aircraft gates to SDIA (bringing the total gate count to 62), while creating enhanced non-airline revenue opportunities.

The total cost of the ADP is currently estimated by the Authority to be not more than \$3.0 billion. The Authority expects to finance the costs of the ADP from various sources including, but not limited to, the proceeds of Additional Senior Bonds and/or Additional Subordinate Obligations. The Authority

believes that with the enhancements in the new Airline Lease Agreements, it will be able to fund the ADP. Airline cost per enplanement, debt per enplanement and debt coverage metrics are expected to change once the financial impact of ADP is included in the Authority's plan of finance. Based on current preliminary estimates, the Authority projects the following in Fiscal Year 2025 (the first year with the full financial impact of ADP):

- Debt service coverage on the Senior Bonds and the Subordinate Obligations of at least 1.40x on a cash basis as guaranteed by the Signatory Airlines in the Airline Lease Agreements;
- Cost per enplanement in the range of \$23-\$24 per enplanement; and
- Debt per enplanement in the range of \$275-\$300 per enplanement.

On February 7, 2020, Quiet Skies, a group of residents and communities in the San Diego area, filed a lawsuit in San Diego Superior Court alleging that the Final ADP EIR should be rescinded and set aside because it does not comply with CEQA. Quiet Skies alleges, among other things, that the Final ADP EIR violates CEQA because it fails to disclose all potential significant environmental impacts related to noise and greenhouse gas emissions and fails to implement feasible mitigation measures. [status of litigation to come.] The Authority cannot predict the net exposure to the Authority with respect to this matter, the probability or remoteness of any outcome, or what affect this may have on the cost or construction schedule for the ADP.

Prior to the filing of the challenge by Quiet Skies, the Authority had estimated that construction of the ADP could begin as early as 2021 (assuming the FAA's review under NEPA was timely completed and the Authority timely received the Coastal Development Permit). Based on this preliminary schedule, the Authority had estimated that the first phase of the new Terminal 1 (19 gates) would open in Fiscal Year 2025, and full completion of the new facility (30 gates) and associated roadway and airfield improvements would occur in Fiscal Year 2026. However, all construction on the ADP could be delayed until the Quiet Skies litigation is resolved. While the Quiet Skies litigation is ongoing, construction of the ADP cannot begin, however, the Authority is currently continuing preliminary design work on the ADP.

Capital Program

The Board has adopted a capital improvements program policy (the "CIP Policy"), which requires the Authority to establish a capital improvement program for the orderly maintenance and development of SDIA. Pursuant to the CIP Policy, each year the Authority's President and CEO is required to submit to the Board a development program of desirable capital improvements that are within the Authority's financial funding capability. The Authority's current capital improvement program, the Capital Program, which was most recently amended on January 9, 2020 with the addition of the ADP, sets forth projects that were completed and are anticipated to be completed at SDIA between Fiscal Years 2019 and 2024. The projects in the Capital Program include, among others, the ADP, a new facilities maintenance building, new airline provisioning and cargo facilities, storm water capture and reuse projects, a remain-overnight aircraft parking facility on the north side of SDIA, and various other airfield, terminal and landside projects. The current Capital Program has an estimated cost of approximately \$3.955 billion (approximately \$446 million of such costs have already been incurred by the Authority as of [January 31, 2020]). Of the \$3.955 billion in total estimated costs of the Capital Program, approximately \$3.230 billion (or 82%) represents two projects: (i) the ADP (\$3.0 billion), and (ii) Terminal 2 West FIS Buildout (\$230 million), the last phase of which became operational in July 2019.

Funding Sources for Capital Program (not including ADP)

General. The Authority anticipates financing the Capital Program (not including the ADP) with a combination of proceeds of the Subordinate Series 2019 Bonds (approximately \$310.0 million); internally generated cash of the Authority (approximately \$162.1 million); moneys on deposit in the Major Maintenance Fund (approximately \$47.8 million); PFC revenues on a pay-as-you-go basis (approximately \$63.4 million); federal Airport Improvement Program (“AIP”) grants (approximately \$74.3 million); proceeds of the Senior Series 2013 Bonds and the Subordinate Series 2017 Bonds (approximately \$197.4 million); and other sources (approximately \$100.4 million). The Authority is currently evaluating all potential funding sources for the ADP, but final decisions have not been made as of the date of this Official Statement; although, the Authority expects a large portion of the costs of the ADP will be financed with the proceeds of Additional Senior Bonds and/or Additional Subordinate Obligations.

Following is an additional discussion of the funding sources for the Capital Program, not including the ADP.

Subordinate Series 2019 Bonds, Senior Series 2013 Bonds and Subordinate Series 2017 Bonds. The Authority will use approximately \$310.0 million of the proceeds of the Subordinate Series 2019 Bonds, approximately \$1 million of the proceeds of the Senior Series 2013 Bonds and approximately \$196.3 million of the proceeds of the Subordinate Series 2017 Bonds to finance a portion of the costs of the Capital Program (not including the ADP).

Authority Funds and Other Sources. The Authority will use approximately \$162.1 million of available funds of the Authority, approximately \$47.8 million of moneys on deposit in the Major Maintenance Fund and approximately \$100.4 million of other moneys (consisting of CFCs, fuel consortium funding, local grant funding for electric supply equipment and certain budget savings) to finance a portion of the costs of the Capital Program (not including the ADP).

Passenger Facility Charges. 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. 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 SDIA. The approval for the PFC was transferred by the FAA to the Authority, effective January 1, 2003. On May 20, 2003, the FAA approved the Authority’s PFC application to increase the charge per enplaned passenger from \$3.00 to \$4.50 beginning August 1, 2003. The Authority has received approval from the FAA, pursuant to eleven separate applications (five of which were later amended by the Authority, with the approval of the FAA), to collect, and use, a PFC on each enplaning passenger at SDIA totaling approximately \$1.589 billion. The Authority has closed seven of the PFC Applications; these applications

having been fully funded and the projects they financed having been completed. As of June 30, 2019, there were four active PFC Applications.

As of June 30, 2019, the Authority had recorded the receipt of approximately \$761.2 million of PFCs (consisting of \$745.8 million of PFCs collections and \$15.4 million of interest). As of June 30, 2019, the Authority had disbursed a total of \$665.2 million of PFCs on approved capital projects expenditures.

The following table sets forth a summary of the Authority’s approved PFC applications through September 30, 2019.

TABLE 18
San Diego County Regional Airport Authority
Approved PFC Applications

PFC Applications	Approval Date	Amended Approval Amount^{1,2}
1-5, 7 and 11 ^{3,4}	Various	\$ 357,703,762
8	2010	1,118,567,229
10 ⁵	2012	29,227,174
12	2016	43,795,768
13	2019	<u>40,000,000</u>
Total		<u>\$1,589,293,933</u>

¹ Includes the amount of PFCs the FAA has authorized the Authority to collect and use at SDIA.

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 Authority withdrew PFC Application #6.

⁴ The Authority has closed PFC Applications 1-5, 7 and 11; these applications having been fully funded and the projects they financed having been completed

⁵ PFC Application #9 was skipped due to internal FAA system processing.

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 SDIA including, among other things, the Authority’s noise mitigation program, and projects associated with the Green Build Program and the Capital Program. The Authority expects to use approximately \$63.4 million of PFCs on a pay-as-you-go basis to finance a portion of the costs of the Capital Program and \$30 million of PFCs to pay debt service on PFC Eligible Bonds (a portion of the Senior Series 2013 Bonds, a portion of the Subordinate Series 2019A Bonds and a portion of the Subordinate Series 2020DE Bonds) through Fiscal Year 2022. Additionally, the Authority has agreed in the Airline Lease Agreements to set aside \$30 million of PFCs each Fiscal Year during the three Fiscal Years prior to the opening of the new Terminal 1 to be constructed as part of the ADP, and to use those PFCs in the three Fiscal Years following the opening 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. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2020DE BONDS—Use of PFCs to Pay Debt Service.”

The following table sets forth the amount of PFCs received by the Authority in Fiscal Years 2015 through 2019.

TABLE 19
San Diego County Regional
Airport Authority
Annual Receipt of PFCs¹

<u>Fiscal Year</u>	<u>PFCs Collected</u>
2015	\$38,517,355
2016	40,257,993
2017	42,199,763
2018	46,952,755
2019	49,197,716

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 Grants. The 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 the 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. Grants are available to airport operators in the form of “entitlement” funds and “discretionary” funds. Entitlement funds are apportioned annually based upon the number of enplaned passengers and the aggregate landed weight of all-cargo aircraft; and discretionary funds are available at the discretion of the FAA based upon a national priority system. Before federal approval of any AIP 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 Authority anticipates receiving both FAA entitlement and discretionary grants to fund a portion of the costs of certain capital projects in the Capital Program. In Fiscal Year 2019, the Authority received approximately \$8.2 million in grants.

As described above, the FAA has granted the Authority approval to collect PFCs at SDIA. In accordance with the PFC Act and the PFC Regulations, since the Authority imposes a \$4.50 PFC, the amount of AIP entitlement grants which the Authority is permitted to receive annually may be reduced up to 75%.

The 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 Authority does not receive AIP 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 Authority, certain projects at SDIA are expected to be financed and constructed by outside third-parties, including the potential North Cargo Facility. The potential North Cargo Facility may consist of a new, approximately 150,000 square foot, air cargo processing facility that is anticipated to be constructed on approximately eight acres on the north side of the Airport. In addition to the cargo processing facility, an aircraft ramp will be constructed to accommodate aircraft utilizing the facility. [Following a “request for proposals” selection process, the Authority selected Aviation Facilities Company Management LLC to design, build, finance, operate and maintain the North Cargo Facility.] The facility is expected to be used by FedEx, UPS and DHL. The specific site size and layouts are being validated and are under review by the FAA relative to the adjacent aircraft tail heights and visual obstructions the aircraft tails create on surrounding aircraft movement areas. The Authority is working to develop potential alternative site configurations to address issues and concerns raised by the FAA. Formal feedback from the FAA is anticipated in 2020. Upon endorsement by the FAA as to site; the formal lease and development agreements will be finalized and executed; which is anticipated to occur in 2020 or early 2021. The Authority expects to receive land rent as part of this transaction and anticipates collecting approximately \$1.8 million via land rent the first year with annual step increases thereafter.

Airport Land Use Commission

State law requires counties in which there is a commercial and/or a general aviation airport to have an airport land use commission. Pursuant to the Act, the 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 identified 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 SDIA, the 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 finalized for three military airports (Marine Corps Base Camp Pendleton, Marine Corps Air Station Miramar, and Naval Outlying Landing Field Imperial Beach). The Authority is currently drafting an ALUCP for Naval Air Station North Island, which is the only remaining airport in the County without a formal ALUCP.

AIRPORT ENVIRONMENTAL MATTERS

There are several significant environmental matters which have direct and indirect impacts on the Authority and SDIA, some of which are described below. These include aircraft noise reduction, clean air requirements and hazardous substance cleanup. SDIA is heavily regulated, in part due to its proximity to San Diego Bay. The Authority holds numerous regulatory permits, including permits for storm water, air quality, hazardous materials, industrial waste, landfill remediation and wildlife.

Environmental Stewardship

The Authority has made environmental stewardship a hallmark of operations at SDIA. The Authority instituted one of the first sustainability policies for a major airport in the U.S. The Planning and Environmental Affairs Department of the Authority (the “Environmental 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 Environmental Department interfaces with other Authority departments to assess potential environmental impacts of all proposed projects. The Environmental Department also is responsible for long-range airport facility planning, including the Master Plan.

As part of its ongoing commitment to sustainability, in 2011, SDIA was the first airport in the U.S. to issue a sustainability report based on the internationally recognized criteria of the Global Reporting Initiative. The Authority has developed a Sustainability Management Plan (the “Sustainability Plan”) that sets forth the Authority’s framework for advancing and measuring its environmental sustainability progress. The Sustainability Plan is comprised of seven overarching elements including the areas of water stewardship, strategic energy, carbon neutrality, clean transportation, zero waste, climate resilience, and biodiversity. The 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 Plan are described in more detail below:

Water Stewardship Plan - Establishes the Authority’s vision for the stewardship of water resources and provides a framework for rethinking how the 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.

Strategic Energy Plan - Establishes the 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.

Carbon Neutrality Plan - Establishes the strategy for managing air quality and greenhouse gas emissions over which the Authority has control and provides a framework for the Airport to achieve carbon neutrality under the ACI-Airport Carbon Accreditation program. On September 18, 2019, SDIA became only the second airport in the U.S. to reach carbon neutral accreditation from ACI. SDIA was certified “Level 3+,” the highest level of certification through ACI’s Airport Carbon Accreditation program.

Clean Transportation Plan - Provides the Authority’s strategy and plan for managing various ground transportation issues at SDIA. Covers all ground transportation emission sources, including all vehicles and equipment accessing and operating at the Airport, whether owned and operated by the Authority or by third parties.

Zero Waste Plan (“ZWP”) - The ZWP serves as the Authority’s strategy and plan for managing various waste issues and covers all waste generated at SDIA. The ZWP provides an organized framework for eliminating or reducing waste generation and responsibly managing materials that are produced at SDIA. The 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.

Climate Resilience Plan - Provides the Authority’s strategy for achieving uninterrupted business continuity in future climate conditions. The 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.

Biodiversity Plan - Establishes the Authority’s vision for the stewardship of plants and wildlife. Provides a framework for how the Authority manages onsite habitat for the endangered California Least Tern (a species of bird), reduces the use of biocides through the Authority’s Integrated Pest Management program, and identifies robust drought-tolerant plant species for its campus-wide xeriscape landscape program.

Each year, the Authority reports its progress toward sustainability-related goals through its Sustainability Report, in accordance with Global Reporting Initiative standards. The development and completion of the Sustainability Plan will serve as a framework for monitoring and planning the Authority’s work to achieve an enduring and resilient enterprise while considering its environmental, financial, and social obligations, risks, and opportunities.

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 Authority has various rules and regulations to address aircraft noise, including a prohibition on the operation at SDIA of any air carrier commercial aircraft not complying with Stage 3 noise levels.

There also are direct restrictions on aircraft departures at SDIA, primarily relating to noise abatement. Specifically, the Authority prohibits departures from SDIA between 11:30 p.m. and 6:30 a.m. (the “Curfew”), 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 SDIA are not prohibited during the Curfew.

California Noise Standards. SDIA 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 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 SDIA issued by Caltrans took effect in September 2019, and is valid for three years. During the term of the variance, the Authority is required to continue 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.

Residential Sound Attenuation Program. In 1997, the Port District initiated a residential sound attenuation program (the “RSAP”) with respect to eligible residences surrounding SDIA 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 Authority’s current residential sound insulation program (the “RSIP” or the “Quieter Home Program”) is an ongoing program that provides acoustical insulation to all eligible single- and multi-family dwellings located in SDIA’s noise impact area. The Authority mainly uses AIP grant revenues to pay for the RSIP. To date, the RSIP has sound-attenuated approximately 4,000 residences. From its inception to June 30, 2019, the Authority has spent approximately \$216 million (\$173 million of which has been paid with AIP grant revenues) on RSIP.

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 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 SDIA 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 Authority against any liability associated therewith.

Air Quality and Carbon Management Planning

Memorandum of Understanding with State. In May 2008, the Authority entered into a Memorandum of Understanding (the “MOU”) with the Attorney General of the State regarding the Master Plan. Pursuant to the MOU, the Authority agreed to certain specific measures to reduce the amount of greenhouse gas emissions from aviation and other operations conducted at SDIA. In December 2009, the Board approved the San Diego County Regional Airport Authority Air Quality Management Plan (the “Air Quality Management Plan”), which sets forth the Authority’s specific plan for implementing the provisions of the MOU. Some of the specific measures the Authority agreed to take in the MOU include, among others, providing landside power and preconditioned air to the gates at the terminals and in the cargo facilities, replacing vehicles operating at SDIA with electric or alternative fuel vehicles, and using “green” materials for the construction of the projects included in the Master Plan. Many of the elements of the Air Quality Management Plan have been incorporated into the Capital Program. Future improvements at SDIA,

including the ADP, also will need to incorporate the provisions of the Air Quality Management Plan. Following are certain key achievements of the Authority in meeting the provisions of the MOU:

- MOU Provision: provide power (400 hertz) and pre-conditioned air (“PCA”) at all gates
 - All gates provide 400 Hz ground power and PCA for aircraft use
 - The Authority is requiring ground power and PCA for any new projects
- MOU Provision: replace ground service equipment (“GSE”) with alternative fuel vehicles at end of useful equipment life
 - The Authority has 71 airside charging ports and approximately 200 airline-owned alternative-fuel GSE
 - The Authority is requiring airside charging ports for any new projects
- MOU Provision: replace shuttles with electric or alternative fuel vehicles
 - 100% of Authority-controlled shuttles use alternative fuels
 - Over 95% of taxis accessing SDIA use hybrid vehicles
- MOU Provision: achieve “Leadership in Energy and Environmental Design” (“LEED”) Certification (at least Silver level) for all new development and renovation
 - At least LEED Gold has been achieved on all major construction projects
 - Approximately 85% of SDIA’s electricity comes from renewables, including 5.5 megawatts from onsite solar panels
- MOU Provision: use green construction methods and equipment
 - Standard contract language includes use of low- and zero-emitting equipment
- MOU Provision: engage tenants in recycling and emissions reduction efforts
 - SDIA has a robust waste diversion program, including post-consumer food waste
 - 54 concessions at SDIA (approximately 72% of all concessions) are certified through the Authority’s “Green Concessions” sustainability program

Ground Transportation Vehicle Conversion Incentive-Based Program. The Board adopted a Ground Transportation Vehicle Conversion Incentive-Based Program (the “Incentive Program”) in accordance with the terms and conditions of the MOU. For various eligible ground transportation providers at SDIA, the Incentive Program provides incentive payments, reduced permit fees, and/or reduced trip fees for Alternative Fuel Vehicles (“AFVs”) and Clean Air Vehicles (“CAVs”) through Fiscal Year 2021, but increased user fees for non-AFVs and non-CAVs beginning in Fiscal Year 2015. The Incentive Program cost approximately \$400,000 in Fiscal Year 2019, and the Authority estimates that the Incentive Program will cost approximately \$400,000 in Fiscal Year 2020.

TNC GHG Emissions Reduction Program. 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 a performance parameters to measure grams of CO₂ emissions generated from TNC trips to lower carbon emissions. Through the end of Fiscal Year 2019, the large TNCs operators have met their emissions targets and penalty rates have been applied.

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. Two new policy documents, the Sustainable Freight Action Plan and the Mobile Source Strategy, were recently released by the California Air Resources Board (“CARB”) to assist with achieving this carbon reduction goal. These documents identify emissions from airport shuttles and ground support equipment as priority action areas. As such,

the Authority has been engaging CARB on the potential structure of any incentives or rules that may be developed as a result. To prepare for these pending regulations and to continue to proactively address GHG emission sources at the Airport, the Authority developed a “Carbon Neutrality Plan” in 2019. 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 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 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 Authority is working with the San Diego Air Pollution Control District to include the projects in the Capital Program and certain other projects that may be undertaken at the Airport (including the ADP) 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 will be used by the Authority to demonstrate general conformity for future improvements at SDIA.

See “CERTAIN INVESTMENT CONSIDERATIONS—Climate Change Issues.”

Storm Water Management

Under the Federal Clean Water Act and United States Environmental Protection Agency (“EPA”) regulations, the Authority is required to obtain certain storm water runoff discharge permits. The Authority has received permits from the San Diego Regional Water Quality Control Board (the “SDRWQCB”) and the State Water Resources Control Board (the “SWRCB”). The Authority is currently in compliance with all of its storm water runoff discharge permits.

Certain portions of the SDIA, fueling, maintenance and wash areas, are regulated under California’s Industrial General Permit, adopted on July 1, 2015 by the SWRCB. As part of the new permit, industrial facilities’ storm water discharges need to be below certain “numeric action levels” for water quality parameters. SDIA is currently categorized as a Level 2 facility for copper and a Level 1 facility for zinc, meaning that the 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 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 Authority has expanded its own requirements to prioritize storm water infiltration and/or capture and reuse systems within new development projects. For example, the new 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, while the new FIS facility utilizes modular wetlands to bio-filtrate its runoff. An additional 3-million gallon storage tank is currently being installed on SDIA's north side to greatly expand the Airport's storm water harvesting opportunities.

On June 18, 2014, the SDRWQCB issued an Investigative Order directing the Authority, General Dynamics and the Port District to submit technical reports pertaining to an investigation of sediment chemistry in the Laurel Hawthorn Central Embayment in San Diego Bay. The Investigative Order alleged that an unauthorized discharge of wastes occurred as evidenced by the presence of polychlorinated biphenyl, total petroleum hydrocarbons, volatile organic compounds, polycyclic aromatic hydrocarbons, metals and pesticides in the bay sediments. Although the Authority believes it is not legally responsible for any harmful discharges at the identified location, it agreed with the other parties to participate in and share in the funding of the investigation and study. The Final Sediment Chemistry Report was provided to the SDRWQCB and that investigation was completed. In August 2017, the SDRWQCB sent the parties a new administrative draft investigative order that gave the Authority, the Port District and General Dynamics an opportunity to provide comments to the SDRWQCB prior to the formal issuance of another investigative order. In January 2018, the parties submitted the work plans for both land and water that were accepted by the SDRWQCB. On July 25, 2018, the SDRWQCB sent the parties a new final draft investigative order; however, there has been no action since then by the SDRWQCB and there is no timeline for any subsequent actions that may be required. On October 2, 2019, the SDRWQCB issued new investigative orders to several parties, to investigate sediment in the Laurel Hawthorne Embayment, however, the Authority was not named in any of these new orders. [On November 1, 2019, the Authority received notice of a Petition to the SDRWQCB from General Dynamics requesting that the Authority, the City and the Port District be added to the investigative order issued on October 2, 2019.]

In December 2016, the U.S. Department of the Navy released a draft Record of Decision for a Final Remedial Action Plan in order to cleanup chemically-impacted sediments in the former Naval Training Center San Diego Boat Channel immediately adjacent to SDIA. In a letter to the Authority dated December 28, 2016, the Department of the Navy alleged that the Authority was a responsible party under the federal Comprehensive Environmental Response, Compensation, and Liability Act due to past contributions of metals and other contaminants into the Boat Channel. The Authority cannot predict whether or to what extent it may be liable for the costs of any future remediation. However, the Department of the Navy has been initially receptive to the Authority only providing in-kind contributions, if needed, to any future remediation actions.

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 repellent textiles, and fire-fighting foams. PFAS are used in the aerospace, automotive, chemical, electronics, metal coatings and plating, and textiles industries. The FAA requires airport operators to use Aqueous Film Forming Foam ("AFFF") containing PFAS in their aircraft rescue and firefighting vehicles and fire suppression operating systems.

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 March 20, 2019, the 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 the Airport. The Airport Order identifies the Airport as a facility that accepted, stored, or used materials that may contain PFAS. The Airport uses AFFF containing PFAS, as required by the FAA. The Airport Order requires the Authority to test soil and groundwater for 23 PFAS analytes, including PFOA and PFOS. The Authority has submitted a work plan to the SWRCB, which was subsequently accepted by the SWRCB, and the Authority plans to complete its initial testing plan and submit a completion report by December 13, 2019.

Additionally, in October 2019, the 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 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 Authority, but it may eventually require the 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, the Airport is not aware of the extent of any PFAS contamination in soil or groundwater at the Airport (including the former General Dynamics property). Additionally, the SWRCB has not established cleanup standards for PFAS or otherwise indicated what actions will be required if PFAS is 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. If PFAS contamination is found, it is possible that the costs of remediation and third-party liability could be extensive.

CERTAIN INVESTMENT CONSIDERATIONS

The purchase and ownership of the Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds. The information contained in this Official Statement relates solely to the Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 and Net Revenues or individual investors. In addition, although the various risks discussed in this Official Statement are generally described separately, prospective investors of the Subordinate Series 2020DE 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.

COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to other countries, has been declared a Public Health Emergency of International Concern by the World Health Organization (“WHO”). The President of the United States and state and local governments in the United States, including the State, have issued and may issue declarations of emergency to enable and empower governments in coordinating responses to the spread of COVID-19. The U.S. Department of State and the Centers for Disease Control and Prevention (“CDC”), as well as other governmental authorities, nations and airlines, have issued travel restrictions and warnings for a growing list of countries in connection with outbreak reports of COVID-19, and such restrictions and warnings may be extended to other countries in the future, affecting domestic and international air travel. The outbreak has had an adverse effect on domestic and international travel and a number of travel-related industries. Airlines are reporting a significant downturn in traffic as well as expectations for continued reduced levels of traffic, which in turn has resulted in many airlines significantly reducing flight schedules throughout the nation and the world. The declines in passenger traffic have reduced demand for retail and services provided by airport concessionaires, including parking and rental car services. These reductions in air traffic and declines in air passenger demand for airport-related goods and services are expected to reduce airport revenues nationally and globally, including Authority revenues derived from the airlines and concessionaires providing services at SDIA. In addition, the COVID-19 outbreak is altering the behavior of businesses and people in a manner that may have negative effects on global, national and local economies. Stock markets in the U.S. and globally have seen significant recent volatility attributed to concerns about the COVID-19 outbreak.

In response to the COVID-19 outbreak, the Authority is proactively implementing the Financial Resilience Plan intended to mitigate financial impacts. Actions undertaken include: hiring limits, except for specific critical and predesignated positions; deferring non-essential discretionary spending and travel to non-essential meetings; limiting approvals of contracts and task orders to those that are essential to key capital projects and critical tasks; limiting overtime to those activities that are necessary for safety, critical operations, or emergency management. Inside the terminals, the CDC has provided the Authority, Customs and Border Protection, Emergency Medical Services providers, and TSA with public health readiness measures which have been implemented.

The Authority cannot predict (i) the duration or extent of the COVID-19 outbreak or another outbreak or pandemic; (ii) the duration or expansion of travel restrictions and warnings; (iii) whether additional countries, states or destinations, local or international, will be added to the travel restrictions or warnings, and the extent to which airlines will reduce services at SDIA; (iv) what effect any COVID-19 or other outbreak or pandemic-related travel restrictions or warnings may have on air travel, including to and from SDIA, the retail and services provided by Airport concessionaires, Airport costs or Authority revenues; (v) whether and to what extent COVID-19 or other outbreak or pandemic may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact Airport-related construction, the cost, schedule or implementation of the Capital Program (including the ADP), or other Authority operations; (vi) the extent to which the COVID-19 outbreak or

other outbreak or pandemic, or the resultant disruption to the local, State, national or global economy, may result in changes in demand for air travel, or may have an impact on the airlines or concessionaires serving SDIA, or the airline and travel industry, generally; (vii) whether or to what extent the Authority may provide deferrals, forbearances, adjustments or other changes to the Authority's arrangements with its tenant and Airport concessionaires; or (viii) whether any of the foregoing may have a material adverse effect on the finances and operations of the Airport. Future outbreaks or pandemics may reduce demand for travel, which in turn could cause a decrease in passenger activity at SDIA and declines in Authority revenues. See also "—Factors Affecting the Airline Industry" and "—Aviation Security and Worldwide Health Concerns" below.

Subordinate Series 2020DE Bonds Are Special Obligations

The Subordinate Series 2020DE Bonds are special obligations of the Authority, payable solely from and secured by a pledge of (a) Subordinate Net Revenues, which include certain income and revenue received by the 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 less all amounts necessary to pay debt service on and fund the reserves for the Senior Bonds; and (b) certain funds and accounts held by the Subordinate Trustee under the Subordinate 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 Subordinate Series 2020DE Bonds, and neither the full faith and credit nor the taxing power of the 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 Subordinate Series 2020DE Bonds.

Factors Affecting the Airline Industry

General. Key factors that affect airline traffic at SDIA and the financial condition of the airlines, and, therefore, the amount of Subordinate Net Revenues available for payment of the Subordinate Series 2020DE Bonds, include: local, regional, national and international economic and political conditions; international hostilities; world health concerns (see "—COVID-19" above); 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 SDIA 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 current COVID-19 outbreak. 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 SDIA and could have a more pronounced effect in the future.

In addition to revenues received from the airlines, the 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 SDIA may adversely

affect the commercial operations of many of these concessionaires. While the Authority's agreements with concessionaires require the concessionaires to pay a minimum annual guarantee, 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.

Many of these factors are outside the Authority's control. Changes in demand, decreases in aviation activity and their potential effect on enplaned passenger traffic at SDIA 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. During September 2008, significant and dramatic changes occurred in the U.S. and global financial markets. Between 2008 and 2009, the U.S. economy experienced a recession, which was followed by weak economic growth. More recently, the significant improvement in economic conditions in the U.S. contributed to the rebound in aviation activity levels nationwide. However, with the outbreak COVID-19 and the potential resulting negative adverse effect on the U.S. and international economies, it is not known at this time what ultimate effect it will have on the air transportation industry. See "—COVID19" above.

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 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 Authority or the airlines operating at SDIA 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 (particularly 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. [According to Airlines for America, during 2019, jet fuel accounted for approximately 17.7% of the airline industry's operating expenses.] The price of aviation fuel rose to an all-time high of approximately \$3.75 per gallon in July 2008. According to the U.S. Bureau of Transportation Statistics, the price of aviation fuel averaged approximately \$2.02 per gallon during the first 6 months of 2019. 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 SDIA 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; and (e) in December 2016, Alaska Air Group acquired Virgin America. To date none of these mergers have had any material impact on airline service or enplanements at SDIA. While these prior mergers have not had any material impact on airline service or enplanements at SDIA or on Revenues, future mergers or alliances among airlines operating at the Airport 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 SDIA.

Pilot and Mechanics Shortage. Pilot shortage is an industry-wide issue, and especially for smaller regional airlines. In 2017, Horizon Air had to cancel more than 300 flights systemwide, and in 2018, Great Lakes Airlines completely ended service, because of pilot shortages. There are several causes for the pilot shortage that affect all airlines. 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. Other factors include an aging pilot workforce and fewer new pilots coming out of the military. Further, as passenger demand increases, 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.

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 as 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.

Bankruptcy by Airlines and Concessionaires

A bankruptcy of an airline or of another tenant or tenants operating from SDIA could result in delays or reductions in payments on the Subordinate Series 2020DE Bonds.

Since December 2000, several airlines that currently operate at SDIA, including, among others, United Airlines, Delta Air Lines, American Airlines and Frontier Airlines, have filed for and reorganized under bankruptcy protection. Additional bankruptcy filings may occur in the future. The bankruptcy of an airline with significant operations at SDIA could have a material adverse effect on operations of SDIA, Revenues, and the cost to the other airlines operating at SDIA.

In the event of a bankruptcy by an airline or other tenant operating from SDIA, 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 Authority or any action to enforce any obligation of an airline or other tenant to the 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 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 Authority to alter the terms, including the payment terms, of its agreements with the 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 Authority to another entity, despite any contractual provisions prohibiting such an assignment. The Subordinate Trustee and the holders of the Subordinate

Series 2020DE 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 Subordinate Series 2020DE Bonds and that was received by the Authority or the Subordinate Trustee from such airline or other tenant during the 90 days immediately preceding the filing of the bankruptcy petition. Claims by the 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 SDIA also are required to pay to the Authority PFCs collected from enplaned passengers at SDIA. 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 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 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 SDIA. The PFC Act requires an airline in bankruptcy protection to segregate PFC collections from all of its other revenues. It is possible that the 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 Authority cannot predict whether an airline operating at SDIA that files for bankruptcy protection would have properly accounted for the PFCs owed to the Authority or whether the bankruptcy estate would have sufficient moneys to pay the Authority in full for the PFCs owed by such airline. PFCs are not pledged to the repayment of any Senior Bonds or Subordinate Obligations (including the Subordinate Series 2020DE Bonds), however, the Authority has in the past and expects to in the future use PFCs to pay a portion of the debt service on the Senior Series 2013 Bonds, the Subordinate Series 2019A Bonds, the Subordinate Series 2020ABC Bonds and the Subordinate Series 2020DE Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2020DE BONDS—Use of PFCs to Pay Debt Service.”

Each Non-Signatory Airline operating at SDIA is required to provide the Authority with a letter of credit equal to approximately three months of estimated obligations payable by the airline to the Authority. In the event of bankruptcy of a Non-Signatory Airline, the 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 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 Authority. However, in the event a Signatory Airlines were to file for bankruptcy protection and subsequently failed to pay any obligations owed to the Authority, pursuant to the terms of the Airline Lease Agreement, the 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 Authority and resulting delays in the payment of principal of and interest on the Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds.

Southwest Airlines – SDIA’s Largest Carrier

In Fiscal Year 2019, Southwest Airlines accounted for approximately 37.7% of the total enplaned passengers at SDIA. 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 SDIA, this risk is mitigated by the following factors: (a) Southwest Airlines is a consistently profitable airline; and (b) the development of service by Southwest Airlines at SDIA has demonstrated a large O&D passenger demand that could be served by other airlines at SDIA in the unlikely event Southwest Airlines were to reduce service at SDIA. Nevertheless, the Authority cannot predict what effect a reduction or discontinuation of service by Southwest would have on the Authority or Revenues, or whether another airline would absorb the service provided by Southwest.

Aviation Security and Worldwide Health 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 and world health concerns such as the Severe Acute Respiratory Syndrome (“SARS”) outbreak in 2003, the H1N1 influenza (“swine flu”) outbreak in 2009 and 2010, the Zika virus outbreak that began in South America in 2015 and the current COVID-19 outbreak that was first identified in Wuhan, China in December 2019 (see “—COVID-19” above), may influence passenger travel behavior and air travel demand. 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.

The Authority cannot predict whether SDIA will be targets of terrorists in the future. Additionally, the Authority cannot predict the effect of any future government-required security measures on passenger activity at SDIA.

Regulations and Restrictions Affecting SDIA

The operations of SDIA 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, SDIA 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 SDIA will be imposed, whether future legislation or regulations will affect anticipated federal funding or PFC collections for capital projects for SDIA, whether additional requirements will be funded by the federal government or require funding by the 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 SDIA’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 SDIA is located to the 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 SDIA or the finances of the 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 Authority, as lessee, and the Authority's bondholders. The 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 Authority is not aware of any formal dispute involving SDIA over any existing rates and charges. The 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 Authority in the near-term or in the future, challenging such methodology and the rates and charges established by the Authority, and if a judgment is rendered against the Authority, there can be no assurance that rates and charges paid by aeronautical users of SDIA will not be reduced. An adverse determination in a future challenge could limit the ability of the 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 Authority and leases several parcels of land to the Authority. If the FAA were to rule that the 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 Authority violate the policies of the FAA, the Authority would be solely responsible for correcting any such violations. If the Authority violates the policies of the FAA, the FAA may withhold payment of AIP grants or rescind the Authority's ability to collect PFCs until the Authority corrects such violation. The Authority is not aware of any challenges by the FAA to the payments being made by the Authority to the Port District.

Restrictions on Airport Facilities and Operations

There are restrictions on the Authority's ability to expand and develop facilities at SDIA. Current conditions at SDIA 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 SDIA and manmade obstructions, such as office buildings, to the northeast, east and southeast of SDIA. See "SAN DIEGO INTERNATIONAL AIRPORT—Existing Facilities."

There also are direct restrictions on aircraft departures at SDIA, primarily relating to noise abatement. Specifically, the Authority prohibits departures from SDIA between 11:30 p.m. and 6:30 a.m. (the "Curfew"), 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 SDIA 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 SDIA can accommodate in the future which, in turn, may limit the amount of Revenues the Authority can generate.

Cyber and Data Security

Authority. The 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 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 Authority’s computer system, but not any resulting in a material compromise of the system, data loss or breach that the 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 Authority’s Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

The Authority has taken extensive measures to safeguard its Systems Technology against cybersecurity threats. To name a few, the Authority has obtained PCI (Payment Card Industry) compliance for all systems processing, storing, or transmitting credit card data; the Authority has implemented the NIST (National Institute of Standards Technology) framework consisting of standards, guidelines, and best practices to manage cybersecurity related risk; the Authority has engaged the Department of Homeland Security to conduct risk and vulnerability assessments of its Systems Technology; and annually, the Authority conducts incident response table top exercises to simulate a data breach and provide Authority wide training to staff and contractors on cybersecurity best practices.

No assurances can be given that the 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 Authority’s Systems Technology and cause disruption to 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 Authority to material litigation and other legal risks, which could cause the Authority to incur material costs related to such legal claims or proceedings. The 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.

Unavailability of, or Delay in, Anticipated Funding Sources

As described herein, the Authority anticipates that funding for the Capital Program (not including the ADP) has been and will be provided through a combination of proceeds of the Subordinate Series 2019 Bonds, the previously-issued Senior Series 2013 Bonds, the previously-issued Subordinate Series 2017 Bonds, internally generated cash of the Authority, PFC revenues on a pay-as-you-go basis, AIP grants, and other sources. See “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Funding Sources for Capital Program (not including ADP).” 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 grants available to the Authority; non-appropriation of, or delay in payment of, federal funds or grants; the inability of the Authority to issue or sell Additional Senior Bonds and/or Additional Subordinate Obligations; or any other reason, the completion of the projects included in the Capital Program 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 SDIA and the Authority.

The Authority is currently evaluating all potential funding sources for the ADP, but final decisions have not been made as of the date of this Official Statement; although, the Authority expects a large portion of the costs of the ADP will be financed with the proceeds of Additional Senior Bonds and/or Additional Subordinate Obligations

Availability of PFCs. The Authority expects to use approximately \$63.4 million of PFCs on a pay-as-you-go basis to finance a portion of the costs of the Capital Program (not including the ADP) and \$30 million of PFCs to pay debt service on PFC Eligible Bonds (a portion of the Senior Series 2013 Bonds, a portion of the Subordinate Series 2019A Bonds, a portion of the Subordinate Series 2020ABC Bonds and a portion of the Subordinate Series 2020DE Bonds) through Fiscal Year 2022. Additionally, the Authority has agreed in the Airline Lease Agreements to set aside \$30 million of PFCs each Fiscal Year during the three Fiscal Years prior to the opening of the new Terminal 1 to be constructed as part of the ADP, and to use those PFCs in the three Fiscal Years following the opening of the new Terminal 1 to pay debt service on Senior Bonds and/or Subordinate Obligations the proceeds of which were used to finance the construction of the new Terminal 1. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2020DE 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 Authority in future years will vary based upon the actual number of PFC-eligible passenger enplanements at SDIA. 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 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 Authority otherwise violates the PFC Act or the PFC Regulations. Its authority to impose the PFC may also be terminated if the Authority violates certain provisions of ANCA and its implementing regulations. The regulations under ANCA also contain procedural safeguards to ensure that the Authority’s ability to impose a PFC would not be summarily terminated. No assurance can be given that the 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 Authority or that the 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 Authority’s ability to collect PFCs or as a result of any other actions, may cause the Authority to increase rates and charges at SDIA to meet the debt service requirements on the PFC Eligible Bonds that the

Authority plans to pay with PFCs, and/or require the 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 grant funding. Although the Authority considers these assumptions to be reasonable, assumptions are inherently subject to certain uncertainties and contingencies. Actual AIP 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 SDIA 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 grants awarded to the Authority, such reduction could (i) increase by a corresponding amount the capital expenditures that the 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.

Future Capital Projects and Additional Indebtedness

As previously described under “DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Airport Development Plan” and “—Capital Program,” the Board formally approved the ADP and added it to the Capital Program. The total cost of the ADP is currently estimated by the Authority to be not more than \$3.0 billion. The Authority is currently evaluating all potential funding sources for the ADP, but final decisions have not been made as of the date of this Official Statement; although, the Authority expects a large portion of the costs of the ADP will be financed with the proceeds of Additional Senior Bonds and/or Additional Subordinate Obligations. Depending on the amount of Additional Senior Bonds and Additional Subordinate Bonds that the Authority issues to fund the ADP, the Authority’s aggregate debt service on its Senior Bonds and Subordinate Obligations could increase substantially and debt service coverage ratios could decrease. However, pursuant to the provisions of the Airline Lease Agreements, the Signatory Airlines have agreed that they will pay rates and charges sufficient to maintain the Authority’s aggregate debt service coverage ratio on its Senior Bonds and Subordinate Obligations at 140%.

Federal Funding; Impact of Federal Sequestration

The 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 October 5, 2018, with the passage of the “FAA Reauthorization Act of 2018” (the “2018 FAA Act”). The 2018 FAA Act provides funding for the FAA and AIP through September 30, 2023.

Failure to adopt such legislation may have a material, adverse impact on, among other things, (i) federal funding received by the 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 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 Capital Program or extend the timing for completion of certain projects and the 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 Authority's revenues.

Technological Innovations in Ground Transportation

One significant category of non-airline revenues for the Authority is generated from ground transportation activity, including use of on-Airport parking garages; fees paid by taxi, limousine and TNCs, such as Uber and Lyft; and rental car transactions by Airport passengers. While passenger levels are increasing, the relative market share of these sources of revenue is shifting. As one example, the popularity of TNCs has 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. In Fiscal Year 2019, TNCs recorded nearly 2.1 million (estimated) Airport pick-ups and 2.4 (estimated) Airport drop-offs resulting in \$13.5 million in fee revenue for the Authority, compared to nearly 1.8 million Airport pickups and \$6.7 million in fee revenue in Fiscal Year 2018. The Authority did not begin tracking Airport drop-offs or collecting a fee for drop-offs until Fiscal Year 2019.

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 Authority makes every effort to anticipate demand shifts, there may be times when the Authority's expectations differ from actual outcomes. In such event, revenue from one or more ground transportation modes may be lower than expected. The 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 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.

Impact of Potential Earthquakes

Although the San Diego area has not experienced any significant damage from seismic activities, the geographical area in which SDIA 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. SDIA has not experienced any significant losses of facilities or services as a result of earthquakes.

The main terminal buildings of SDIA were seismically upgraded in the mid-1990s and comply with applicable building codes. However, SDIA's facilities could sustain extensive damage in a major seismic event, ranging from total destruction of SDIA, 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 SDIA or the ability of the Authority to generate Net Revenues and Subordinate Net Revenues in the amounts required by the Senior Indenture and the Subordinate Indenture, as applicable. The Authority does not currently maintain earthquake insurance, but as of June 30, 2019, the Authority had designated approximately \$11 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. See “FINANCIAL INFORMATION—Risk Management and Insurance.”

The Authority is unable to predict when another earthquake may occur and what impact, if any, it may have on SDIA or the finances of the Authority or whether the Authority will have sufficient resources to rebuild or repair damaged facilities following a major earthquake.

Climate Change Issues

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 SDIA and also could affect ground operations at SDIA.

According to the EPA, aircraft account for 12% of all U.S. transportation GHG emissions and approximately 3% of total U.S. GHG emissions. While in 2016 the EPA finalized an endangerment finding that GHG emissions from “U.S. covered aircraft” cause or contribute to air pollution, triggering the Clean Air Act Section 231’s requirement to regulate, aircraft GHG emission standards are not yet proposed and there has been no public EPA action in this area since December 2016. Regulations may be implemented in the future.

In March 2017, the International Civil Aviation Organization (“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.

In October 2016, the ICAO also passed a market-based mechanism to curb emissions, the Carbon Offsetting and Reduction Scheme for International Aviation (“CORSIA”). CORSIA is comprised of 192 member countries and is designed to achieve carbon-neutral growth for international (but not domestic) civil aviation from 2020 onwards, in three phases. As of July 2, 2018, 73 nations representing 87.7% of international aviation activity, including the United States, indicated they will participate in the pilot (2021-2023), first (2024-2026) and second (2027-2035) phases of CORSIA. While the United States announced its withdrawal from the Paris Agreement of 2016 in 2017, with an effective date of 2020, which would imply a likely withdrawal from CORSIA participation, virtually all U.S.-based airlines agreed to participate in CORSIA, regardless of the United States’ position in May 2019. Currently, those participating nations whose aircraft operators undertake international flights are developing a monitoring, reporting and verification (MRV) system for CO₂ emissions from international flights. It remains unclear whether CORSIA will have any impact, economically or on climate.

On a state level, California passed the “California Global Warming Solutions Act of 2006,” which requires reduction of the statewide level of GHGs to 1990 levels by 2020. In 2016, the California legislature adopted as state law Governor Brown’s 2015 Executive Order B-30-15 (Senate Bill 32), requiring a reduction of the Statewide level of GHGs to 40% below 1990 levels by 2030. Further, the CARB implemented the “California Cap-and-Trade Program” (the “Program”) 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 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 recent 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 Authority’s plans to reduce GHG emissions at SDIA.

The 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 SDIA or on SDIA operations. The effects, however, could be material.

Possible Sea-Level Rise. SDIA 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 SDIA, 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 SDIA

In 2015, the 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 SDIA’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 Authority is unable to predict whether sea-level rise or other impacts of climate change will occur while the Subordinate Series 2020DE 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 SUBORDINATE SERIES 2020DE BONDS—Subordinate Rate Covenant,” the Authority has covenanted in the Master Subordinate 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 Subordinate Indenture is met. In addition to

Subordinate Net Revenues, the Authority expects to use approximately \$30 million of PFCs each Fiscal Year between Fiscal Year 2020 and Fiscal Year 2022 to pay debt service on the PFC Eligible Bonds (the Senior Series 2013 Bonds, the Subordinate Series 2019A Bonds, the Subordinate Series 2020ABC Bonds and the Subordinate Series 2020DE Bonds). If PFCs are used to pay principal of and/or interest on the PFC Eligible Bonds, such principal and/or interest is excluded from the calculation of debt service on the PFC Eligible Bonds; thus decreasing debt service and increasing debt service coverage for purposes of the rate covenant under the Master Subordinate Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2020DE BONDS—Use of PFCs to Pay Debt Service.” Also see “—Availability of PFCs” above.

If Subordinate Net Revenues (and PFCs expected to be used to pay debt service) were to fall below the levels necessary to meet the rate covenant set forth in the Master Subordinate Indenture, the Master Subordinate Indenture provides for procedures under which the Authority would retain and direct a Consultant to make recommendations as to the revision of the 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 Authority in connection with the Airport System, and after receiving such recommendations or giving reasonable opportunity for such recommendations to be made, the 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 Authority in connection with the Airport System is subject to contractual, statutory and regulatory restrictions (see “—Regulations and Restrictions Affecting SDIA” above). Implementation of an increase in the schedule of rentals, rates, fees and charges for the use of SDIA could have a detrimental impact on the operation of SDIA by making the cost of operating at SDIA unattractive to airlines, concessionaires and others in comparison to other airports, or by reducing the operating efficiency of SDIA.

Enforceability of Remedies; Limitation on Remedies

As discussed above under “SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2020DE BONDS—Subordinate Events of Default and Remedies; No Acceleration,” there is no right to acceleration of payments to bondholders under the Subordinate Indenture, and bondholders may be required to make a separate claim for each semiannual payment not paid. Further, the remedies available to the owners of the Subordinate Series 2020DE Bonds upon a Subordinate Event of Default under the Subordinate Indenture are in many respects dependent upon regulatory and judicial actions that are in many instances subject to discretion and delay. Under existing laws and judicial decisions, the remedies provided for in the Subordinate Indenture may not be readily available or may be limited. Legal opinions to be delivered concurrently with the delivery of the Subordinate Series 2020DE Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Subordinate Series 2020DE 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.

Income Taxation Risk Upon Defeasance of the Subordinate Series 2020DE Bonds

In the event the Authority were to defease all or a portion of the Subordinate Series 2020DE Bonds, for federal income tax purposes, the Subordinate Series 2020DE Bonds that are the subject of such a defeasance may be deemed to be retired and “reissued” as a result of the defeasance. In such an event, a bondholder who owns such a Subordinate Series 2020DE Bond may recognize gain or loss on the Subordinate Series 2020DE Bond at the time of defeasance. Holders who own Subordinate Series 2020DE Bonds should consult their own tax advisors regarding the tax consequences of a defeasance of the

Subordinate Series 2020DE Bonds. See “TAX MATTERS—Defeasance of Subordinate Series 2020DE 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 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 Authority’s independent auditors have not been consulted in connection with the preparation of any financial projections contained in this Official Statement and the Authority’s independent auditors assume no responsibility for its content.

AIRLINE INDUSTRY INFORMATION

Certain of the airlines or their parent corporations operating at SDIA 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 Depositary 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 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 Authority.

LITIGATION

No Litigation Relating to Subordinate Series 2020DE Bonds

There is no litigation now pending or, to the best of the Authority's knowledge, threatened which seeks to restrain or enjoin the sale, issuance or delivery of the Subordinate Series 2020DE Bonds or in any way contests the validity of the Subordinate Series 2020DE Bonds or any proceedings of the Board taken with respect to the authorization, sale or issuance of the Subordinate Series 2020DE Bonds, the pledge or application of any moneys provided for the payment of or security for the Subordinate Series 2020DE Bonds, or the use of the proceeds of the Subordinate Series 2020DE Bonds.

Litigation Relating to the Authority and SDIA

There are a number of litigation matters pending against the Authority for incidents at SDIA. These claims and suits are of a nature usually incident to the operation of SDIA and, in the aggregate, in the opinion of Authority management, based upon the advice of the General Counsel to the Authority, will not have a material adverse effect on the Revenues or financial condition of SDIA. 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 Authority for SDIA.

There are no material claims or litigation arising out of or challenging any federal fund or grants held by the Authority to date.

See "INTRODUCTION—Capital Program and Airport Development Plan—Airport Development Plan" and "DEVELOPMENT OF SAN DIEGO INTERNATIONAL AIRPORT—Airport Development Plan" for a description of the lawsuit filed by Quiet Skies challenging, among other things, the Final ADP EIR.

See also "APPENDIX A—AUDITED FINANCIAL STATEMENTS OF SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018—Note 14. Commitments and Contingencies."

TAX MATTERS

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Subordinate Series 2020DE Bonds under the Internal Revenue Code of 1986, as amended (the "Code") and the U.S. Treasury Regulations (the "Regulations"), and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. The summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws.

Potential purchasers of the Subordinate Series 2020DE Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Subordinate Series 2020DE Bonds.

General Matters

Interest on the Subordinate Series 2020DE Bonds is included in gross income for federal income tax purposes. Kutak Rock LLP, Bond Counsel to the Authority, has expressed no opinion regarding any

federal tax consequences arising with respect to the purchase, holding, accrual or receipt of interest on or disposition of the Subordinate Series 2020DE Bonds.

In general, interest paid on the Subordinate Series 2020DE Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Subordinate Series 2020DE Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount or accrued market discount) will be treated as a return of capital.

Bond Premium

An investor that acquires a Subordinate Series 2020DE Bond for a cost greater than its remaining stated redemption price at maturity and holds such bond as a capital asset will be considered to have purchased such bond at a premium and, subject to prior election permitted by Section 171(c) of the Code, may generally amortize such premium under the constant yield method. Except as may be provided by regulation, amortized premium will be allocated among, and treated as an offset to, interest payments. The basis reduction requirements of Section 1016(a)(5) of the Code apply to amortizable bond premium that reduces interest payments under Section 171 of the Code. Bond premium is generally amortized over the bond's term using constant yield principles, based on the purchaser's yield to maturity. Investors of any Subordinate Series 2020DE Bond purchased with a bond premium should consult their own tax advisors as to the effect of such bond premium with respect to their own tax situation and as to the treatment of bond premium for state tax purposes.

Original Issue Discount

If the Subordinate Series 2020DE Bonds are issued with original issue discount, Section 1272 of the Code requires the current ratable inclusion in income of original issue discount greater than a specified de minimis amount using a constant yield method of accounting. In general, original issue discount is calculated, with regard to any accrual period, by applying the instrument's yield to its adjusted issue price at the beginning of the accrual period, reduced by any qualified stated interest allocable to the period. The aggregate original issue discount allocable to an accrual period is allocated to each day included in such period. As a general rule, the owner of a debt instrument must include in income the sum of the daily portions of original issue discount attributable to the number of days the owner owned the instrument. Owners of Subordinate Series 2020DE Bonds purchased at a discount should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income (notwithstanding the general rule described above in this paragraph) and with respect to the state and local tax consequences of owning such Subordinate Series 2020DE Bonds.

Market Discount

An investor that acquires a Subordinate Series 2020DE Bond for a price less than the adjusted issue price of such bond may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections and the principles applied by the Regulations, "market discount" means (a) in the case of a Subordinate Series 2020DE Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Subordinate Series 2020DE Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. Under Section 1276 of the Code, the owner of such a Subordinate Series 2020DE Bond will generally be required (i) to allocate each principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or

disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest or, in the case of a Subordinate Series 2020DE Bond with original issue discount, in proportion to the accrual of original issue discount.

An owner of a Subordinate Series 2020DE Bond that acquired such bond at a market discount also may be required to defer, until the maturity date of such bond or its earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry such bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Subordinate Series 2020DE Bond for the days during the taxable year on which the owner held such bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Subordinate Series 2020DE Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the owner elects to include such market discount in income currently as it accrues on all market discount obligations acquired by such owner in that taxable year or thereafter.

Attention is called to the fact that Regulations implementing the market discount rules have not yet been issued. Therefore, investors should consult their own tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

Recognition of Income Generally

Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Subordinate Series 2020DE Bonds under the Code.

Unearned Income Medicare Contribution Tax

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals earning certain investment income. Holders of the Subordinate Series 2020DE Bonds should consult their own tax advisors regarding the application of this tax to interest earned on the Subordinate Series 2020DE Bonds and to gain on the sale of a Subordinate Series 2020DE Bond.

Sales or Other Dispositions

If an owner of a Subordinate Series 2020DE Bond sells the bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and such owner's basis in such bond. Ordinarily, such gain or loss will be treated as a capital gain or loss.

If the terms of a Subordinate Series 2020DE Bond were materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications that may be treated as material are those that relate to redemption provisions and, in the case of a nonrecourse obligation, those which involve the substitution of collateral. Each potential owner of a Subordinate Series 2020DE Bond should consult its own tax advisor concerning the circumstances in which such bond would be deemed reissued and the likely effects, if any, of such reissuance.

Defeasance

The legal defeasance of the Subordinate Series 2020DE Bonds may result in a deemed sale or exchange of such bonds under certain circumstances. Owners of such Subordinate Series 2020DE Bonds should consult their tax advisors as to the federal income tax consequences of such a defeasance.

Backup Withholding

An owner of a Subordinate Series 2020DE Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Subordinate Series 2020DE Bonds, if such owner, upon issuance of the Subordinate Series 2020DE Bonds, 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.

Foreign Investors

An owner of a Subordinate Series 2020DE Bond that is not a "United States person" (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Subordinate Series 2020DE Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Subordinate Series 2020DE Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term "United States person" means a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States of America is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a United States withholding tax will apply to interest paid and original issue discount accruing on Subordinate Series 2020DE Bonds owned by foreign investors. In those instances in which payments of interest on the Subordinate Series 2020DE Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of Subordinate

Series 2020DE Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Subordinate Series 2020DE Bond.

Tax-Exempt Investors

In general, an entity that is exempt from federal income tax under the provisions of Section 501 of the Code is subject to tax on its unrelated business taxable income. Unrelated business taxable income generally means the gross income derived by an organization from any unrelated trade or business as defined in Section 513 of the Code. An unrelated trade or business is any trade or business that is not substantially related to the purpose that forms the basis for such entity's exemption. However, under the provisions of Section 512 of the Code, interest may be excluded from the calculation of unrelated business taxable income unless the obligation that gave rise to such interest is subject to acquisition indebtedness. Therefore, except to the extent any owner of a Subordinate Series 2020DE Bond incurs acquisition indebtedness with respect to such bond, interest paid or accrued with respect to such owner may be excluded by such tax-exempt owner from the calculation of unrelated business taxable income. Each potential tax-exempt holder of a Subordinate Series 2020DE Bond is urged to consult its own tax advisor regarding the application of these provisions.

Exemption Under California State Law

Bond Counsel is of the opinion that interest on the Subordinate Series 2020DE Bonds is exempt from present State of California personal income taxes

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the various state legislatures that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds or the market value thereof would be impacted thereby. Purchasers of the Subordinate Series 2020DE Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Subordinate Series 2020DE 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.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "ERISA Plans") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan.

The prudence of any investment by an ERISA Plan in the Subordinate Series 2020DE Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of the Subordinate Series 2020DE Bonds could be viewed as violating those prohibitions. In addition, Section 4975 of the Code prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Section 503 of the Code includes similar restrictions with respect to governmental and church plans. In this regard, the Authority or any dealer of the Subordinate Series 2020DE Bonds might be considered or might become a "party in interest" within the meaning of ERISA or a "disqualified person" within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Sections 4975 or 503 of the Code. Prohibited transactions within the meaning of ERISA and the Code may arise if the Subordinate Series 2020DE Bonds are acquired by such plans or arrangements with respect to which the Authority or any dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above sections of the Code, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Subordinate Series 2020DE Bonds. The sale of the Subordinate Series 2020DE Bonds to a plan is in no respect a representation by the Authority or the Underwriters that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan proposing to invest in the Subordinate Series 2020DE Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

RATINGS

Fitch Ratings and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, have assigned ratings of ["A+" (stable outlook)] and ["A" (stable outlook)], respectively, to the Subordinate Series 2020DE 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, One State Street Plaza, New York, NY 10004; and S&P Global Ratings, 55 Water Street, New York, New York 10041. 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds.

LEGAL MATTERS

The validity of the Subordinate Series 2020DE Bonds and certain other legal matters are subject to the approving opinions of Kutak Rock LLP, Bond Counsel to the Authority. A complete copy of the

proposed form of Bond Counsel’s opinion is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain matters will be passed upon for the Authority by the General Counsel to the Authority. Certain legal matters with respect to this Official Statement will be passed upon for the Authority by Kutak Rock LLP, Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. All of the fees of Bond Counsel, Disclosure Counsel and Underwriters’ Counsel with respect to the issuance of the Subordinate Series 2019 Bonds are contingent upon the issuance and delivery of the Subordinate Series 2019 Bonds. All of the fees of Bond Counsel, Disclosure Counsel and Underwriters’ Counsel with respect to the issuance of the Subordinate Series 2020DE Bonds are contingent upon the issuance and delivery of the Subordinate Series 2020DE Bonds.

UNDERWRITING

The Subordinate Series 2020D Bonds will be purchased by Citigroup Global Markets Inc., RBC Capital Markets, LLC, Backstrom McCarley Berry & Co., LLC, Jefferies LLC, Morgan Stanley & Co. LLC, and Siebert Williams Shank & Co., LLC (collectively, the “Underwriters”), from the Authority at a price of \$_____ (which is the par amount of the Subordinate Series 2020D Bonds, less an underwriters’ discount of \$_____), subject to the terms of the purchase contract (the “Purchase Contract”), between Citigroup Global Markets Inc., as representative of the Underwriters, and the Authority.

The Subordinate Series 2020E Bonds will be purchased by the Underwriters, from the Authority at a price of \$_____ (which is the par amount of the Subordinate Series 2020E Bonds, 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 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 Authority.

Citigroup Global Markets Inc. (“Citigroup”) provided the information contained in this paragraph for inclusion in this Official Statement and the Authority does not take any responsibility for or make any representation as to its accuracy or completeness. Citigroup, an underwriter of the Subordinate Series

2020DE Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

Backstrom McCarley Berry & Co., LLC (“BMcB”) provided the information contained in this paragraph for inclusion in this Official Statement and the Authority does not take any responsibility for or make any representation as to its accuracy or completeness. BMcB, one of the Underwriters of the Subordinate Series 2020DE Bonds, has entered into separate non-exclusive distribution agreements with TD Ameritrade, Hilltop Securities, UMB, D.A. Davidson & Co., and Wedbush Securities Inc. (the “Firms”) to augment both its institutional and retail marketing capabilities for the distribution of certain new issue municipal securities underwritten by or allocated to BMcB, which includes the Subordinate Series 2020DE Bonds. Pursuant to these distribution agreements, the Firms may purchase Subordinate Series 2020DE Bonds from BMcB at the original issue price less a negotiated portion of the selling concession applicable to any Subordinate Series 2020DE Bonds that such firm sells, or BMcB may share with the Firms a portion of the fees or commission paid to BMcB applicable to their disclosed transactions.

Jefferies LLC (“Jefferies”) provided the information contained in this paragraph for inclusion in this Official Statement and the Authority does not take any responsibility for or make any representation as to its accuracy or completeness. Jefferies, one of the Underwriters of the Subordinate Series 2020DE Bonds, has entered into an agreement (the “Jefferies Agreement”) with E*TRADE Securities LLC (“E*TRADE”) for the retail distribution of municipal securities. Pursuant to the Jefferies Agreement, Jefferies will sell Subordinate Series 2020DE Bonds to E*TRADE and will share a portion of its selling concession compensation with E*TRADE.

Morgan Stanley & Co. LLC (“Morgan Stanley”) provided the information contained in this paragraph for inclusion in this Official Statement and the Authority does not take any responsibility for or make any representation as to its accuracy or completeness. Morgan Stanley, one of the Underwriters of the Subordinate Series 2020DE Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley 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 may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Subordinate Series 2020DE Bonds.

MUNICIPAL ADVISOR

The Authority has retained the services of Frasca & Associates, LLC, New York, New York, as Municipal Advisor in connection with the issuance of the Subordinate Series 2020DE 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.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Robert Thomas CPA, LLC, the Verification Agent, will verify the mathematical accuracy of the computations contained in the schedules provided by Citigroup Global Markets Inc. to determine that the amounts to be held in the Senior Series 2013A/B Escrow Funds will be sufficient to pay (a) the interest on the Refunded Bonds on each July 1 and January 1 between, and including, July 1, 2020 and January 1, 2023 (both dates inclusive), and (b) the redemption price of and interest on the Refunded Bonds on July 1, 2023.

CONTINUING DISCLOSURE

At the time of issuance of the Subordinate Series 2020DE Bonds, the Authority will execute and deliver a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) substantially in the forms set forth in Appendix F of this Official Statement. Pursuant to the Continuing Disclosure Certificate, the 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 Authority and the Airport System and, in a timely manner, notice of certain enumerated events. See “APPENDIX F—FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

The Authority entered into a continuing disclosure certificate with respect to the Series 2014 Special Facilities Bonds. With respect to such continuing disclosure certificate, the Authority failed to file on a timely basis, on the EMMA website, notice of a change in the rating of the Series 2014 Special Facilities Bonds. S&P upgraded the rating on the Series 2014 Special Facilities Bonds from “A-” to “A” on October 31, 2018, and the Authority filed the notice of the rating change on the EMMA website on December 3, 2018.

FINANCIAL STATEMENTS

The audited financial statements of the Authority for Fiscal Years 2019 and 2018 are included as Appendix A attached hereto. The financial statements referred to in the preceding sentence have been audited by BKD, LLP, the Authority’s independent auditor, as stated in its Independent Auditor’s Report, dated October 7, 2019, included in Appendix A. BKD, LLP 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. BKD, LLP also has not performed any procedures relating to this Official Statement.

RELATED PARTIES

RBC Capital Markets, LLC is serving as one of the underwriters of the Subordinate Series 2020DE Bonds. RBC Capital Markets, LLC also serves as the underwriter for the Subordinate Drawdown Bonds, and RBC Municipal Products, LLC, an affiliate of RBC Capital Markets, LLC, is the purchaser of any Subordinate Drawdown Bonds issued by the Authority.

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 Authority which are located at 3rd Floor, 3225 North Harbor Drive, San Diego, California 92101. This Official Statement is not to be construed as a contract or agreement between the Authority and the owners of any of the Subordinate Series 2020DE 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 Authority.

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By _____
President/CEO

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

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APPENDIX B

DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY OF SAN DIEGO AND THE COUNTY OF SAN DIEGO

Set forth below is certain economic and demographic information regarding the City of San Diego (the "City") and the County of San Diego (the "County"). This information is provided for informational purposes only and general background. The information set forth herein has been obtained from third party sources believed to be reliable, but such information is not guaranteed by the San Diego County Regional Airport Authority (the "Authority") as to accuracy or completeness. The information and data within this Appendix B speak only as of the dates indicated and may have changed, perhaps materially, from such time. Because it is difficult to obtain timely economic and demographic information, the economic condition of the City and County may not be fully apparent in all of the publicly available local and regional economic statistics provided herein. In particular, the economic statistics provided herein may not fully capture the impact of current economic conditions. Neither the delivery of this Official Statement nor any sale thereafter of the securities offered hereby shall under any circumstances create any implication that there has been no change in any information contained in this Appendix B since the date of such information. The San Diego International Airport (the "Airport") functions primarily as an origination and destination ("O&D") airport (i.e., passengers beginning or ending their trips at the Airport). From Fiscal Year 2015 through Fiscal Year 2019, O&D passengers accounted for an average of 96% of all passengers enplaned at the Airport. A number of economic factors influence the number of passengers flying from and to the Airport, including population, employment and income. Some of those factors are described below.

Introduction

The City, with a total population of approximately 1,420,572 as of January 1, 2019 and a land area of approximately 325 square miles, is the eighth largest city in the nation and the second largest city in California. The City is the county seat for the County. In addition to having a favorable climate, the City offers a wide range of cultural and recreational services to both residents and visitors. Major components of the City's diversified economy include defense, tourism, biotechnology/biosciences, financial and business services, software and telecommunications. The City's economic base is also anchored by higher education and major scientific research institutions, including the University of California, San Diego, San Diego State University, Scripps Research Institute, the Salk Institute for Biological Studies, and the San Diego Supercomputer Center.

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Population

The following Table B-1 sets forth annual population figures for the City, the County and the State for calendar years 2010 through 2019. The City's population increased by approximately 8.90% between 2010 and 2019, with an average annual increase of approximately 11,609.

TABLE B-1
CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, AND STATE OF CALIFORNIA
POPULATION GROWTH
Calendar Years 2010 Through 2019

Calendar Year*	City of San Diego	Annual Growth Rate	County of San Diego	Annual Growth Rate	State of California	Annual Growth Rate
2010	1,304,482	0.81%	3,091,579	0.89%	37,223,900	0.70%
2011	1,313,779	0.71	3,125,264	1.09	37,594,781	1.00
2012	1,329,294	1.18	3,161,750	1.17	37,971,427	1.00
2013	1,348,843	1.47	3,201,417	1.25	38,321,459	0.92
2014	1,363,549	1.09	3,235,142	1.05	38,622,301	0.79
2015	1,380,886	1.27	3,267,992	1.02	38,952,462	0.85
2016	1,388,101	0.52	3,287,279	0.59	39,214,803	0.67
2017	1,396,510	0.61	3,309,626	0.68	39,504,609	0.74
2018	1,414,373	1.28	3,333,128	0.80	39,740,508	0.60
2019	1,420,572	0.44	3,351,786	0.56	39,927,315	0.47

* As of January 1 of the calendar year.

Source: State of California Department of Finance, Demographic Research Unit

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Employment

The following Table B-2 sets forth information regarding the size of the labor force, employment and unemployment rates for the City, the County, the State and the United States for calendar years 2014 through 2018, and for November 2019 (Preliminary).

TABLE B-2
LABOR FORCE – ESTIMATED AVERAGE ANNUAL EMPLOYMENT AND
UNEMPLOYMENT OF CITY OF SAN DIEGO CIVILIAN LABOR FORCE
Calendar Years 2014 Through 2018, and November 2019
(not seasonally adjusted)

	Calendar Year ¹					November 2019 ^{1,2}
	2014	2015	2016	2017	2018	
Civilian Labor Force:						
City of San Diego						
Employed	649,400	661,200	672,600	684,200	696,900	709,400
Unemployed	42,300	34,400	32,200	27,700	23,100	20,100
Unemployment Rates:						
City	6.1%	4.9%	4.6%	3.9%	3.2%	2.8%
County	6.4	5.2	4.7	4.0	3.3	2.9
California	7.5	6.2	5.5	4.8	4.2	3.7
United States ³	6.2	5.3	4.9	4.4	3.9	3.5

¹ County and State 2014-2018 data based on March 2018 Benchmark Report. City information updated November 2019 by EDD.

² Preliminary, subject to change.

³ The United States unemployment rates for calendar years 2014-2019 were generated as of January 10, 2019.

Source: State of California Employment Development Department, Labor Market Information Division; U.S. Department of Labor, Bureau of Labor Statistics

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The State of California Employment Development Department, Labor Market Information Division (the “EDD”), preliminarily estimates that, on a seasonally unadjusted basis, the civilian labor force in the City in December of 2019 was 729,500, of which approximately 19,400 persons were unemployed. Based on preliminary estimates of the EDD as of January 24, 2020, the City’s unemployment rate of 2.7% in December of 2019, on a seasonally unadjusted basis, was below that of the County at 2.8% and was below the unemployment rate of the State, which was 3.9%. The City’s unemployment rate was below the United States, which was 3.5%. The following Table B-3 sets forth estimates of total annual civilian nonfarm employment by number of employees in each major industry category in the County for calendar years 2015 through 2018 and for December 2019 (Preliminary). Annual industry employment information is not compiled by sector for the City.

TABLE B-3
COUNTY OF SAN DIEGO
NONFARM EMPLOYMENT
Calendar Years 2015 Through 2019¹
(in number of jobs by industry)

<u>Industry Category</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019⁵</u>
Services ²	681,400	701,700	717,700	738,600	761,600
Total Government	236,200	242,200	246,300	247,600	259,300
Federal	46,000	46,800	46,900	46,900	47,600
State and Local	190,200	195,500	199,400	200,700	211,700
Total Trade	190,900	191,200	192,800	191,900	196,700
Wholesale	44,100	43,700	43,800	43,700	43,100
Retail	146,800	147,500	149,000	148,200	153,600
Total Manufacturing	106,600	108,400	109,400	112,700	119,100
Nondurable Goods	26,300	27,200	27,900	28,500	91,000
Durable Goods	80,300	81,200	81,500	84,200	28,100
Financial Activities ³	71,400	73,000	74,600	75,900	76,200
Construction	69,900	76,300	79,500	84,200	91,700
Transportation, Warehousing & Utilities	28,400	29,700	32,000	33,500	35,700
Mining & Logging	300	300	300	300	400
Total Nonfarm ⁴	<u>1,385,000</u>	<u>1,422,900</u>	<u>1,452,600</u>	<u>1,484,600</u>	<u>1,540,700</u>

¹ Based on March 2018 Benchmark Report.

² Includes professional and business, information, educational and health, leisure and hospitality and other services.

³ Includes finance, insurance, and real estate.

⁴ Line items may not add to totals due to independent rounding.

⁵ Preliminary information as of December 2019.

Source: State of California Employment Development Department, Labor Market Information Division

Since the industry employment data referenced above are organized by standard industrial classification codes, employment in the various high tech categories, such as telecommunications, software and biotechnology may not fall into a single employment section alone. For example, some telecommunications firms appear in Manufacturing while others appear in Services.

Taxable Sales

The following Table B-4 sets forth taxable transactions in the City for calendar years 2014 through 2018.

TABLE B-4
CITY OF SAN DIEGO
TAXABLE TRANSACTIONS
Calendar Years 2014 Through 2018*
(in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Retail and Food Services:					
Apparel	\$ 1,860,941	\$ 1,876,406	\$ 1,849,752	\$ 1,884,703	\$ 1,932,777
General Merchandise	1,660,870	1,685,705	1,629,376	1,633,756	1,710,621
Food	1,057,719	1,054,381	1,045,178	1,078,711	1,125,759
Eating and Drinking	3,534,412	3,871,361	4,133,095	4,307,507	4,466,904
Home Furnishings and Appliances	1,198,020	1,226,012	1,227,499	1,140,892	1,163,314
Building Materials	920,113	957,041	1,008,705	1,041,763	1,081,396
Motor Vehicles and Parts	2,422,829	2,580,830	2,734,187	2,747,732	2,873,480
Service Stations	1,939,188	1,662,826	1,437,892	1,571,570	1,782,322
Other Retail Stores	<u>1,668,503</u>	<u>1,714,791</u>	<u>1,749,474</u>	<u>1,782,546</u>	<u>1,836,103</u>
Total Retail and Food Services	\$16,262,595	\$16,629,356	\$16,815,163	\$17,189,186	\$17,972,680
All Other Outlets	<u>6,009,464</u>	<u>6,056,004</u>	<u>6,407,062</u>	<u>6,566,238</u>	<u>6,999,132</u>
Total All Outlets*	<u>\$22,272,059</u>	<u>\$22,685,360</u>	<u>\$23,222,225</u>	<u>\$23,755,424</u>	<u>\$24,971,813</u>

* Totals may not total due to independent rounding.

Source: California State Board of Equalization, Research & Statistics Section, Taxable Sales in California for calendar year 2014. California Department of Tax and Fee Administration ("CDTFA"), CDTFA Open Data Portal for calendar years 2015-2018

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Tourism

San Diego is one of the top 10 visitor and meeting destinations in the United States, drawing more than 30 million visitors annually. The Airport serves the San Diego-Carlsbad, CA, Metropolitan Statistical Area (the “San Diego MSA”), California’s fourth largest MSA and the nation’s seventeenth largest MSA by population. As shown in Table B-5 below, the number of visitors to the San Diego MSA, measured in person trips, increased from 33.8 million in 2014 to 35.8 million in 2018.

TABLE B-5
NUMBER OF VISITORS TO
THE SAN DIEGO MSA
Calendar Years 2014 Through 2018
(in million person-trips)

Calendar Year	Visitors
2014	33.8
2015	
2016	
2017	
2018	35.8

Source: San Diego Tourism Authority, CIC Research,
and Tourism Economics

The following Table B-6 sets forth total visitor spending in the County for the calendar years 2014 through 2019.

TABLE B-6
COUNTY OF SAN DIEGO
TOTAL VISITOR SPENDING
Calendar Years 2015 Through 2019
(in millions)

Calendar Year	Amount
2015	\$ 9,921
2016	10,401
2017	10,828
2018	11,490
2019	11,643

Source: Visitor Industry Summary compiled by the
San Diego Tourism Authority from data prepared
by CIC Research, Inc., Oxford Economics

The following Table B-7 sets forth the City’s transient occupancy tax revenues for Fiscal Years 2015 through 2019.

**TABLE B-7
CITY OF SAN DIEGO
TRANSIENT OCCUPANCY TAX*
Fiscal Years 2015 Through 2019
(in thousands)**

Fiscal Year	Amount
2015	\$186,690
2016	204,559
2017	222,228
2018	231,863
2019	250,883

* Includes both the City’s General Fund portion of the transient occupancy tax (5.5¢ of 10.5¢) and the balance (5¢ of 10.5¢) allocated to Special Promotional Programs. Special Promotional Programs are intended to: advance the City’s economy by promoting the City as a visitor destination; develop, maintain, and enhance visitor-related facilities; and support the City’s cultural amenities and natural attractions.
Source: Fiscal Year 2019 Comprehensive Annual Financial Report, City of San Diego

For calendar year 2019, the San Diego Tourism Authority reported that hotel occupancy in the City averaged 78.6%, which is a slight decrease in the occupancy level when compared to the prior year.

The City is the focal point for tourism in the County. Most of the County’s major tourist attractions, including the world-renowned San Diego Zoo and SeaWorld San Diego, are located in the City. Other attractions located in the City include the Cabrillo National Monument on Point Loma, the historic Gaslamp Quarter in the downtown area, the Old Town State Park, Balboa Park and a host of other cultural and recreational activities.

Based on information provided by the San Diego Tourism Authority in its annual San Diego County Visitor Industry Summary, in calendar year 2019 there were 35.1 million visitors to San Diego County, and they spent more than \$11.6 billion. About half of the 35.1 million visitors stayed overnight in private homes or hotels.

In addition to the many permanent attractions available to visitors, the City has also been host to a number of major sporting events. The City annually hosts the Farmers Insurance Open, a Professional Golfers’ Association Tour Event played at the world renowned Torrey Pines Golf Course. In addition, the City has annually hosted a post-season contest of elite college football teams at the Holiday Bowl.

The San Diego Convention Center (the “Convention Center”) has 2.6 million total gross square feet of buildings, including the parking structure. According to the San Diego Convention Center Corporation Annual Report for Fiscal Year ended June 30, 2018, events in the Convention Center generated over \$1.1 billion in economic impact for the San Diego regional economy through direct attendee spending, tax revenues, and hotel room nights in Fiscal Year 2018.

Military

The information in the first three paragraphs below is taken from the San Diego Military Economic Impact Study released in October 2019 (the “Military Study”) prepared by the San Diego Military Advisory Council (“SDMAC”). The Authority has not independently verified the information in the Military Study.

Military and related defense spending are significant factors in the County economy. Military installations include Marine Corps Base Camp Joseph H. Pendleton; the Marine Corps Recruit Depot; Marine Corps Air Station at Miramar; Naval Air Station North Island; Naval Station San Diego; and Naval Submarine Base, San Diego.

There are approximately 143,000 uniformed military personnel and civilians working for the Department of Defense, Department of Homeland Security or the Veterans Administration within in the County, including approximately 109,500 active duty military personnel, 7,500 reserves and 26,000 full-time civilian workers. These totals are expected to increase to approximately 151,000 in the current federal fiscal year ending September 30, 2020. The estimated direct defense-related spending by the military in the County for the fiscal year ending September 30, 2019 increased approximately 3.7% to \$28.1 billion from \$27.1 billion for the federal fiscal year ending September 30, 2018.

The direct spending by the military results in additional jobs and spending in the local economy. Approximately 22% (354,000) of the jobs in the County were directly and indirectly related to the military in the fiscal year ended September 30, 2019 and the gross regional product in the County related to the military was estimated at \$51.0 billion, up from \$49.7 billion in the prior federal fiscal year. It is estimated that the military’s total impact on the region represents about 20% of the County’s total gross regional product.

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Top Ten Principal Employers

The following Table B-8 sets forth the top 10 principal employers in the City for Fiscal Year 2019.

TABLE B-8
CITY OF SAN DIEGO
TOP TEN PRINCIPAL EMPLOYERS
Fiscal Year 2019
(unaudited)

Employer	Number of Employees	Percentage of Total Employment¹
Naval Base, San Diego ²	41,607	5.82%
University of California San Diego ³	38,749	5.42
Sharp Healthcare ⁴	18,736	2.62
County of San Diego	18,606	2.60
San Diego Unified School District	12,996	1.82
Scripps Health ⁵	12,348	1.73
City of San Diego ⁶	11,598	1.62
Qualcomm, Inc. ⁷	10,300	1.44
San Diego Community College District ⁸	6,246	0.87
Kaiser Permanente ⁹	<u>5,349</u>	<u>0.75</u>
Total Top Employers	<u>176,535</u>	<u>24.69%</u>

¹ Percentage based on total employment of 712,500 for Fiscal Year 2019.

² Employee count includes Navy, Marine and Civil Services personnel.

³ Includes full and part time, academic and support staff, and UCSD Medical Center, School of Medicine.

⁴ Employee count is countywide.

⁵ Scripps Health employees within city limits, not including Mercy Hospital in Chula Vista.

⁶ As of last pay-period of the fiscal year.

⁷ Excludes temporary employees and interns.

⁸ Excludes out of state military instructors.

⁹ Includes physicians.

Source: Fiscal Year 2019 Comprehensive Annual Financial Report, City of San Diego

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Table B-9 lists the largest companies headquartered in the San Diego MSA, earning more than \$1 billion in annual revenues.

**TABLE B-9
LARGEST COMPANIES HEADQUARTERED
IN THE SAN DIEGO MSA**

Company	Business Description
Qualcomm, Inc.	Semiconductor and telecommunications
Sony Electronics US	Audio and video electronics and information technology
Petco Holdings, Inc.	Specialty pet food retail
Jack in the Box	Fast-food restaurant chain
Sempra Energy	Natural gas utilities holding company
Scripps Health	Health care
General Atomics	Aerospace and defense
WIS International	Retail
Cubic	Information technology
Dyson & Dyson Real Estate Associates	Real estate services
PriceSmart	Retail
Encore Capital Group	Diversified financial services
Illumina	Biotechnology

Source: Zippia, 20 Biggest Companies in San Diego, CA, accessed online on July 15, 2019

Personal Income

The following Table B-10 sets forth the per capita personal income in the County, the State and the United States for calendar years 2014 through 2018.

**TABLE B-10
COUNTY OF SAN DIEGO, STATE OF CALIFORNIA AND UNITED STATES
PER CAPITA PERSONAL INCOME*
Calendar Years 2014 Through 2018**

Calendar Year	County of San Diego	State of California	United States
2014	\$52,214	\$52,324	\$47,058
2015	54,801	55,758	48,978
2016	56,322	57,739	49,870
2017	58,097	60,156	51,885
2018	61,386	63,557	54,446

* Amounts for County and State may not be comparable based on different source methodology.
Source: U.S. Bureau of Economic Analysis and Bureau of the Census

APPENDIX C-1
CERTAIN DEFINITIONS

APPENDIX C-2

SUMMARY OF THE MASTER SENIOR INDENTURE

APPENDIX C-3

SUMMARY OF THE MASTER SUBORDINATE INDENTURE

APPENDIX C-4

SUMMARY OF THE EIGHTH SUPPLEMENTAL SUBORDINATE INDENTURE

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF AIRLINE LEASE AGREEMENT

APPENDIX E

PROPOSED FORM OF BOND COUNSEL'S OPINION

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 “*Authority*”) in connection with the issuance of its San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020D (Federally Taxable) (the “*Subordinate Series 2020D Bonds*”), and San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020E (Federally Taxable) (the “*Subordinate Series 2020E Bonds*,” and together with the Subordinate Series 2020D Bonds, the “*Subordinate Series 2020DE Bonds*”). The Subordinate Series 2020DE Bonds are being issued pursuant to the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the “*Master Subordinate Indenture*”), by and between the Authority and U.S. Bank National Association, as successor trustee (the “*Subordinate Trustee*”), and the Eighth Supplemental Subordinate Trust Indenture, dated as of _____ 1, 2020 (the “*Eighth Supplemental Subordinate Indenture*,” and collectively with the Master Subordinate Indenture and all supplements thereto, the “*Subordinate Indenture*”), by and between the Authority and the Subordinate Trustee. Additionally, the Subordinate Series 2020DE Bonds have been authorized by Resolution No. 2020-_____ adopted by the board of directors of the Authority on March 23, 2020 (the “*Resolution*”). The Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds by the Participating Underwriter (as defined below), the Authority covenants and agrees as follows:

Section 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Subordinate Series 2020DE 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 Subordinate 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 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 Subordinate Series 2020DE Bonds (including persons holding Subordinate Series 2020DE Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Subordinate Series 2020DE Bonds for federal income tax purposes.

“*Dissemination Agent*” means the Authority, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the 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 out in Section 5(a)(10) and Section (5)(b)(8) of this Certificate, 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.

“*Holder*” means either the registered owners of the Subordinate Series 2020DE Bonds, or if the Subordinate Series 2020DE 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 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 Authority. At the time of issuance of the Subordinate Series 2020DE Bonds, the Authority is the only Obligated Person.

“*Official Statement*” means the Official Statement, dated _____, 2020, prepared and distributed in connection with the initial sale of the Subordinate Series 2020DE Bonds.

“*Participating Underwriter*” means any of the original underwriters of the Subordinate Series 2020DE Bonds required to comply with the Rule in connection with the offering of the Subordinate Series 2020DE 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 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 Authority’s fiscal year in each fiscal year. The Authority’s first Annual Report shall be due December 28, 2020. Not later than 15 Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the 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 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 Authority’s fiscal year. If the Authority’s fiscal year changes, the 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 Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with subsection (a).

(c) If the Authority is unable to provide to the MSRB or the Dissemination Agent (if other than the Authority), an Annual Report by the date required in subsection (a), the 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 Authority) shall confirm in writing to the Authority that the Annual Report has been filed as required hereunder, stating the date filed.

Section 4. Content of Annual Reports.

(a) The 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 Subordinate Series 2020DE Bonds, unless otherwise noted):

(i) Audited financial statements of the 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 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 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 2013 Bonds) and the Subordinate Obligations (including the Subordinate Series 2020DE Bonds, the Subordinate Series 2010 Bonds, the Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2020ABC Bonds, the Subordinate Revolving Obligations and the Subordinate Drawdown Bonds);

(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 12 — San Diego County Regional Airport Authority, Investments;
- (xi) Table 13 — San Diego County Regional Airport Authority, Statements of Revenues, Expenses and Change in Net Position;
- (xii) Table 14 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Providers;
- (xiii) Table 15 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Sources;
- (xiv) Table 16 — San Diego County Regional Airport Authority, Historical Senior and Subordinate Debt Service Coverage;
- (xv) Table 17 — San Diego International Airport, Airline Derived Revenue Per Passenger;
- (xvi) Table 18 — San Diego County Regional Airport Authority, Approved PFC Applications; and
- (xvii) Table 19 — 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 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 Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds or other material events affecting the tax status of the Subordinate Series 2020DE Bonds;

2. Modifications to rights of the Beneficial Owners or Holders of the Subordinate Series 2020DE Bonds;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Subordinate Series 2020DE 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 Authority, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders;

(c) The 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 Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Authority shall determine if such event would be material under applicable federal securities laws.

(e) If the 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 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 Subordinate Series 2020DE Bonds pursuant to the Subordinate Indenture.

(f) The Authority intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 2, 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 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 Subordinate Series 2020DE Bonds, or upon delivery to the Dissemination Agent (if other than the 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 Subordinate Series 2020DE Bonds, the 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 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 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 Authority) shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Certificate.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds in the same manner as provided in the Subordinate Indenture for amendments to the Subordinate 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 Subordinate Series 2020DE Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the 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 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 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 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 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 Authority to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Subordinate Series 2020DE Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Dissemination Agent (if other than the 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 Subordinate Indenture and the sole remedy under this Certificate in the event of any failure of the Authority or the Dissemination Agent (if other than the 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 shall have only such duties as are expressly and specifically set forth in this Certificate, and the 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 Subordinate Indenture. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Subordinate Series 2020DE Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Subordinate Series 2020DE 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 _____, 2020.

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: Subordinate Airport Revenue Refunding Bonds, Series 2020D (Federally Taxable)
Subordinate Airport Revenue Refunding Bonds, Series 2020E (Federally Taxable)
Date of Issuance: April __, 2020
CUSIP: 79739G____

NOTICE IS HEREBY GIVEN that the San Diego County Regional Airport Authority (the “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 _____, 2020, executed by the Authority for the benefit of the holders and beneficial owners of the above referenced bonds. The Authority anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Authorized Representative

APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

Introduction

Unless otherwise noted, the information contained under the caption “—General” below has been provided by DTC. The Authority makes no representations as to the accuracy or the completeness of such information. The Beneficial Owners of the Subordinate Series 2020DE Bonds should confirm the following information with DTC, the Direct Participants or the Indirect Participants.

NEITHER THE AUTHORITY NOR THE SUBORDINATE 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 SUBORDINATE SERIES 2020DE BONDS UNDER THE SUBORDINATE 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 SUBORDINATE SERIES 2020DE 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 SUBORDINATE SERIES 2020DE BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF SUBORDINATE SERIES 2020DE BONDS; OR (F) ANY OTHER MATTER REGARDING DTC.

General

DTC will act as securities depository for the Subordinate Series 2020DE Bonds. The Subordinate Series 2020DE 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 Subordinate Series 2020DE Bond certificate will be issued for each maturity of the Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Subordinate Series 2020DE Bonds on DTC’s records. The ownership interest of each actual purchaser of each Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds, except in the event that use of the book-entry system for the Subordinate Series 2020DE Bonds is discontinued.

To facilitate subsequent transfers, all Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Subordinate Series 2020DE Bonds, such as redemptions, tenders, defaults and proposed amendments to the Subordinate Series 2020DE Bond documents. For example, Beneficial Owners of Subordinate Series 2020DE Bonds may wish to ascertain that the nominee holding the Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 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 Subordinate Series 2020DE Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Subordinate Series 2020DE 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 Authority, the Subordinate 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 Subordinate Trustee or the 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 Authority or the Subordinate 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 Subordinate Series 2020DE Bonds at any time by giving reasonable notice to the Authority or the Subordinate Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Subordinate Series 2020DE Bonds are required to be printed and delivered.

The 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 Subordinate Series 2020DE 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 Authority believes to be reliable, but neither the Authority nor the Underwriters take any responsibility for the accuracy thereof.

BENEFICIAL OWNERS WILL NOT RECEIVE PHYSICAL DELIVERY OF SUBORDINATE SERIES 2020DE 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.

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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 “*Authority*”) in connection with the issuance of its San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020D (Federally Taxable) (the “*Subordinate Series 2020D Bonds*”), and San Diego County Regional Airport Authority Subordinate Airport Revenue Refunding Bonds, Series 2020E (Federally Taxable) (the “*Subordinate Series 2020E Bonds*,” and together with the Subordinate Series 2020D Bonds, the “*Subordinate Series 2020DE Bonds*”). The Subordinate Series 2020DE Bonds are being issued pursuant to the Master Subordinate Trust Indenture, dated as of September 1, 2007, as amended (the “*Master Subordinate Indenture*”), by and between the Authority and U.S. Bank National Association, as successor trustee (the “*Subordinate Trustee*”), and the Eighth Supplemental Subordinate Trust Indenture, dated as of _____ 1, 2020 (the “*Eighth Supplemental Subordinate Indenture*,” and collectively with the Master Subordinate Indenture and all supplements thereto, the “*Subordinate Indenture*”), by and between the Authority and the Subordinate Trustee. Additionally, the Subordinate Series 2020DE Bonds have been authorized by Resolution No. 2020-_____ adopted by the board of directors of the Authority on March 23, 2020 (the “*Resolution*”). The Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds by the Participating Underwriter (as defined below), the Authority covenants and agrees as follows:

Section 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Subordinate Series 2020DE 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 Subordinate 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 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 Subordinate Series 2020DE Bonds (including persons holding Subordinate Series 2020DE Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Subordinate Series 2020DE Bonds for federal income tax purposes.

“*Dissemination Agent*” means the Authority, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the 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 out in Section 5(a)(10) and Section (5)(b)(8) of this Certificate, 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.

“*Holder*” means either the registered owners of the Subordinate Series 2020DE Bonds, or if the Subordinate Series 2020DE 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 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 Authority. At the time of issuance of the Subordinate Series 2020DE Bonds, the Authority is the only Obligated Person.

“*Official Statement*” means the Official Statement, dated _____, 2020, prepared and distributed in connection with the initial sale of the Subordinate Series 2020DE Bonds.

“*Participating Underwriter*” means any of the original underwriters of the Subordinate Series 2020DE Bonds required to comply with the Rule in connection with the offering of the Subordinate Series 2020DE 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 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 Authority's fiscal year in each fiscal year. The Authority's first Annual Report shall be due December 28, 2020. Not later than 15 Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the 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 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 Authority's fiscal year. If the Authority's fiscal year changes, the 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 Authority) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with subsection (a).

(c) If the Authority is unable to provide to the MSRB or the Dissemination Agent (if other than the Authority), an Annual Report by the date required in subsection (a), the 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 Authority) shall confirm in writing to the Authority that the Annual Report has been filed as required hereunder, stating the date filed.

Section 4. Content of Annual Reports.

(a) The 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 Subordinate Series 2020DE Bonds, unless otherwise noted):

(i) Audited financial statements of the 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 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 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 2013 Bonds) and the Subordinate Obligations (including the

Subordinate Series 2020DE Bonds, the Subordinate Series 2010 Bonds, the Subordinate Series 2017 Bonds, the Subordinate Series 2019 Bonds, the Subordinate Series 2020ABC Bonds, the Subordinate Revolving Obligations and the Subordinate Drawdown Bonds);

(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 12 — San Diego County Regional Airport Authority, Investments;

(xi) Table 13 — San Diego County Regional Airport Authority, Statements of Revenues, Expenses and Change in Net Position;

(xii) Table 14 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Providers;

(xiii) Table 15 — San Diego County Regional Airport Authority, Top Ten Operating Revenue Sources;

(xiv) Table 16 — San Diego County Regional Airport Authority, Historical Senior and Subordinate Debt Service Coverage;

(xv) Table 17 — San Diego International Airport, Airline Derived Revenue Per Passenger;

(xvi) Table 18 — San Diego County Regional Airport Authority, Approved PFC Applications; and

(xvii) Table 19 — 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 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 Authority shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds or other material events affecting the tax status of the Subordinate Series 2020DE Bonds;

2. Modifications to rights of the Beneficial Owners or Holders of the Subordinate Series 2020DE Bonds;

3. Optional, unscheduled or contingent bond calls;

4. Release, substitution or sale of property securing repayment of the Subordinate Series 2020DE 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 Authority, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders;

(c) The 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 Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b) hereof, the Authority shall determine if such event would be material under applicable federal securities laws.

(e) If the 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 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 Subordinate Series 2020DE Bonds pursuant to the Subordinate Indenture.

(f) The Authority intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of “Financial Obligation” in Section 2, 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 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 Subordinate Series 2020DE Bonds, or upon delivery to the Dissemination Agent (if other than the 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 Subordinate Series 2020DE Bonds, the 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 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 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 Authority) shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Certificate.

Section 8. Amendment Waiver. Notwithstanding any other provision of this Certificate, the 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE 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 Subordinate Series 2020DE Bonds in the same manner as provided in the Subordinate Indenture for amendments to the Subordinate 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 Subordinate Series 2020DE Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the 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 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 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 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 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 Authority to comply with any provision of this Certificate, any Holder or Beneficial Owner of the Subordinate Series 2020DE Bonds may

take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Dissemination Agent (if other than the 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 Subordinate Indenture and the sole remedy under this Certificate in the event of any failure of the Authority or the Dissemination Agent (if other than the 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 shall have only such duties as are expressly and specifically set forth in this Certificate, and the 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 Subordinate Indenture. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Subordinate Series 2020DE Bonds.

Section 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Authority, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Subordinate Series 2020DE 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 _____, 2020.

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: Subordinate Airport Revenue Refunding Bonds, Series 2020D (Federally Taxable)

Subordinate Airport Revenue Refunding Bonds, Series 2020E (Federally Taxable)

Date of Issuance: April __, 2020

CUSIP: 79739G____

NOTICE IS HEREBY GIVEN that the San Diego County Regional Airport Authority (the "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 _____, 2020, executed by the Authority for the benefit of the holders and beneficial owners of the above referenced bonds. The Authority anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY

By: _____
Authorized Representative

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from Frasca & Associates, LLC (the "Municipal Advisor") with respect to the bonds (the "Subordinate Series 2020D/E Bonds") approved in the attached Resolution, and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the Subordinate Series 2020D/E Bonds:

Section 1. True Interest Cost of the Subordinate Series 2020D/E 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 Subordinate Series 2020D/E 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 Subordinate Series 2020D/E Bonds, is 3.98%.

Section 2. Finance Charge of the Subordinate Series 2020D/E 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 Subordinate Series 2020D/E Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Subordinate Series 2020D/E Bonds), is \$1,615,561, as follows:

(a)	Underwriters' Discount	\$875,196
(b)	Bond Counsel and Disclosure Counsel and Disbursements	235,000
(c)	Municipal Advisor and Disbursements	245,000
(d)	Rating Agencies	226,225
(e)	Other	<u>34,140</u>
	Total	\$1,615,561

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 of the amount of proceeds expected to be received by the Authority for sale of the Subordinate Series 2020D/E Bonds less the finance charge of the Subordinate Series 2020D/E Bonds described in Section 2 above and any reserves paid or funded with proceeds of the Subordinate Series 2020D/E Bonds, is \$382,074,439.

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 Subordinate Series 2020D/E Bonds plus the finance charge of the Subordinate Series 2020D/E Bonds described in Section 2 above not paid with the

proceeds of the Subordinate Series 2020D/E Bonds, calculated to the final maturity of the Subordinate Series 2020D/E Bonds, is \$640,183,526.

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 Subordinate Series 2020D/E Bonds sale, the amount of Subordinate Series 2020D/E Bonds sold, the amortization of the Subordinate Series 2020D/E Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Subordinate Series 2020D/E Bonds sold will be determined by the Authority based on need to provided funds for the Financing and other factors. The actual interest rates at which the Subordinate Series 2020D/E Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Subordinate Series 2020D/E 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 Subordinate Series 2020D/E Bonds with a maximum true interest cost of 3.50%.

San Diego County Regional Airport Authority



SAN DIEGO
INTERNATIONAL AIRPORT

LET'S **GO.**

**Subordinate Airport Revenue Refunding Bonds Series
2020D (Taxable)**

**Subordinate Airport Revenue Refunding Bonds Series
2020E (Taxable)**

Presented by:
Scott Brickner
Vice President Chief Financial Officer

March 23rd 2020

Introduction

In the second quarter 2020, the Authority plans to pursue debt service savings by potentially pricing Subordinate Lien Taxable General Airport Revenue Refunding Bonds (GARBs) to:

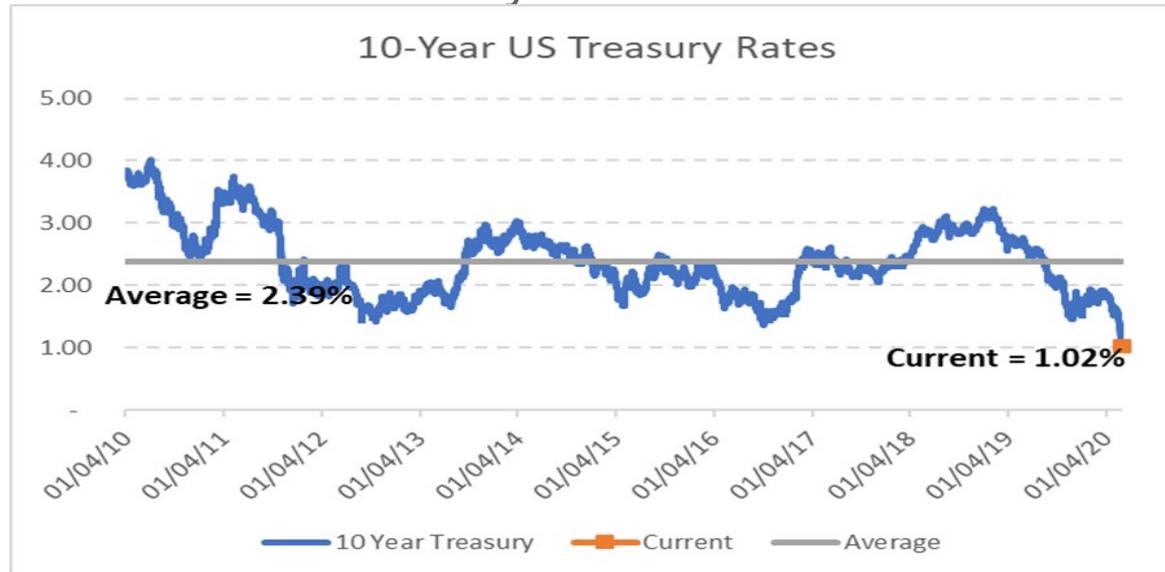
- Refund GARB Series 2013 bonds,
- Pay cost of issuance and fund required reserves

Staff is seeking Board Approval to issue up to \$395 million of Subordinate GARB Bonds

Potential 2013 Bonds Refunding Opportunity

The 2013 bonds have a 10-year par call, which limits **tax exempt** refundings to no earlier than 90 days before July 1, 2023

- Tax-exempt advance refunding's are prohibited, but the bonds can be advance refunded with **taxable** bonds
- Volatile Conditions have driven taxable yields to record lows but have rebounded 70BPS in recent days



Potential 2013 Bonds Refunding Savings

(As of February 28, 2020)

	Taxable Advance Refunding	Hypothetical Future Tax-Exempt Current Refunding
Call Date	07/01/23	07/01/23
All-in TIC	2.85	2.70
Net Present Value (PV) Saving	\$51.8 million	\$86.3 million
Net PV Savings %	15%	25%
Breakeven	104bps	n/a

- A taxable advance refunding could achieve Debt Service savings of \$52 million
- A Hypothetical future tax-exempt current refunding in July 2023 at current rates would achieve additional savings of \$36 million
- However, an increase in rates of 104 bps (1.04%) over the next 3 years would eliminate the additional savings

Advance Refunding Market Conditions

- Potential impacts of COVID-19 has increased volatility in financial markets and impacted air travel demand
- Credit spreads for airport bond issues have widened and demand for bonds has fluctuated
- Currently market conditions are as such that a bond sale today would be difficult
- The Authority will prepare for issuance to take advantage of favorable yields as and when market stabilizes
- Go/No-Go: Authority targets at least \$40 million in PV savings or approximately 10% PV savings (Board Policy requires greater than

Principal Documents of the GARB Sale

DOCUMENT	PURPOSE OF DOCUMENT
Resolution	Authorizes the issuance of the Series 2020 Taxable GARBS (refunding bonds) and approves the bond financing documents
Escrow Agreement	Establishes the creation of escrow funds and how the escrow funds are to be managed.
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

Principal Documents of the GARB Sale

DOCUMENT	PURPOSE OF DOCUMENT
Eighth Supplemental Subordinate Indenture	<p>Supplements the Master Subordinate Indenture¹ by presenting the specific terms and features of the Series 2020 GARBS :</p> <p>Sets Forth principal amounts and interest rates for the 2020 Bonds</p> <p>Defines when Interest and Principal payments are due for 2020 Bonds</p> <p>Establishes funds and accounts for 2020 Bonds</p> <p>Establishes redemption terms of 2020 Bonds</p> <p>¹ This Master Subordinate Indenture is the financing document that sets forth the general terms of the Authority's pledge of Subordinate Net Revenues and provides for the terms and conditions upon which airport revenue obligations may be issued by the Authority</p>

Principal Documents of the GARB Sale

DOCUMENT	PURPOSE OF DOCUMENT
Official Statement (Preliminary & Final)	Discloses to investors information about the GARBs and the Authority's and Airport's activities and financial condition
Bond Purchase Contract and	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.

The Authority's Team

ROLE	FIRM	PRINCIPAL TASKS
Bond/ Disclosure Counsel	<i>Kutak Rock</i>	<ul style="list-style-type: none">• 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	<i>Frasca & Associates</i>	<ul style="list-style-type: none">• Provides financial analysis, prepares Rating Agency materials, negotiates with Underwriters

The Authority's Team

ROLE	FIRM	PRINCIPAL TASKS
Underwriters	<i>Citigroup (Senior Manager)</i> <i>RBC</i> <i>Backstrom McCarley Berry & Co., LLC</i> <i>Jefferies</i> <i>Morgan Stanley</i> <i>Siebert Williams Shank & Co.</i>	<ul style="list-style-type: none"> • Price and distribute Bonds to investors
Underwriters' Counsel	<i>Stradling Yocca Carlson & Rauth</i>	<ul style="list-style-type: none"> • Prepares Bond Purchase Contracts and documents related to the underwriters
Trustee and Escrow Agent	<i>US Bank</i>	<ul style="list-style-type: none"> • Holds funds that are pledged to Subordinate Bondholders and takes action on their behalf
Verification Agent	<i>Robert Thomas CPA, LLC</i>	<ul style="list-style-type: none"> • Verifies sufficiency of escrow balances

Preliminary Timeline

DATE	EVENT	RESPONSIBLE PARTY
3/23/20	Board Meeting to Approve Transaction	Authority Board
3/23/20	Assess Market	Authority Staff, Financial Advisor/Underwriter
After 3/23/20	When and as market conditions Stabilize: Due Diligence, Receive ratings, Post POS, Market Bonds	Authority Staff, Financial Advisor/Underwriter
TBD	Price Bonds*	Underwriters, Authority Staff, Financial Advisor

** Subject to market conditions*

Staff's Request of the Board Meeting

Recommend Board approve:

- **Adopt Resolution No. 2020-XXXX, (1) Authorizing the issuance and sale of not-to-exceed \$395 million in aggregate principal amount of one or more series of San Diego County Regional Airport Authority (the "Authority") Subordinate Airport Revenue Refunding Bonds and (2) Approving the form of a Eighth Supplemental Subordinate Trust Indenture, Preliminary and Final Official Statements, a Purchase Contract, an Escrow agreement, a Continuing Disclosure Certificate, and certain related matters**



Questions?