

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY



SPECIAL BOARD MEETING

and

EXECUTIVE/FINANCE COMMITTEE

AGENDA

Monday, February 24, 2014
9:00 A.M.

San Diego International Airport
Commuter Terminal -- Third Floor
Board Room
3225 N. Harbor Drive
San Diego, CA 92101

BOARD MEMBERS

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

* EX OFFICIO BOARD MEMBERS

PRESIDENT/CEO
THELLA F. BOWENS

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. If comments are made to the Committee 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. ***Please note that agenda items may be taken out of order.***

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

***NOTE:** This Committee Meeting also is noticed as a Special Meeting of the Board to (1) foster communication among Board members in compliance with the Brown Act; and (2) preserve the advisory function of the Committee.

Board members who are not members of this Committee may attend and participate in Committee discussions. Since sometimes more than a quorum of the Board may be in attendance, to comply with the Brown Act, this Committee meeting also is noticed as a Special Meeting of the Board.

To preserve the proper function of the Committee, only members officially assigned to this Committee are entitled to vote on any item before the Committee. This Committee only has the power to review items and make recommendations to the Board. Accordingly, this Committee cannot, and will not, take any final action that is binding on the Board or the Authority, even if a quorum of the Board is present.

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.***

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

Board

Board Members: Alvarez, Berman (Ex-Officio), Boland, Cox, Desmond, Farnam (Ex-Officio), Gleason (Chair), Hubbs, Ortega (Ex-Officio), Robinson, Sessom, Smisek

Executive Committee

Committee Members: Gleason (Chair), Robinson, Smisek

Finance Committee

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

NON-AGENDA PUBLIC COMMENT

Non-Agenda Public Comment is reserved for members of the public wishing to address the Committee on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Committee. 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.

NEW BUSINESS

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the January 24, 2014, special meeting.

FINANCE COMMITTEE NEW BUSINESS

2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE SEVEN MONTHS ENDED JANUARY 31, 2014:

RECOMMENDATION: Receive the report.
Presented by Vernon Evans, Vice President, Finance/Treasurer

3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF JANUARY 31, 2014:

RECOMMENDATION: Receive the report.

Presented by Scott Brickner, Director, Financial Planning and Budget

4. PRESENTATION ON COMMERCIAL PAPER PROGRAM:

Presented by Vernon Evans, Vice President, Finance/Treasurer

5. DISCUSSION REGARDING FISCAL YEAR 2015 AND FISCAL YEAR 2016 OPERATING BUDGETS:

RECOMMENDATION: Provide direction to staff.

Presented by Vernon Evans, Vice President, Finance/Treasurer

6. SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM UPDATE:

Presented by Mark Hovey; Chief Executive Officer, San Diego City Employees' Retirement System, and Jeff Lindeman; Senior Director, Organizational Performance and Development

EXECUTIVE COMMITTEE NEW BUSINESS

7. PRE-APPROVAL OF TRAVEL REQUESTS AND APPROVAL OF BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REQUESTS FOR BOARD MEMBERS, THE PRESIDENT/CEO, THE CHIEF AUDITOR AND GENERAL COUNSEL:

RECOMMENDATION: Pre-approve travel requests and approve business and travel expense reimbursement requests.

Presented by Tony R. Russell, Director, Corporate Services/Authority Clerk

REVIEW OF FUTURE AGENDAS

8. REVIEW OF THE DRAFT AGENDA FOR THE MARCH 6, 2014, BOARD MEETING:

Presented by: Thella F. Bowens, President/CEO

9. REVIEW OF THE DRAFT AGENDA FOR THE MARCH 6, 2014, AIRPORT LAND USE COMMISSION MEETING:

Presented by: Thella F. Bowens, President/CEO

BOARD BUSINESS

CLOSED SESSION:

10. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

Real Property negotiations pursuant to Cal. Gov. Code §54954.5(b) and §54956.8:

Property: 2980 Pacific Highway, San Diego, California

Agency Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer
and Troy Ann Leech, Director, Aviation & Commercial Business

Negotiating Party: President/CEO, San Diego World Trade Center

Under Negotiation: New or amended lease.

REPORT ON CLOSED SESSION:

COMMITTEE MEMBER COMMENTS

ADJOURNMENT

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

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

Additional Meeting Information

NOTE: This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at

(619) 400-2400 at least three (3) working days prior to the meeting to ensure availability.

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

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

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

UPCOMING MEETING SCHEDULE

| <i>Date</i> | <i>Day</i> | <i>Time</i> | <i>Meeting Type</i> | <i>Location</i> |
|-------------|------------|-------------|---------------------|-----------------|
| March 24 | Monday | 9:00 A.M. | Regular | Board Room |
| April 21 | Monday | 9:00 A.M. | Regular | Board Room |

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL EXECUTIVE AND FINANCE COMMITTEE MEETING
MINUTES
FRIDAY, JANUARY 24, 2014
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM

CALL TO ORDER:

Chair Gleason called the Special Executive and Finance Committee and Special Board meeting to order at 9:05 a.m., Friday, January 24, 2014, in the Board Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

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

ROLL CALL:

Executive Committee

Present: Committee Members: Gleason, Robinson, Smisek

Absent: Committee Members: None

Finance Committee

Present: Committee Members: Cox, Hubbs, Robinson

Absent: Committee Members: Alvarez, Sessom

Also Present: Angela Shafer Payne, Vice President, Operations; Breton K. Lobner, General Counsel; Tony R. Russell, Director, Corporate Services/Authority Clerk; Lorraine Bennett, Assistant Authority Clerk II

NON-AGENDA PUBLIC COMMENT - None

NEW BUSINESS

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the December 19, 2013, special meeting.

ACTION: Moved by Board Member Smisek and seconded by Board Member Robinson to approve staff's recommendation. Motion carried unanimously.

FINANCE COMMITTEE NEW BUSINESS

2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2013:

Vernon Evans, Vice President, Finance/Treasurer, and Kathy Kiefer, Director, Accounting, provided a presentation on the Unaudited Financial Statements for the Six Months Ended December 31, 2013, which included , Enplanements, Gross Landing Weight Units, Car Rental License Fees, Parking Revenue, Food & Beverage Concession Revenue, Retail Concession Revenue, Total Terminal Concession Revenue, Operating Revenues for the Month Ended December 31, 2013 (Unaudited), Financial Summary for the Month Ended December 31, 2013 (Unaudited), Nonoperating Revenues & Expenses for the Month Ended December 31, 2013 (Unaudited), Revenues & Expenses (Unaudited) For the Six Months Ended December 31, 2013, Monthly Operating Revenue, FY 2014 (Unaudited), Operating Revenues for the Six Months Ended December 31, 2013 (Unaudited), Monthly Operating Expenses, FY 2014 (Unaudited), Operating Expenses for the Six Months Ended December 31, 2103 (Unaudited), Financial Summary for the Six Months Ended December 31, 2013 (Unaudited), Nonoperating Revenues & Expenses for the Six Months Ended December 31, 2013 (Unaudited), and Statements of Net Position (Unaudited).

Vernon Evans, Vice President, Finance/Treasurer provided an update on Principal Bond Covenants, and noted that the Authority is in compliance with the Bond the Covenants.

RECOMMENDATION: Forward to the Board for acceptance.

3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF DECEMBER 31, 2013:

Scott Brickner, Director, Financial Planning and Budget, provided a presentation on the Authority's Investment Report As of December 31, 2013, which included the Total Portfolio Summary, Portfolio Composition by Security Type, Portfolio Composition by Credit Rating, Portfolio Composition by Maturity Distribution, Benchmark Comparison, Detail of Security Holdings, Portfolio Investment Transactions, Bond Proceeds Summary, and Bond Proceeds Investment Transactions.

RECOMMENDATION: Forward to the Board for acceptance.

ACTION: Moved by Board Member Robinson and seconded by Board Member Hubbs to accept the staff's recommendation for Items 2 and 3. Motion carried unanimously, noting Board Members Alvarez and Sessom as ABSENT.

EXECUTIVE COMMITTEE NEW BUSINESS

- 4. PRE-APPROVAL OF TRAVEL REQUESTS AND APPROVAL OF BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REQUESTS FOR BOARD MEMBERS, THE PRESIDENT/CEO, THE CHIEF AUDITOR AND GENERAL COUNSEL:**
RECOMMENDATION: Pre-approve travel requests and approve business and travel expense reimbursement requests.

ACTION: Moved by Board Member Smisek and seconded by Board Member Robinson to accept staff's recommendation. Motion carried unanimously.

REVIEW OF FUTURE AGENDAS

- 5. REVIEW OF THE DRAFT AGENDA FOR THE FEBRUARY 6, 2014, BOARD MEETING:**
Angela Shafer Payne, Vice President, Operations, provided an overview of the draft agenda for the February 6, 2014 Board Meeting.

In regard to Item C, "Ground Transportation 2014 Annual Update", Chair Gleason requested that the item be a Workshop on the Agenda.

Chair Gleason requested staff to notice the Board Agenda to reflect a 10:00 a.m. start time.

- 6. REVIEW OF THE DRAFT AGENDA FOR THE FEBRUARY 6, 2014, AIRPORT LAND USE COMMISSION MEETING:**
Angela Shafer Payne, Vice President, Operations, provided an overview of the draft agenda for the February 6, 2014 Airport Land Use Commission Meeting.

In regard to Item 4, Certification Of An Environmental Impact Report For The San Diego International Airport and Adoption of the Airport Land Use Compatibility Plan", Chair Gleason requested staff to identify the open issues for the Airport Land Use Compatibility Plan and Environmental Impact Report.

Chair Gleason requested staff to notice the Airport Land Use Committee Agenda to reflect a 9:00 a.m. start time.

ACTION: Moved by Board Member Robinson and seconded by Board Member Smisek to approve Agenda Items 5 and 6, as amended. Motion carried unanimously.

COMMITTEE MEMBER COMMENTS – None.

ADJOURNMENT

The meeting was adjourned at 9:35 a.m. The next meeting of the Executive and Finance Committee will be held on Monday, February 24, 2014, at 9:00 a.m. in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

APPROVED BY A MOTION OF THE EXECUTIVE COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 24th DAY OF FEBRUARY, 2014.

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Statements of Net Position

as of January 31, 2014

(Unaudited)

ASSETS

ITEM 2

| | January | |
|---|-------------------------|-------------------------|
| | 2014 | 2013 |
| Current assets: | | |
| Cash and investments ⁽¹⁾ | \$ 93,500,086 | \$ 149,757,059 |
| Tenant lease receivable, net of allowance of 2014: (\$49,240) and 2013: (\$72,147) | 9,663,068 | 7,048,322 |
| Grants receivable | 2,669,997 | 7,891,792 |
| Notes receivable-current portion | 1,446,896 | 1,369,638 |
| Prepaid expenses and other current assets | 6,724,454 | 5,580,644 |
| Total current assets | 114,004,501 | 171,647,453 |
| Cash designated for capital projects and other ⁽¹⁾ | 18,759,466 | 9,128,817 |
| Restricted assets: | | |
| Cash and investments: | | |
| Bonds reserve ⁽¹⁾ | 57,286,344 | 47,829,175 |
| Passenger facility charges and interest unapplied ⁽¹⁾ | 50,135,314 | 63,813,820 |
| Customer facility charges and interest unapplied ^{(1) *} | 39,869,232 | 36,501,626 |
| Commercial paper reserve ⁽¹⁾ | 30,622 | 51,402 |
| SBD Bond Guarantee ⁽¹⁾ | 4,000,000 | 4,000,000 |
| Bond proceeds held by trustee ⁽¹⁾ | 251,246,568 | 429,840,624 |
| Commercial paper interest held by trustee ⁽¹⁾ | 12,906 | 12,906 |
| Passenger facility charges receivable | 2,871,414 | 3,413,703 |
| Customer facility charges receivable* | 2,794,269 | 1,658,307 |
| OCIP insurance reserve | 5,108,468 | 5,943,908 |
| Total restricted assets | 413,355,137 | 593,065,466 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land and land improvements | 71,310,184 | 24,487,047 |
| Runways, roads and parking lots | 535,944,333 | 269,749,585 |
| Buildings and structures | 714,711,540 | 471,104,020 |
| Machinery and equipment | 13,669,022 | 13,079,173 |
| Vehicles | 5,582,383 | 5,389,417 |
| Office furniture and equipment | 32,044,469 | 31,415,683 |
| Works of art | 2,283,876 | 2,349,793 |
| Construction-in-progress | 492,988,316 | 809,264,633 |
| Total capital assets | 1,868,534,123 | 1,626,839,351 |
| Less accumulated depreciation | (615,867,160) | (563,824,323) |
| Total capital assets, net | 1,252,666,963 | 1,063,015,027 |
| Other assets: | | |
| Notes receivable - long-term portion | 39,065,223 | 40,557,112 |
| Investments-long-term portion ⁽¹⁾ | 63,518,573 | 12,840,755 |
| Deferred costs - bonds (net) | - | 7,031,048 |
| Net pension asset | 6,323,626 | 6,879,939 |
| Security deposit | 500,367 | 614,645 |
| Total other assets | 109,407,789 | 67,923,499 |
| Total noncurrent assets | 1,362,074,752 | 1,130,938,526 |
| Total assets | \$ 1,908,193,856 | \$ 1,904,780,262 |

⁽¹⁾ Total cash and investments, \$578,359,109 for 2014 and \$753,776,184 for 2013

* Rental Car Center

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Net Position
as of January 31, 2014
(Unaudited)

LIABILITIES AND NET POSITION

| | January | |
|--|-------------------------|-------------------------|
| | 2014 | 2013 |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 72,093,261 | \$ 90,891,253 |
| Deposits and other current liabilities | 3,918,023 | 4,664,519 |
| Total current liabilities | 76,011,284 | 95,555,773 |
| Current liabilities - payable from restricted assets: | | |
| Current portion of long-term debt | 11,835,000 | 6,172,000 |
| Accrued interest on bonds and commercial paper | 4,212,373 | 2,689,199 |
| Total liabilities payable from restricted assets | 16,047,373 | 8,861,199 |
| Long-term liabilities: | | |
| Commercial paper notes payable | 44,919,000 | 50,969,000 |
| Deferred rent liability | - | - |
| Other long-term liabilities | 10,185,332 | 9,294,867 |
| Long term debt - bonds net of amortized premium | 1,015,785,349 | 1,021,483,164 |
| Total long-term liabilities | 1,070,889,681 | 1,081,747,031 |
| Total liabilities | 1,162,948,338 | 1,186,164,003 |
| Net Position: | | |
| Invested in capital assets, net of related debt | 423,323,974 | 413,171,543 |
| Other restricted | 162,112,760 | 169,435,654 |
| Unrestricted: | | |
| Designated | 25,083,092 | 16,008,756 |
| Undesignated | 134,725,692 | 120,000,308 |
| Net position | 745,245,518 | 718,616,259 |
| Total liabilities and net position | \$ 1,908,193,856 | \$ 1,904,780,262 |

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
For the Seven Months Ended January 31, 2014 and 2013
(Unaudited)

| | Budget | Actual | Variance Favorable (Unfavorable) | % | Prior Year |
|--|----------------------|----------------------|--|-------------|----------------------|
| Operating revenues: | | | | | |
| Aviation revenue: | | | | | |
| Landing fees | \$ 12,760,805 | \$ 12,757,784 | \$ (3,021) | (0)% | \$ 12,323,922 |
| Aircraft parking fees | 1,493,038 | 1,464,884 | (28,154) | (2)% | 1,893,803 |
| Building rentals | 26,566,246 | 26,533,723 | (32,523) | (0)% | 25,352,863 |
| Security surcharge | 14,565,542 | 14,565,504 | (38) | (0)% | 11,994,608 |
| CUPPS Support Charges | 651,525 | 651,513 | (12) | (0)% | - |
| Other aviation revenue | 929,770 | 922,684 | (7,086) | (1)% | 929,289 |
| Terminal rent non-airline | 594,494 | 627,561 | 33,067 | 6% | 565,659 |
| Terminal concessions | 9,765,463 | 10,768,734 | 1,003,271 | 10% | 7,996,941 |
| Rental car license fees | 14,816,214 | 14,176,276 | (639,938) | (4)% | 14,464,993 |
| License fees other | 1,930,299 | 2,251,267 | 320,968 | 17% | 1,948,515 |
| Parking revenue | 19,775,598 | 21,419,435 | 1,643,837 | 8% | 19,553,247 |
| Ground transportation permits and citations | 1,544,317 | 1,640,245 | 95,928 | 6% | 838,747 |
| Ground rentals | 4,782,772 | 4,958,787 | 176,015 | 4% | 4,879,777 |
| Grant reimbursements | 131,483 | 248,385 | 116,902 | 89% | 111,151 |
| Other operating revenue | 257,775 | 836,200 | 578,425 | 224% | 454,222 |
| Total operating revenues | 110,565,341 | 113,822,982 | 3,257,641 | 3% | 103,307,737 |
| Operating expenses: | | | | | |
| Salaries and benefits | 23,777,028 | 22,935,405 | 841,623 | 4% | 21,596,648 |
| Contractual services | 20,075,199 | 17,860,717 | 2,214,482 | 11% | 15,385,466 |
| Safety and security | 14,436,717 | 14,230,691 | 206,026 | 1% | 12,856,541 |
| Space rental | 6,056,809 | 6,054,179 | 2,630 | 0% | 6,571,241 |
| Utilities | 5,044,904 | 4,857,122 | 187,782 | 4% | 3,887,530 |
| Maintenance | 6,833,207 | 7,123,898 | (290,691) | (4)% | 5,249,166 |
| Equipment and systems | 269,110 | 137,641 | 131,469 | 49% | 98,038 |
| Materials and supplies | 219,046 | 187,635 | 31,411 | 14% | 187,312 |
| Insurance | 731,255 | 576,158 | 155,097 | 21% | 471,544 |
| Employee development and support | 784,839 | 576,520 | 208,319 | 27% | 571,584 |
| Business development | 1,925,505 | 1,422,562 | 502,943 | 26% | 1,486,178 |
| Equipment rentals and repairs | 1,798,246 | 1,568,573 | 229,673 | 13% | 867,761 |
| Total operating expenses | 81,951,865 | 77,531,101 | 4,420,764 | 5% | 69,229,009 |
| Depreciation | 34,171,992 | 34,171,999 | (7) | (0)% | 23,900,344 |
| Operating income (loss) | (5,558,516) | 2,119,882 | 7,678,398 | 138% | 10,178,384 |
| Nonoperating revenue (expenses): | | | | | |
| Passenger facility charges | 19,274,343 | 18,408,015 | (866,328) | (4)% | 18,595,024 |
| Customer facility charges (Rental Car Center) | 13,924,949 | 14,405,776 | 480,827 | 3% | 8,914,416 |
| Quieter Home Program | (1,545,853) | (1,167,754) | 378,099 | 24% | 226,170 |
| Interest income | 3,085,962 | 2,849,489 | (236,473) | (8)% | 2,585,479 |
| BAB interest rebate | 2,765,659 | 2,704,459 | (61,200) | 0% | 2,914,287 |
| Interest expense | (29,183,019) | (26,866,288) | 2,316,731 | 8% | (232,052) |
| Bond amortization | 2,344,526 | 2,566,698 | 222,172 | 9% | 635,141 |
| Other nonoperating income (expenses) | (11,666) | 1,927,636 | 1,939,302 | - | (594,540) |
| Nonoperating revenue, net | 10,654,901 | 14,828,031 | 4,173,130 | 39% | 33,043,925 |
| Change in net position before capital grant contributions | 5,096,385 | 16,947,913 | 11,851,528 | 233% | 43,222,309 |
| Capital grant contributions | 6,197,264 | 1,234,239 | (4,963,025) | (80)% | 9,849,524 |
| Change in net position | \$ 11,293,649 | \$ 18,182,152 | \$ 6,888,503 | 61% | \$ 53,071,833 |

S:\Reporting\0405-08 Monthly Accounting\FY 2013 JANUARY Financial Statements Jan 14\FY 2013 Statement Jan 14.MTD YTD Actual Budget and Prior Year Final Mo. Cr.



San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
 For the seven months ended January 31, 2014
 (Unaudited)

Print Date: 2/10/2014
 Print Time: 9:17:22AM
 Report ID: GL0012

| | Month to Date | | | | | Year to Date | | | | |
|---|------------------|------------------|----------------------------------|------------------|-------------------|-------------------|-------------------|----------------------------------|------------------|-------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual |
| Landing Fees | | | | | | | | | | |
| 41112 - Landing Fees - Signatory | \$1,739,947 | \$1,762,791 | \$22,844 | 1 | \$1,695,290 | \$12,958,545 | \$13,049,261 | \$90,715 | 1 | \$12,603,912 |
| 41113 - Landing Fee Rebate | (11,481) | (27,158) | (15,677) | (137) | (53,477) | (197,740) | (291,477) | (93,737) | (47) | (279,990) |
| Total Landing Fees | 1,728,466 | 1,735,633 | 7,167 | 0 | 1,641,813 | 12,760,805 | 12,757,784 | (3,022) | 0 | 12,323,922 |
| Aircraft Parking Fees | | | | | | | | | | |
| 41150 - Terminal Aircraft Parking | 173,049 | 165,001 | (8,049) | (5) | 207,540 | 1,211,346 | 1,118,786 | (92,560) | (8) | 1,457,969 |
| 41155 - Remote Aircraft Parking | 40,242 | 44,268 | 4,027 | 10 | 57,074 | 281,692 | 346,098 | 64,406 | 23 | 435,834 |
| Total Aircraft Parking Fees | 213,291 | 209,269 | (4,022) | (2) | 264,614 | 1,493,038 | 1,464,884 | (28,154) | (2) | 1,893,803 |
| Building and Other Rents | | | | | | | | | | |
| 41210 - Terminal Rent | 3,808,466 | 3,709,753 | (98,712) | (3) | 3,565,398 | 26,195,316 | 26,081,752 | (113,564) | 0 | 25,130,352 |
| 41215 - Federal Inspection Services | 49,805 | 70,862 | 21,058 | 42 | 36,742 | 370,930 | 451,971 | 81,041 | 22 | 222,511 |
| Total Building and Other Rents | 3,858,270 | 3,780,616 | (77,655) | (2) | 3,602,140 | 26,566,246 | 26,533,724 | (32,522) | 0 | 25,352,863 |
| Security Surcharge | | | | | | | | | | |
| 41310 - Airside Security Charges | 512,275 | 512,275 | 0 | 0 | 416,669 | 3,585,925 | 3,585,919 | (6) | 0 | 2,921,585 |
| 41320 - Terminal Security Charge | 1,568,517 | 1,568,513 | (4) | 0 | 1,250,789 | 10,979,617 | 10,979,585 | (32) | 0 | 9,073,023 |
| Total Security Surcharge | 2,080,792 | 2,080,788 | (4) | 0 | 1,667,458 | 14,565,542 | 14,565,504 | (38) | 0 | 11,994,608 |
| CUPPS Support Charges | | | | | | | | | | |
| 41400 - CUPPS Support Charges | 93,075 | 93,075 | 0 | 0 | 0 | 651,525 | 651,513 | (12) | 0 | 0 |
| Total CUPPS Support Charges | 93,075 | 93,075 | 0 | 0 | 0 | 651,525 | 651,513 | (12) | 0 | 0 |
| Other Aviation Revenue | | | | | | | | | | |
| 43100 - Fuel Franchise Fees | 11,957 | 9,334 | (2,623) | (22) | 10,976 | 97,120 | 90,027 | (7,093) | (7) | 96,632 |
| 43105 - New Capital Recovery | 118,950 | 118,951 | 1 | 0 | 118,951 | 832,650 | 832,657 | 7 | 0 | 832,657 |
| Total Other Aviation Revenue | 130,907 | 128,285 | (2,622) | (2) | 129,927 | 929,770 | 922,684 | (7,086) | (1) | 929,289 |
| Non-Airline Terminal Rents | | | | | | | | | | |
| 45010 - Terminal Rent - Non-Airline | 85,948 | 89,138 | 3,190 | 4 | 82,707 | 594,494 | 627,561 | 33,068 | 6 | 565,659 |
| Total Non-Airline Terminal Rents | 85,948 | 89,138 | 3,190 | 4 | 82,707 | 594,494 | 627,561 | 33,068 | 6 | 565,659 |

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| | Month to Date | | | | | Year to Date | | | | |
|---|------------------|------------------|----------------------------------|------------------|-------------------|-------------------|-------------------|----------------------------------|------------------|-------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual |
| Concession Revenue | | | | | | | | | | |
| 45110 - Terminal Concessions | \$0 | \$0 | \$0 | 0 | \$(39,500) | \$0 | \$0 | \$0 | 0 | \$6,028,087 |
| 45111 - Term Concessions-Food & Bev | 463,846 | 650,134 | 186,288 | 40 | 486,673 | 3,611,149 | 4,410,583 | 799,433 | 22 | 943,225 |
| 45112 - Terminal Concessions - Retail | 310,698 | 428,755 | 118,057 | 38 | 248,229 | 2,457,012 | 2,911,432 | 454,420 | 18 | 432,393 |
| 45113 - Term Concessions - Other | 245,089 | 250,602 | 5,512 | 2 | 217,658 | 1,635,274 | 1,651,480 | 16,206 | 1 | 217,658 |
| 45114 - Term Concessions Space Rents | 62,500 | (6,809) | (69,309) | (111) | 56,066 | 437,500 | 443,769 | 6,269 | 1 | 106,957 |
| 45115 - Term Concessions Cost Recovery | 125,382 | 61,809 | (63,573) | (51) | 2,147 | 680,127 | 372,096 | (308,031) | (45) | 29,988 |
| 45116 - Rec Distr Center Cost Recovery | 124,980 | 120,247 | (4,734) | (4) | 120,683 | 860,801 | 841,175 | (19,626) | (2) | 238,633 |
| 45117 - Concessions Marketing Program | 20,900 | 33,000 | 12,100 | 58 | 0 | 83,600 | 138,199 | 54,599 | 65 | 0 |
| 45120 - Rental car license fees | 1,830,623 | 1,884,197 | 53,575 | 3 | 1,836,976 | 14,816,214 | 14,176,276 | (639,938) | (4) | 14,464,993 |
| 45130 - License Fees - Other | 237,651 | 314,196 | 76,545 | 32 | 286,174 | 1,930,299 | 2,251,267 | 320,967 | 17 | 1,948,515 |
| Total Concession Revenue | 3,421,669 | 3,736,131 | 314,462 | 9 | 3,215,106 | 26,511,976 | 27,196,276 | 684,300 | 3 | 24,410,450 |
| Parking and Ground Transportat | | | | | | | | | | |
| 45210 - Parking | 2,593,909 | 2,916,723 | 322,814 | 12 | 2,600,038 | 19,775,598 | 21,419,435 | 1,643,837 | 8 | 19,553,247 |
| 45220 - AVI fees | 129,911 | 127,039 | (2,872) | (2) | 107,781 | 843,905 | 932,034 | 88,129 | 10 | 700,148 |
| 45240 - Ground Transportation Pe | 141,988 | 90,937 | (51,052) | (36) | 32,765 | 687,144 | 657,754 | (29,390) | (4) | 87,190 |
| 45250 - Citations | 701 | 5,634 | 4,933 | 703 | 6,966 | 13,268 | 50,457 | 37,189 | 280 | 51,409 |
| Total Parking and Ground Transportat | 2,866,509 | 3,140,333 | 273,823 | 10 | 2,747,550 | 21,319,915 | 23,059,680 | 1,739,765 | 8 | 20,391,993 |
| Ground Rentals | | | | | | | | | | |
| 45310 - Ground Rental - Fixed | 620,743 | 637,791 | 17,047 | 3 | 610,835 | 4,345,204 | 4,536,836 | 191,631 | 4 | 4,354,674 |
| 45320 - Ground Rental - Percenta | 55,379 | 49,252 | (6,128) | (11) | 98,432 | 437,568 | 421,951 | (15,617) | (4) | 525,103 |
| Total Ground Rentals | 676,123 | 687,042 | 10,920 | 2 | 709,267 | 4,782,772 | 4,958,787 | 176,015 | 4 | 4,879,777 |
| Grant Reimbursements | | | | | | | | | | |
| 45410 - TSA Reimbursements | 18,958 | 24,800 | 5,842 | 31 | 16,126 | 131,483 | 248,385 | 116,903 | 89 | 111,151 |
| Total Grant Reimbursements | 18,958 | 24,800 | 5,842 | 31 | 16,126 | 131,483 | 248,385 | 116,903 | 89 | 111,151 |

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|--------------------------------------|-------------------|-------------------|----------------------------------|------------------|-------------------|--------------------|--------------------|----------------------------------|------------------|--------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual |
| Other Operating Revenue | | | | | | | | | | |
| 45510 - Finger Printing Fee | \$4,600 | \$7,921 | \$3,321 | 72 | \$15,202 | \$32,200 | \$71,363 | \$39,163 | 122 | \$64,316 |
| 45520 - Utilities Reimbursements | 17,900 | 14,686 | (3,214) | (18) | 15,506 | 125,300 | 102,804 | (22,496) | (18) | 248,126 |
| 45530 - Miscellaneous Other Reve | 5,467 | 1,007 | (4,460) | (82) | 1,499 | 38,267 | 513,949 | 475,683 | 1,243 | 35,109 |
| 45540 - Service Charges | 3,525 | 17,966 | 14,441 | 410 | (1,044) | 24,675 | 119,096 | 94,421 | 383 | 70,243 |
| 45570 - FBO Landing Fees | 3,333 | 3,148 | (185) | (6) | 0 | 23,333 | 14,988 | (8,346) | (36) | 22,428 |
| 45580 - Equipment Rental | 2,000 | 2,000 | 0 | 0 | 2,000 | 14,000 | 14,000 | 0 | 0 | 14,000 |
| Total Other Operating Revenue | 36,825 | 46,728 | 9,903 | 27 | 33,163 | 257,775 | 836,201 | 578,426 | 224 | 454,221 |
| Total Operating Revenue | 15,210,833 | 15,751,838 | 541,006 | 4 | 14,109,871 | 110,565,341 | 113,822,983 | 3,257,642 | 3 | 103,307,736 |
| Personnel Expenses | | | | | | | | | | |
| Salaries | | | | | | | | | | |
| 51110 - Salaries & Wages | 2,405,165 | 1,777,193 | 627,972 | 26 | 1,777,776 | 17,647,502 | 13,969,320 | 3,678,182 | 21 | 13,684,586 |
| 51210 - Paid Time Off | 0 | 260,352 | (260,352) | 0 | 202,098 | 0 | 1,569,747 | (1,569,747) | 0 | 1,369,777 |
| 51220 - Holiday Pay | 0 | 169,282 | (169,282) | 0 | 162,349 | 0 | 546,408 | (546,408) | 0 | 547,892 |
| 51240 - Other Leave With Pay | 0 | 6,952 | (6,952) | 0 | 8,353 | 0 | 45,968 | (45,968) | 0 | 58,242 |
| 51250 - Special Pay | 0 | 99,197 | (99,197) | 0 | 107,534 | 0 | 713,441 | (713,441) | 0 | 575,265 |
| Total Salaries | 2,405,165 | 2,312,976 | 92,189 | 4 | 2,258,110 | 17,647,502 | 16,844,884 | 802,618 | 5 | 16,235,761 |
| 52110 - Overtime | 72,249 | 68,806 | 3,443 | 5 | 69,984 | 506,747 | 622,467 | (115,720) | (23) | 605,877 |

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|---|------------------|------------------|----------------------------------|------------------|-------------------|--------------------|--------------------|----------------------------------|------------------|--------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual |
| Benefits | | | | | | | | | | |
| 54110 - FICA Tax | \$185,400 | \$175,894 | \$9,506 | 5 | \$173,413 | \$1,264,383 | \$1,199,063 | \$65,320 | 5 | \$1,153,304 |
| 54120 - Unemployment Insurance-S | 0 | 0 | 0 | 0 | 0 | 0 | 23,212 | (23,212) | 0 | 9,694 |
| 54130 - Workers Compensation Ins | 47,675 | 19,754 | 27,922 | 59 | 23,350 | 349,829 | 139,052 | 210,777 | 60 | 204,392 |
| 54135 - Workers Comp Incident Expense | 0 | 2,338 | (2,338) | 0 | 0 | 0 | 27,205 | (27,205) | 0 | 32,120 |
| 54210 - Medical Insurance | 376,862 | 369,468 | 7,393 | 2 | 306,903 | 2,353,558 | 2,219,372 | 134,187 | 6 | 1,966,623 |
| 54220 - Dental Insurance | 27,036 | 24,293 | 2,743 | 10 | 24,245 | 180,480 | 170,317 | 10,163 | 6 | 164,431 |
| 54230 - Vision Insurance | 3,222 | 2,968 | 254 | 8 | 2,932 | 22,163 | 20,492 | 1,671 | 8 | 20,124 |
| 54240 - Life Insurance | 8,284 | 7,716 | 568 | 7 | 7,651 | 57,213 | 53,299 | 3,913 | 7 | 32,084 |
| 54250 - Short Term Disability | 8,546 | 8,853 | (307) | (4) | 8,625 | 58,713 | 60,929 | (2,216) | (4) | 64,172 |
| 54310 - Retirement | 484,280 | 402,042 | 82,238 | 17 | 376,707 | 3,560,363 | 2,968,697 | 591,666 | 17 | 2,771,623 |
| 54315 - Retiree | 195,997 | 208,483 | (12,486) | (6) | 187,215 | 1,371,978 | 1,477,109 | (105,131) | (8) | 1,310,956 |
| 54320 - Amortization of Retireme | 0 | 46,359 | (46,359) | 0 | 46,359 | 0 | 324,516 | (324,516) | 0 | 324,516 |
| 54410 - Taxable Benefits | 0 | 0 | 0 | 0 | (984) | 0 | 12,230 | (12,230) | 0 | 19,954 |
| 54430 - Accrued Vacation | 0 | (42,385) | 42,385 | 0 | (57,822) | 0 | (169,327) | 169,327 | 0 | (119,477) |
| Total Benefits | 1,337,302 | 1,225,783 | 111,519 | 8 | 1,098,596 | 9,218,679 | 8,526,166 | 692,513 | 8 | 7,954,516 |
| Cap Labor/Burden/OH Recharge | | | | | | | | | | |
| 54510 - Capitalized Labor Recha | (454,650) | (103,040) | (351,610) | (77) | (109,155) | (3,194,268) | (773,726) | (2,420,542) | (76) | (898,315) |
| 54515 - Capitalized Burden Rech | 0 | (40,872) | 40,872 | 0 | (43,961) | 0 | (303,870) | 303,870 | 0 | (340,670) |
| Total Cap Labor/Burden/OH Recharge | (454,650) | (143,911) | (310,739) | (68) | (153,116) | (3,194,268) | (1,077,597) | (2,116,671) | (66) | (1,238,986) |
| QHP Labor/Burden/OH Recharge | | | | | | | | | | |
| 54520 - QHP Labor Recharge | (54,936) | (21,293) | (33,643) | (61) | (21,086) | (401,633) | (199,347) | (202,286) | (50) | (235,040) |
| 54525 - QHP Burden Recharge | 0 | (9,159) | 9,159 | 0 | (9,194) | 0 | (83,209) | 83,209 | 0 | (97,134) |
| 54526 - QHP OH Contra Acct | 0 | (27,969) | 27,969 | 0 | (16,443) | 0 | (123,785) | 123,785 | 0 | (107,120) |
| Total QHP Labor/Burden/OH Recharge | (54,936) | (58,421) | 3,485 | 6 | (46,723) | (401,633) | (406,341) | 4,708 | 1 | (439,293) |
| MM&JS Labor/Burden/OH Recharge | | | | | | | | | | |
| 54530 - MM & JS Labor Recharge | 0 | 0 | 0 | 0 | (186) | 0 | (394) | 394 | 0 | (1,350) |
| 54531 - Joint Studies - Labor | 0 | 0 | 0 | 0 | 186 | 0 | 402 | (402) | 0 | 622 |
| 54535 - MM & JS Burden Recharge | 0 | 0 | 0 | 0 | (96) | 0 | (194) | 194 | 0 | (279) |
| 54536 - Maintenance-Burden | 0 | 0 | 0 | 0 | 96 | 0 | 194 | (194) | 0 | 279 |
| 54599 - OH Contra | 0 | (261,685) | 261,685 | 0 | (206,439) | 0 | (1,574,183) | 1,574,183 | 0 | (1,520,500) |
| Total MM&JS Labor/Burden/OH Recharge | 0 | (261,685) | 261,685 | 0 | (206,439) | 0 | (1,574,174) | 1,574,174 | 0 | (1,521,227) |
| Total Personnel Expenses | 3,305,130 | 3,143,548 | 161,582 | 5 | 3,020,412 | 23,777,027 | 22,935,404 | 841,623 | 4 | 21,596,648 |

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| | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual |
| Non-Personnel Expenses | | | | | | | | | | |
| Contract Services | | | | | | | | | | |
| 61100 - Temporary Staffing | \$2,616 | \$25,036 | \$(22,420) | (857) | \$13,170 | \$44,112 | \$231,104 | \$(186,992) | (424) | \$159,656 |
| 61110 - Auditing Services | 0 | 0 | 0 | 0 | 0 | 160,000 | 205,750 | (45,750) | (29) | 177,612 |
| 61120 - Legal Services | 101,667 | 53,467 | 48,199 | 47 | (65,232) | 711,667 | 274,689 | 436,977 | 61 | 453,110 |
| 61130 - Services - Professional | 844,500 | 519,654 | 324,846 | 38 | 735,292 | 6,241,773 | 4,745,791 | 1,495,983 | 24 | 5,128,055 |
| 61150 - Outside Svs - Other | 260,799 | 283,308 | (22,509) | (9) | 188,305 | 1,960,971 | 1,746,338 | 214,633 | 11 | 1,066,306 |
| 61160 - Services - Custodial | 1,525,428 | 1,693,177 | (167,749) | (11) | 1,343,316 | 11,236,265 | 10,709,212 | 527,053 | 5 | 9,024,384 |
| 61190 - Receiving & Dist Cntr Services | 130,325 | 126,327 | 3,998 | 3 | 127,984 | 912,273 | 885,199 | 27,074 | 3 | 302,125 |
| 61990 - OH Contra | 0 | (148,466) | 148,466 | 0 | (124,088) | 0 | (937,366) | 937,366 | 0 | (925,782) |
| 61998 - Capital Proj OH Alloc Co | (168,874) | 0 | (168,874) | (100) | 0 | (1,191,862) | 0 | (1,191,862) | (100) | 0 |
| Total Contract Services | 2,696,460 | 2,552,503 | 143,957 | 5 | 2,218,746 | 20,075,198 | 17,860,716 | 2,214,482 | 11 | 15,385,465 |
| Safety and Security | | | | | | | | | | |
| 61170 - Services - Fire, Police, | 512,543 | 489,315 | 23,228 | 5 | 105,140 | 3,558,605 | 3,432,308 | 126,298 | 4 | 2,946,507 |
| 61180 - Services - SDUPD-Harbor | 1,295,796 | 1,266,696 | 29,100 | 2 | 1,403,469 | 9,490,927 | 9,377,146 | 113,780 | 1 | 8,927,492 |
| 61185 - Guard Services | 200,013 | 214,361 | (14,348) | (7) | 145,341 | 1,387,185 | 1,421,237 | (34,052) | (2) | 982,542 |
| Total Safety and Security | 2,008,352 | 1,970,372 | 37,980 | 2 | 1,653,950 | 14,436,717 | 14,230,691 | 206,026 | 1 | 12,856,542 |
| Space Rental | | | | | | | | | | |
| 62100 - Rent | 865,173 | 864,041 | 1,132 | 0 | 864,365 | 6,056,809 | 6,054,179 | 2,630 | 0 | 6,571,241 |
| Total Space Rental | 865,173 | 864,041 | 1,132 | 0 | 864,365 | 6,056,809 | 6,054,179 | 2,630 | 0 | 6,571,241 |
| Utilities | | | | | | | | | | |
| 63100 - Telephone & Other Commun | 40,862 | 25,983 | 14,880 | 36 | 30,194 | 286,436 | 201,839 | 84,597 | 30 | 191,993 |
| 63110 - Utilities - Gas & Electr | 595,896 | 577,704 | 18,192 | 3 | 425,346 | 4,059,468 | 4,231,295 | (171,827) | (4) | 3,274,721 |
| 63120 - Utilities - Water | 60,000 | 61,079 | (1,079) | (2) | 43,057 | 699,000 | 423,988 | 275,012 | 39 | 420,816 |
| Total Utilities | 696,758 | 664,765 | 31,993 | 5 | 498,597 | 5,044,903 | 4,857,122 | 187,782 | 4 | 3,887,531 |

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| | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual |
| Maintenance | | | | | | | | | | |
| 64100 - Facilities Supplies | \$74,996 | \$48,237 | \$26,759 | 36 | \$59,189 | \$548,736 | \$300,012 | \$248,724 | 45 | \$417,284 |
| 64110 - Maintenance - Annual R | 836,449 | 620,716 | 215,733 | 26 | 562,213 | 5,331,471 | 6,022,995 | (691,524) | (13) | 4,218,365 |
| 64122 - Contractor Labor | 0 | 0 | 0 | 0 | 109 | 0 | 26 | (26) | 0 | 531 |
| 64123 - Contractor Burden | 0 | 0 | 0 | 0 | 139 | 0 | 33 | (33) | 0 | 676 |
| 64124 - Maintenance-Overhead | 0 | 93 | (93) | 0 | 285 | 0 | 1,138 | (1,138) | 0 | 1,137 |
| 64125 - Major Maintenance - Mat | 8,500 | 29,844 | (21,344) | (251) | 73,804 | 633,000 | 533,406 | 99,594 | 16 | 315,502 |
| 64127 - Contract Overhead (co | 0 | 0 | 0 | 0 | 109 | 0 | 29 | (29) | 0 | 542 |
| 64140 - Refuse & Hazardous Waste | 50,000 | 91,554 | (41,554) | (83) | 92,562 | 320,000 | 266,259 | 53,741 | 17 | 295,129 |
| Total Maintenance | 969,945 | 790,444 | 179,501 | 19 | 788,411 | 6,833,207 | 7,123,899 | (290,692) | (4) | 5,249,166 |
| Equipment and Systems | | | | | | | | | | |
| 65100 - Equipment & Systems | 42,547 | 15,381 | 27,166 | 64 | 14,621 | 287,746 | 143,763 | 143,983 | 50 | 109,432 |
| 65101 - OH Contra | (1,734) | (2,081) | 347 | 20 | (1,601) | (18,636) | (6,122) | (12,514) | (67) | (11,394) |
| Total Equipment and Systems | 40,813 | 13,300 | 27,513 | 67 | 13,021 | 269,110 | 137,641 | 131,469 | 49 | 98,038 |
| Materials and Supplies | | | | | | | | | | |
| 65110 - Office & Operating Suppl | 30,345 | 26,419 | 3,926 | 13 | 32,208 | 202,219 | 165,196 | 37,023 | 18 | 157,883 |
| 65120 - Safety Equipment & Suppl | 5,105 | 3,316 | 1,788 | 35 | 1,741 | 37,852 | 21,516 | 16,335 | 43 | 32,375 |
| 65130 - Tools - Small | 1,375 | 0 | 1,375 | 100 | 353 | 10,125 | 11,363 | (1,238) | (12) | 7,425 |
| 65199 - OH Contra | (4,514) | (1,943) | (2,571) | (57) | (2,428) | (31,150) | (10,440) | (20,710) | (66) | (10,371) |
| Total Materials and Supplies | 32,310 | 27,792 | 4,519 | 14 | 31,874 | 219,046 | 187,835 | 31,411 | 14 | 187,312 |
| Insurance | | | | | | | | | | |
| 67170 - Insurance - Property | 60,076 | 44,917 | 15,159 | 25 | 28,498 | 420,532 | 314,417 | 106,115 | 25 | 199,483 |
| 67171 - Insurance - Liability | 20,746 | 17,254 | 3,492 | 17 | 17,254 | 145,222 | 120,776 | 24,446 | 17 | 120,776 |
| 67172 - Insurance - Public Offic | 12,856 | 10,766 | 2,090 | 16 | 10,530 | 89,992 | 76,310 | 13,682 | 15 | 74,661 |
| 67173 - Insurance Miscellaneous | 9,837 | 9,319 | 518 | 5 | 8,767 | 68,859 | 64,594 | 4,265 | 6 | 61,369 |
| 67199 - Insurance - Claims | 950 | 0 | 950 | 100 | 0 | 6,650 | 61 | 6,589 | 99 | 15,255 |
| Total Insurance | 104,465 | 82,255 | 22,210 | 21 | 65,048 | 731,255 | 676,158 | 155,097 | 21 | 471,542 |

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| | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual |
| Employee Development and Suppo | | | | | | | | | | |
| 66120 - Awards - Service | \$72,225 | \$1,842 | \$70,383 | 97 | \$1,133 | \$104,715 | \$17,002 | \$87,714 | 84 | \$81,625 |
| 66130 - Book & Periodicals | 5,788 | 3,742 | 2,046 | 35 | 4,169 | 43,147 | 31,222 | 11,925 | 28 | 36,727 |
| 66210 - Finger Printing Expenses | 0 | 0 | 0 | 0 | 128 | 0 | 128 | (128) | 0 | 721 |
| 66220 - Permits/Certificates/Lic | 4,469 | 5,849 | (1,380) | (31) | 6,155 | 96,203 | 108,463 | (12,260) | (13) | 95,161 |
| 66260 - Recruiting | 2,083 | 25 | 2,058 | 99 | 77 | 6,583 | 25,439 | (18,855) | (286) | 2,751 |
| 66280 - Seminars & Training | 39,197 | 24,051 | 15,146 | 39 | 31,438 | 243,969 | 171,963 | 72,007 | 30 | 115,204 |
| 66290 - Transportation | 16,604 | 13,456 | 3,148 | 19 | 13,266 | 105,058 | 90,417 | 14,641 | 14 | 91,140 |
| 66299 - OH Contra | (4,182) | (1,484) | (2,698) | (65) | (754) | (26,138) | (9,073) | (17,065) | (65) | (4,311) |
| 66305 - Travel-Employee Developm | 20,761 | 4,632 | 16,130 | 78 | 7,460 | 132,690 | 67,063 | 65,627 | 49 | 87,532 |
| 66310 - Tuition | 3,500 | 9,995 | (6,495) | (186) | 1,430 | 35,000 | 25,624 | 9,376 | 27 | 32,108 |
| 66320 - Uniforms | 6,116 | 13,362 | (7,246) | (118) | 9,906 | 43,612 | 48,272 | (4,660) | (11) | 32,926 |
| Total Employee Development and Suppo | 166,562 | 75,469 | 91,093 | 55 | 74,408 | 784,840 | 576,519 | 208,321 | 27 | 571,584 |
| Business Development | | | | | | | | | | |
| 66100 - Advertising | 72,926 | 167,266 | (94,340) | (129) | 119,100 | 722,585 | 572,487 | 150,098 | 21 | 597,456 |
| 66110 - Allowance for Bad Debts | 0 | (3,464) | 3,464 | 0 | 0 | 10,000 | (4,479) | 14,479 | 145 | 22,993 |
| 66200 - Memberships & Dues | 35,596 | 17,406 | 18,190 | 51 | 28,398 | 304,145 | 221,602 | 82,543 | 27 | 178,399 |
| 66230 - Postage & Shipping | 3,146 | 6,326 | (3,180) | (101) | 187 | 34,843 | 21,019 | 13,824 | 40 | 32,309 |
| 66240 - Promotional Activities | 115,737 | 99,038 | 16,698 | 14 | 45,725 | 462,822 | 413,811 | 49,011 | 11 | 487,907 |
| 66250 - Promotional Materials | 76,500 | (5,028) | 81,528 | 107 | 11,679 | 277,510 | 100,742 | 176,769 | 64 | 77,415 |
| 66300 - Travel-Business Developm | 21,300 | 11,219 | 10,081 | 47 | 3,115 | 113,600 | 97,380 | 16,220 | 14 | 89,699 |
| Total Business Development | 326,205 | 292,763 | 32,442 | 10 | 208,204 | 1,925,505 | 1,422,562 | 502,943 | 26 | 1,486,178 |
| Equipment Rentals and Repairs | | | | | | | | | | |
| 66140 - Computer Licenses & Agre | 49,791 | 29,367 | 20,425 | 41 | 45,828 | 275,041 | 241,347 | 33,694 | 12 | 226,059 |
| 66150 - Equipment Rental/Leasing | 29,505 | 31,486 | (1,981) | (7) | 26,089 | 212,859 | 188,548 | 24,311 | 11 | 178,929 |
| 66160 - Tenant Improvements | 0 | 0 | 0 | 0 | 0 | 334,900 | 0 | 334,900 | 100 | 0 |
| 66270 - Repairs - Office Equipme | 185,498 | 253,554 | (68,056) | (37) | 107,135 | 1,205,471 | 1,311,838 | (106,367) | (9) | 642,907 |
| 66279 - OH Contra | (44,639) | (20,331) | (24,308) | (54) | (36,182) | (230,025) | (173,160) | (56,865) | (25) | (180,134) |
| Total Equipment Rentals and Repairs | 220,155 | 294,077 | (73,921) | (34) | 142,870 | 1,798,246 | 1,568,574 | 229,673 | 13 | 867,761 |
| Total Non-Personnel Expenses | 8,126,198 | 7,627,780 | 498,418 | 6 | 6,559,493 | 58,174,836 | 54,595,694 | 3,579,142 | 6 | 47,632,360 |
| Total Departmental Expenses before Depreciation | 11,431,328 | 10,771,328 | 660,000 | 6 | 9,579,906 | 81,951,863 | 77,531,098 | 4,420,765 | 5 | 69,229,008 |

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the seven months ended January 31, 2014
(Unaudited)

Print Date: 2/10/2014
Print Time: 9:17:22AM
Report ID: GL0012

| | Month to Date | | | | | Year to Date | | | | |
|--|------------------|------------------|----------------------------------|------------------|-------------------|--------------------|--------------------|----------------------------------|------------------|-------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual |
| Depreciation and Amortization | | | | | | | | | | |
| 69110 - Depreciation Expense | \$4,882,131 | \$4,882,131 | \$0 | 0 | \$3,379,618 | \$34,171,992 | \$34,171,999 | \$ (7) | 0 | \$23,900,344 |
| Total Depreciation and Amortization | 4,882,131 | 4,882,131 | 0 | 0 | 3,379,618 | 34,171,992 | 34,171,999 | (7) | 0 | 23,900,344 |
| Non-Operating Revenue/(Expense) | | | | | | | | | | |
| Passenger Facility Charges | | | | | | | | | | |
| 71110 - Passenger Facility Charge | 2,035,006 | 1,875,711 | (159,294) | (8) | 1,537,816 | 19,274,343 | 18,408,015 | (866,328) | (4) | 18,595,024 |
| Total Passenger Facility Charges | 2,035,006 | 1,875,711 | (159,294) | (8) | 1,537,816 | 19,274,343 | 18,408,015 | (866,328) | (4) | 18,595,024 |
| Customer Facility Charges | | | | | | | | | | |
| 71120 - Customer facility charges (Con | 2,227,909 | 2,283,421 | 55,513 | 2 | 2,543,348 | 13,924,949 | 14,405,776 | 480,828 | 3 | 8,914,416 |
| Total Customer Facility Charges | 2,227,909 | 2,283,421 | 55,513 | 2 | 2,543,348 | 13,924,949 | 14,405,776 | 480,828 | 3 | 8,914,416 |
| Quieter Home Program | | | | | | | | | | |
| 71212 - Quieter Home - Labor | 0 | (21,293) | (21,293) | 0 | (21,086) | 0 | (199,347) | (199,347) | 0 | (235,040) |
| 71213 - Quieter Home - Burden | 0 | (9,159) | (9,159) | 0 | (9,194) | 0 | (83,209) | (83,209) | 0 | (97,134) |
| 71214 - Quieter Home - Overhead | 0 | (27,969) | (27,969) | 0 | (16,443) | 0 | (123,785) | (123,785) | 0 | (107,120) |
| 71215 - Quieter Home - Material | (994,621) | (1,202,255) | (207,634) | (21) | (1,253,964) | (7,376,621) | (6,178,569) | 1,198,052 | 16 | (7,692,387) |
| 71216 - Quieter Home Program | 801,566 | 1,099,399 | 297,833 | 37 | 1,610,108 | 5,947,418 | 5,854,677 | (92,741) | (2) | 8,710,715 |
| 71217 - Contract Labor | 0 | (25,015) | (25,015) | 0 | (25,127) | 0 | (152,397) | (152,397) | 0 | (154,881) |
| 71218 - Contractor Burden | 0 | (30,499) | (30,499) | 0 | (31,980) | 0 | (192,620) | (192,620) | 0 | (196,978) |
| 71222 - Contractor Labor | 0 | (1,088) | (1,088) | 0 | 0 | 0 | (1,271) | (1,271) | 0 | (307) |
| 71223 - Contractor Burden | 0 | (133) | (133) | 0 | 0 | 0 | (366) | (366) | 0 | (391) |
| 71225 - Joint Studies - Material | (16,670) | (8,134) | 8,536 | 51 | 0 | (116,650) | (89,443) | 27,207 | 23 | 0 |
| 71226 - Contractor Overhead | 0 | (1,218) | (1,218) | 0 | 0 | 0 | (1,424) | (1,424) | 0 | (307) |
| Total Quieter Home Program | (209,725) | (227,364) | (17,638) | (8) | 252,315 | (1,545,853) | (1,167,764) | 378,099 | 24 | 226,172 |
| Interest Income | | | | | | | | | | |
| 71310 - Interest - Investments | 254,385 | 218,321 | (36,064) | (14) | 113,430 | 1,780,695 | 968,723 | (811,972) | (46) | 783,180 |
| 71330 - Interest - Commercial Pa | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 71340 - Interest - Note Receivab | 186,467 | 189,789 | 3,323 | 2 | 196,367 | 1,305,267 | 1,327,761 | 22,494 | 2 | 1,375,998 |
| 71350 - Interest - Other | 0 | 0 | 0 | 0 | 0 | 0 | (541) | (541) | 0 | (680) |
| 71360 - Interest - Bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 131,736 |
| 71361 - Interest Income - 2010 Bonds | 0 | 20,532 | 20,532 | 0 | 22,801 | 0 | 148,849 | 148,849 | 0 | 295,245 |
| 71363 - Interest Income - 2013 Bonds | 0 | 51,791 | 51,791 | 0 | 0 | 0 | 404,697 | 404,697 | 0 | 0 |
| Total Interest Income | 440,852 | 480,433 | 39,582 | 9 | 332,598 | 3,085,962 | 2,849,490 | (236,472) | (8) | 2,585,479 |

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the seven months ended January 31, 2014
(Unaudited)

Print Date: 2/10/2014
Print Time: 9:17:22AM
Report ID: GL0012

| | Month to Date | | | | | Year to Date | | | | |
|---|--------------------|--------------------|----------------------------------|------------------|--------------------|---------------------|---------------------|----------------------------------|------------------|---------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual |
| Interest income BAB's rebate | | | | | | | | | | |
| 71362 - BAB interest rebate | \$395,094 | \$386,351 | \$(8,743) | (2) | \$416,327 | \$2,765,659 | \$2,704,459 | \$(61,200) | (2) | \$2,914,287 |
| Total Interest income BAB's rebate | 395,094 | 386,351 | (8,743) | (2) | 416,327 | 2,765,659 | 2,704,459 | (61,200) | (2) | 2,914,287 |
| Interest Expense | | | | | | | | | | |
| 71410 - Interest Expense 2005 Bo | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (830,074) |
| 71411 - Interest Expense- 2010 Bonds | (2,642,125) | (2,642,125) | 0 | 0 | (2,644,625) | (18,494,874) | (18,494,874) | 0 | 0 | (18,512,374) |
| 71412 - Interest Expense 2013 Bonds | (1,539,625) | (1,539,625) | 0 | 0 | 0 | (10,777,375) | (10,777,375) | 0 | 0 | 0 |
| 71420 - Interest Expense - Comme | (53,092) | (7,093) | 45,999 | 87 | (16,235) | (371,646) | (53,574) | 318,072 | 86 | (44,682) |
| 71430 - LOC Fees - C/P | (22,426) | (23,502) | (1,076) | (5) | (23,502) | (156,981) | (162,801) | (5,820) | (4) | (146,472) |
| 71440 - Dealer Fees - C/P | (1,682) | 0 | 1,682 | 100 | (2,626) | (11,774) | (10,692) | 1,082 | 9 | (4,710) |
| 71450 - Trustee Fee Bonds | (1,365) | (1,000) | 365 | 27 | (1,000) | (9,555) | (1,000) | 8,555 | 90 | (9,825) |
| 71451 - Program Fees - Comm. Pap | (833) | 0 | 833 | 100 | 2,624 | (5,833) | 0 | 5,833 | 100 | (2,624) |
| 71452 - Investment Fees | 0 | 0 | 0 | 0 | (75) | 0 | 0 | 0 | 0 | (75) |
| 71460 - Interest Expense - Other | 152,505 | 436,149 | 283,644 | 186 | 2,642,114 | 1,067,538 | 3,116,515 | 2,048,976 | 192 | 19,318,784 |
| 71461 - Interest Expense - Cap Leases | (60,068) | (59,968) | 99 | 0 | 0 | (422,519) | (482,487) | (59,968) | (14) | 0 |
| Total Interest Expense | (4,168,710) | (3,837,164) | 331,547 | 8 | (43,325) | (29,183,019) | (26,866,288) | 2,316,731 | 8 | (232,053) |
| Amortization | | | | | | | | | | |
| 69210 - Amortization - Premium | 364,834 | 364,834 | 0 | 0 | 114,936 | 2,565,577 | 2,566,698 | 1,121 | 0 | 915,754 |
| 69220 - Amortization - Cost of I | (31,430) | 0 | 31,430 | 100 | (19,453) | (221,051) | 0 | 221,051 | 100 | (272,639) |
| 69230 - Amort-Commercial Paper | 0 | 0 | 0 | 0 | (1,139) | 0 | 0 | 0 | 0 | (7,974) |
| Total Amortization | 333,404 | 364,834 | 31,430 | 9 | 94,343 | 2,344,526 | 2,566,698 | 222,172 | 9 | 635,142 |
| Other Non-Operating Income (Expense) | | | | | | | | | | |
| 71510 - Legal Settlement Income | 0 | 0 | 0 | 0 | 4,884 | 0 | 1,809 | 1,809 | 0 | 5,023 |
| 71520 - Fixed Asset Disposal-Pro | 0 | 0 | 0 | 0 | 0 | 0 | 11,273 | 11,273 | 0 | 0 |
| 71521 - Fixed Asset Disposal - L | 0 | 0 | 0 | 0 | (231,662) | 0 | 0 | 0 | 0 | (1,036,261) |
| 71530 - Gain/Loss On Investments | 0 | (6,272) | (6,272) | 0 | (142,836) | 0 | 1,751,077 | 1,751,077 | 0 | 379,132 |
| 71540 - Discounts Earned | 0 | 2,257 | 2,257 | 0 | 0 | 0 | 5,718 | 5,718 | 0 | 4,809 |
| 71610 - Legal Settlement Expense | (1,667) | 0 | 1,667 | 100 | (4,884) | (11,667) | 0 | 11,667 | 100 | (215) |
| 71620 - Other non-operating revenue (e | 0 | 7,400 | 7,400 | 0 | 16,525 | 0 | 157,755 | 157,755 | 0 | 52,969 |
| Total Other Non-Operating Income (Expense) | (1,667) | 3,385 | 5,052 | 303 | (357,973) | (11,667) | 1,927,632 | 1,939,299 | 16,623 | (594,543) |
| Total Non-Operating Revenue/(Expense) | 1,052,162 | 1,329,609 | 277,447 | 26 | (4,775,450) | 10,654,899 | 14,828,027 | 4,173,128 | 39 | (33,043,924) |

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the seven months ended January 31, 2014
(Unaudited)

Print Date: 2/10/2014
Print Time: 9:17:22AM
Report ID: GL0012

| | Month to Date | | | | | Year to Date | | | | |
|---|-------------------|-------------------|----------------------------------|------------------|-------------------|-------------------|-------------------|----------------------------------|------------------|-------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual | Budget | Actual | Variance Favorable (Unfavorable) | Variance Percent | Prior Year Actual |
| Capital Grant Contribution | | | | | | | | | | |
| 72100 - AIP Grants | \$1,936,038 | \$88,841 | \$(1,847,197) | (95) | \$1,263,348 | \$6,197,264 | \$1,234,239 | \$(4,963,025) | (80) | \$9,849,524 |
| Total Capital Grant Contribution | 1,936,038 | 88,841 | (1,847,197) | (95) | 1,263,348 | 6,197,264 | 1,234,239 | (4,963,025) | (80) | 9,849,524 |
| Total Expenses Net of Non-Operating Revenue/ (Expense) | 13,325,259 | 14,235,009 | (909,750) | (7) | 6,920,726 | 99,271,692 | 95,640,831 | 3,630,861 | 4 | 50,235,903 |
| Net Income/(Loss) | 1,885,573 | 1,516,829 | (368,744) | (20) | 7,189,144 | 11,293,649 | 18,182,152 | 6,888,503 | 61 | 53,071,833 |
| Equipment Outlay | | | | | | | | | | |
| 73200 - Equipment Outlay Expendi | 0 | (204,638) | (204,638) | 0 | 0 | (10,000) | (382,538) | (372,538) | (3,725) | (136,844) |
| 73299 - Capitalized Equipment Co | 0 | 204,638 | 204,638 | 0 | 0 | 0 | 382,538 | 382,538 | 0 | 136,844 |
| Total Equipment Outlay | 0 | 0 | 0 | 0 | 0 | (10,000) | 0 | 10,000 | 100 | 0 |

**San Diego County Regional
Airport Authority**

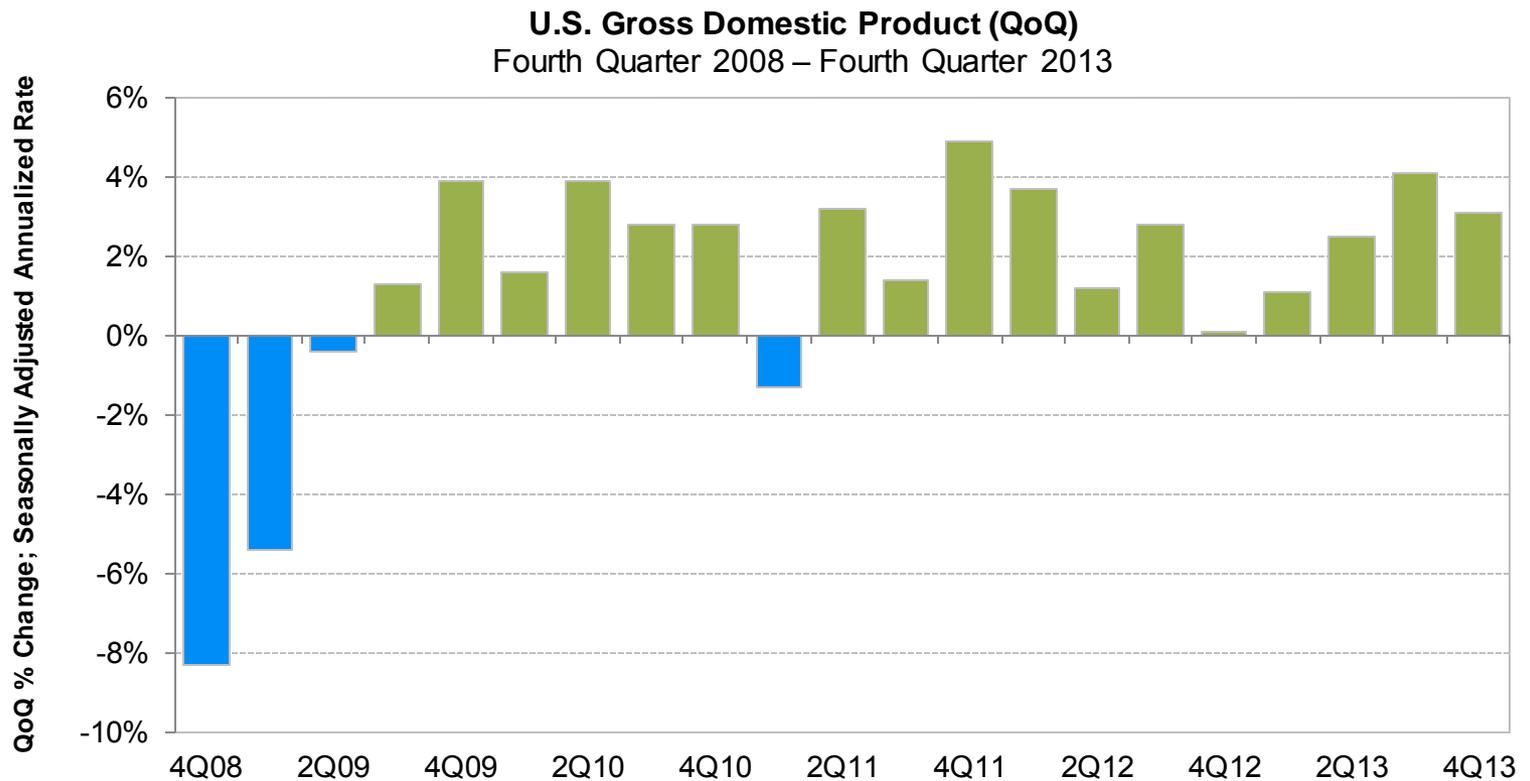
**Review of the Unaudited
Financial Statements for the
Seven Months Ended
January 31, 2014 and 2013**

Presented by:
Vernon D. Evans, CPA
Vice President,
Finance / Treasurer & CFO
Kathy Kiefer
Director, Accounting

February 24, 2014

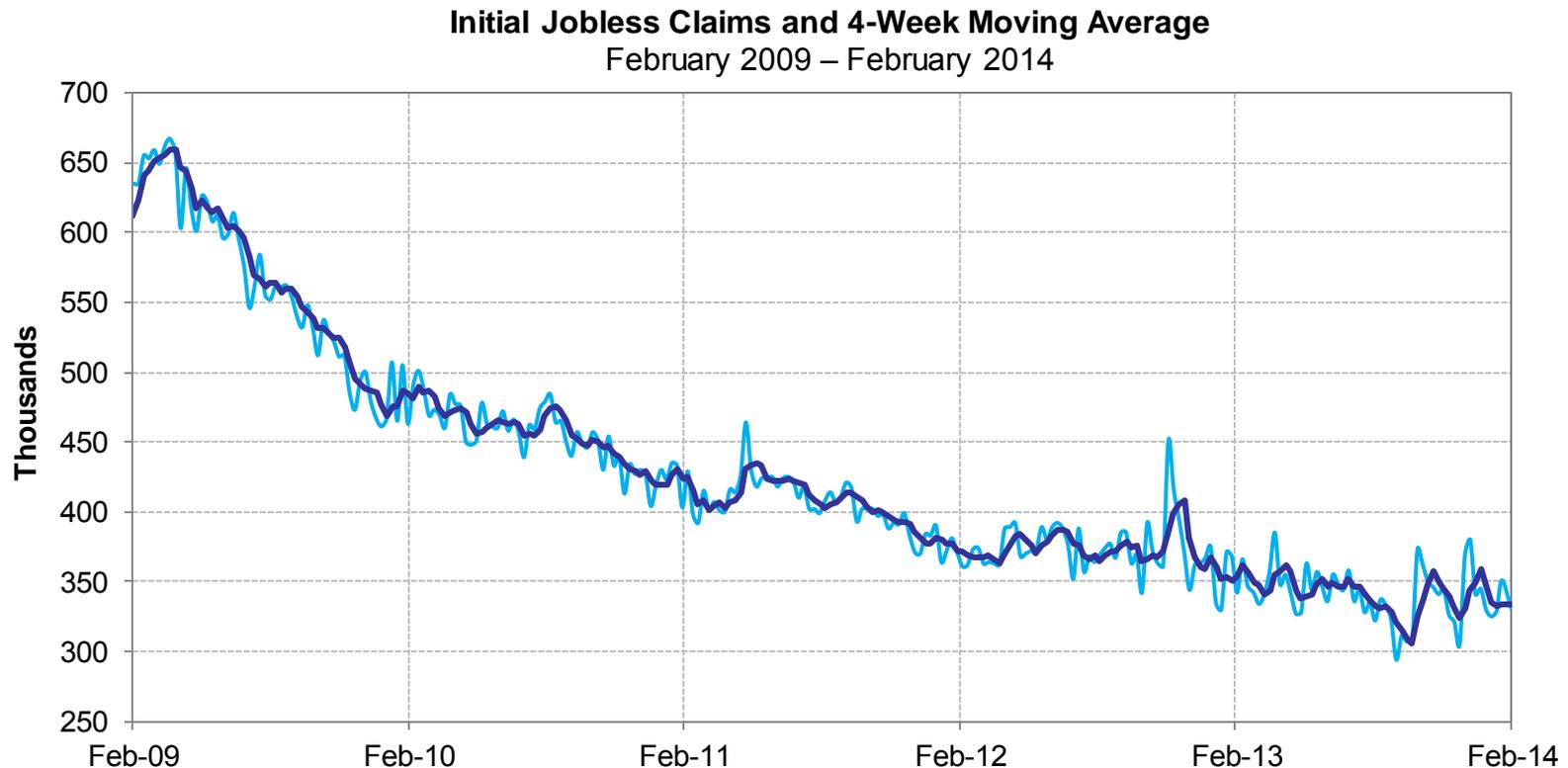
Fourth Quarter GDP Drops

- The advance estimate of fourth quarter GDP came in at 3.2%. Although down from 4.1% in the third quarter, it was better than expected, especially given the drag from the government shutdown and debt crisis at the start of the quarter. Two quarters of reasonably strong growth, after the weakness at the start of the year, suggest that U.S. economic growth may be strengthening.



Initial Claims For Unemployment Down

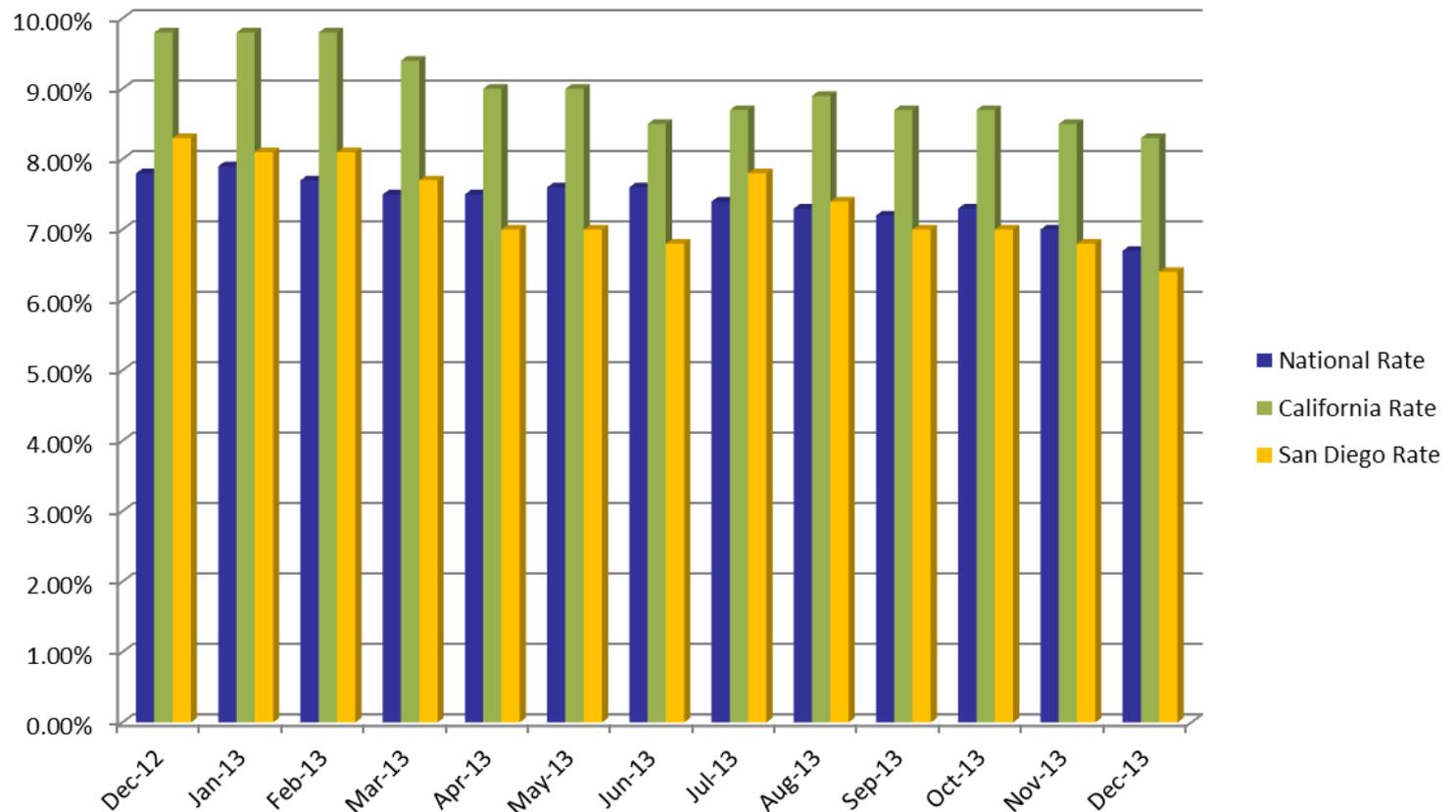
- For the week ending February 1st, seasonally adjusted initial claims for unemployment were down by 20,000 to 331,000. The 4-week moving average, which helps smooth out some of the weekly volatility, was up by 250 to 334,000. Over the past year, weekly initial claims have averaged under the 350,000 level that many economists think indicates strong job growth.



December Unemployment Rate Declines Slightly

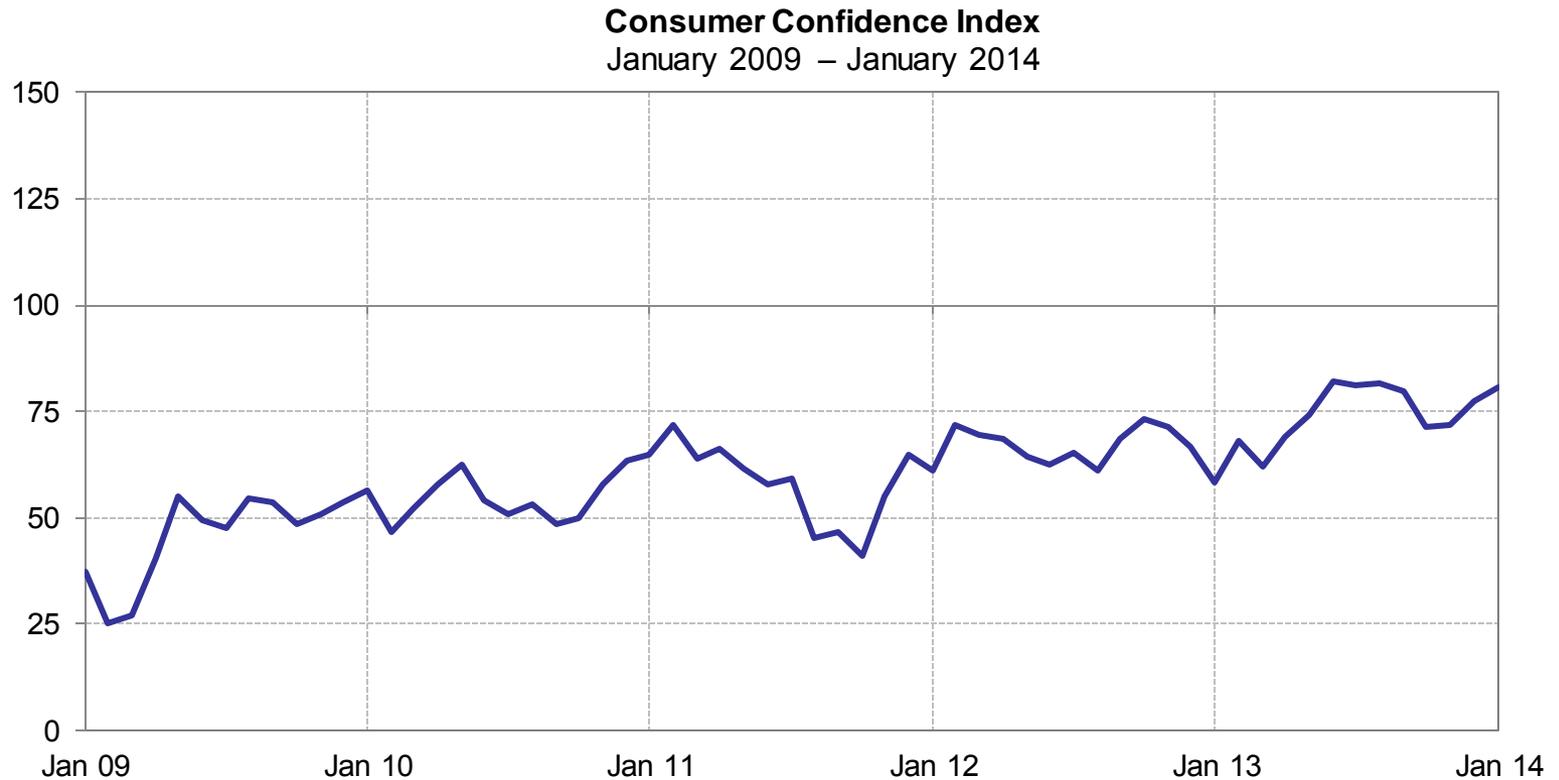
The Federal unemployment declined slightly from 6.7 percent to 6.6 percent in January 2014. The National U-6 rate decreased to 12.7 percent. In California, the State unemployment rate was 8.3 percent in December, down 0.2 percentage point from November. Locally, San Diego's unemployment was 6.4 percent in December 2013.

Unemployment Rates



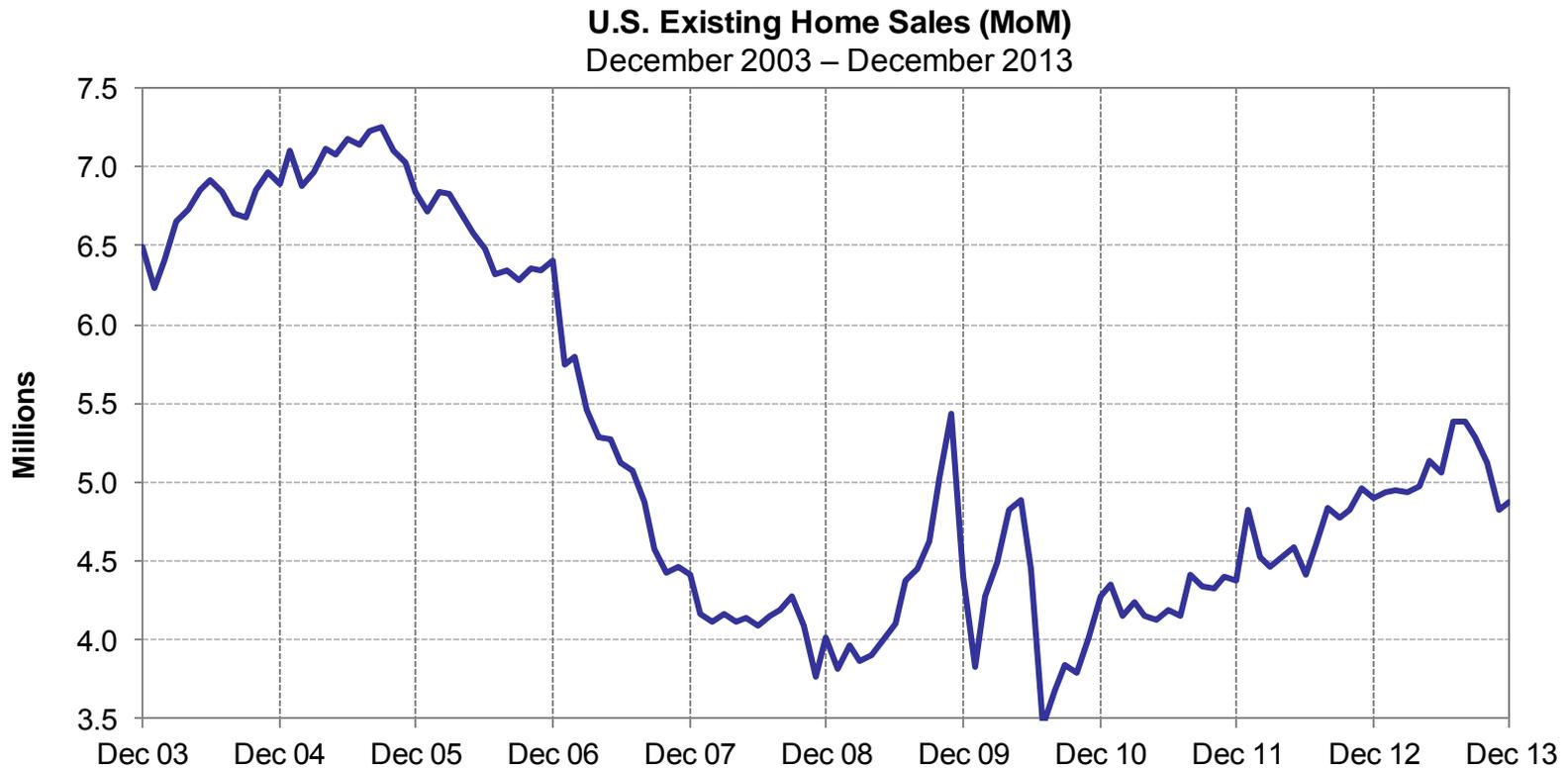
Consumer Confidence Improves

- The Consumer Confidence Index, which fell sharply in October, has improved over the past three months and it is now close to pre-government shutdown levels at 80.7. Although the Consumer Confidence Index is below its most recent high of 82.1 in June 2013, it is well above the 58.4 level it stood at January 2013.



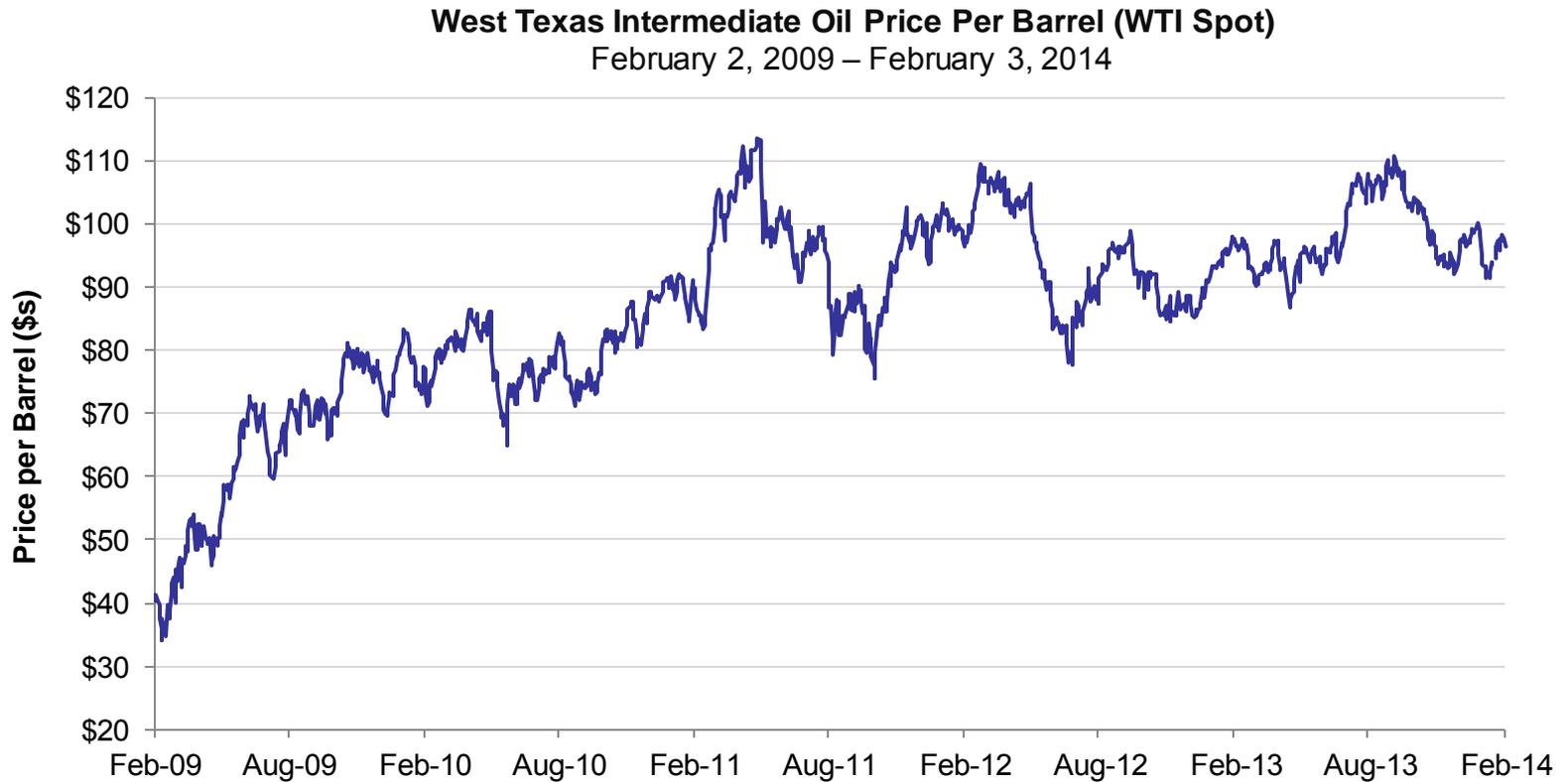
Existing Home Sales Up Slightly in December

- Existing home sales were up 1.0% in December, but were still down 0.6% from December 2012. This was the second straight month since June 2011 that monthly home sales were below their prior year levels. Rising mortgage rates, tight credit, rising prices, and constrained inventory all appear to have impacted home sales in recent months.



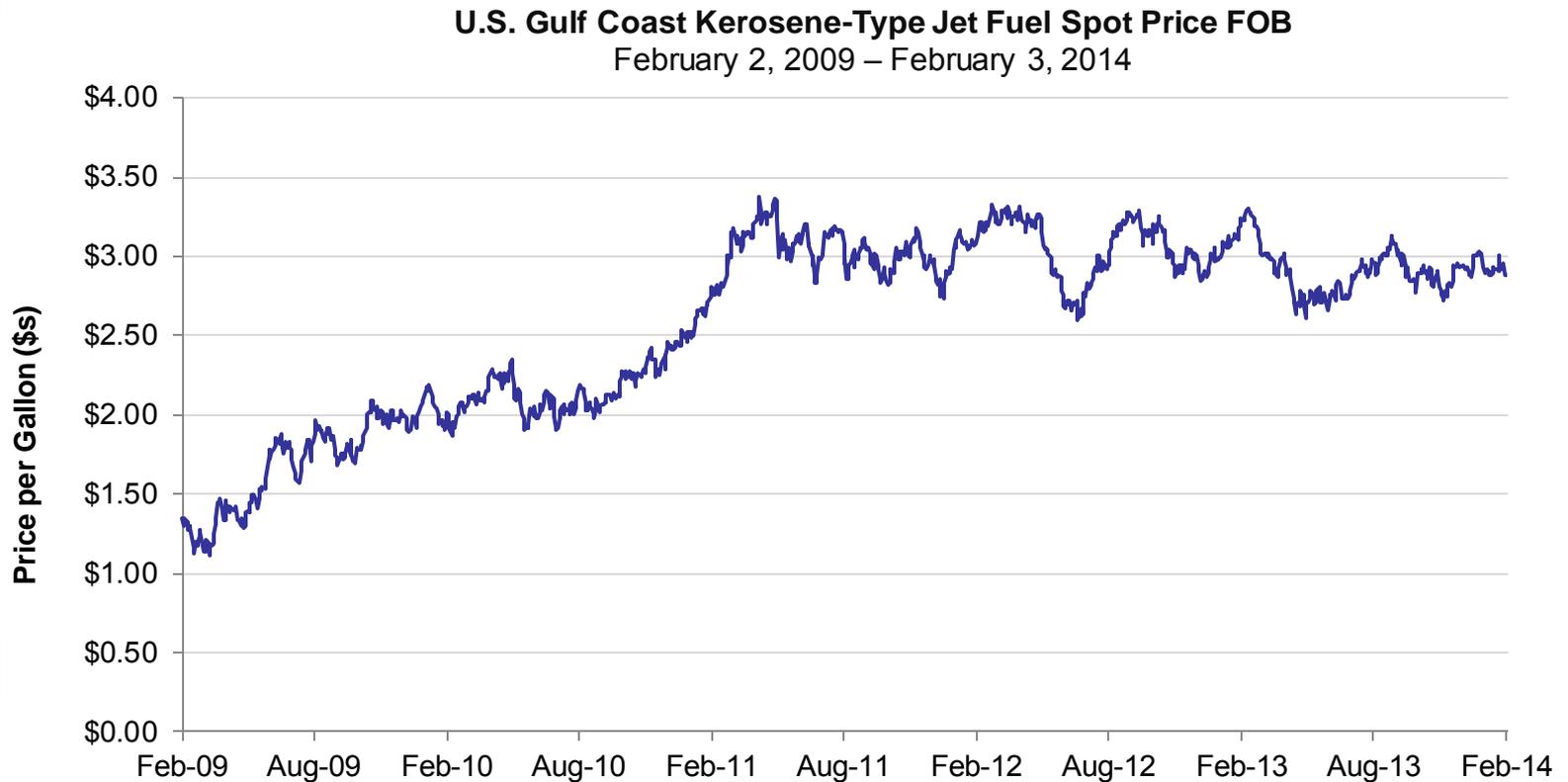
Oil Prices Range Trending Higher

- Oil (WTI spot) closed at \$96.44 on February 3, 2014. Oil prices have been trending toward the top end recently due to increased global demand and reduced supplies.



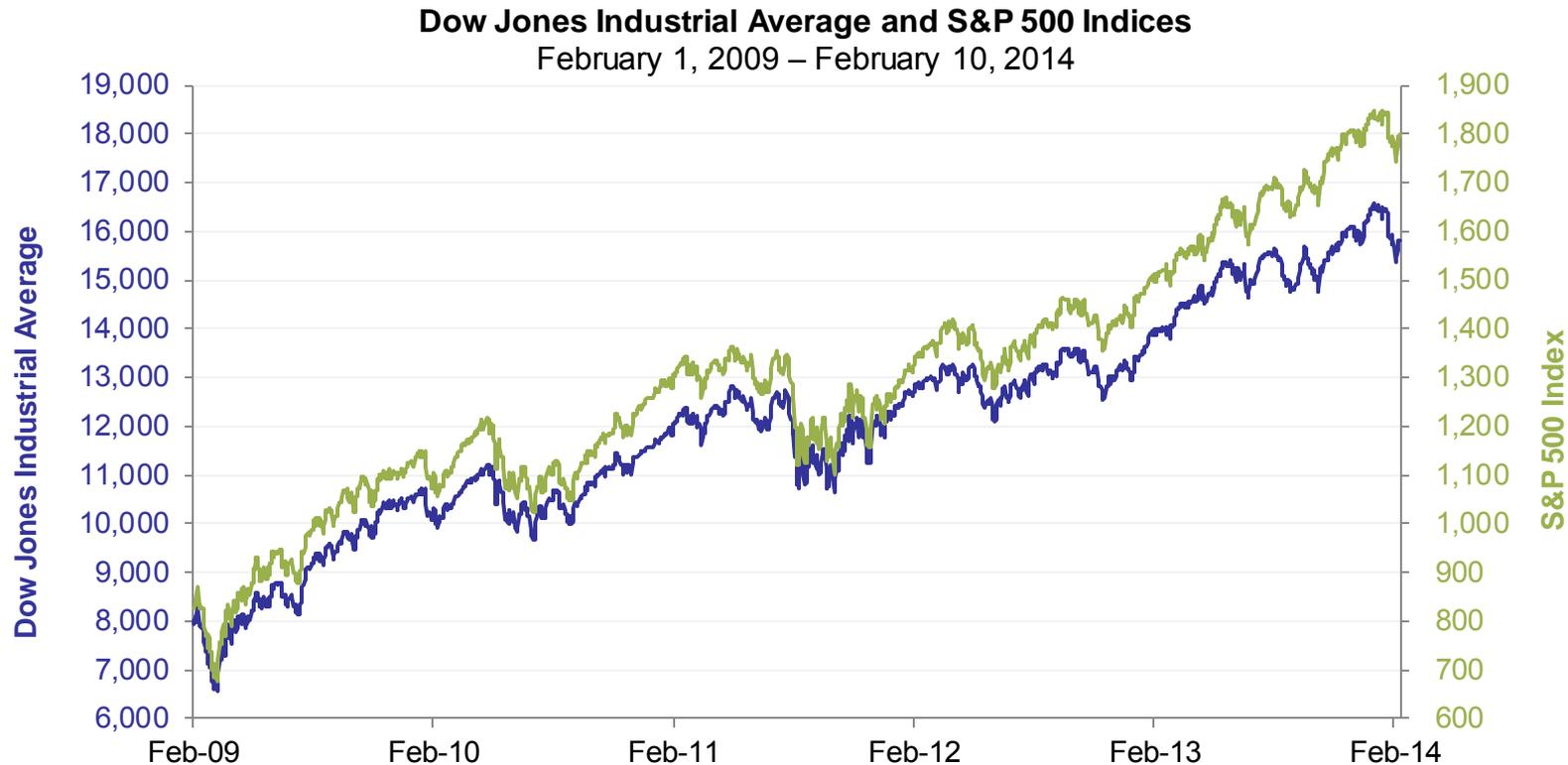
Jet Fuel Prices Remain Range Bound

- Jet fuel (U.S. Gulf Coast Spot Price) closed at \$2.89 on February 3rd. Year to date, jet fuel prices have traded in a range of \$0.12. Jet fuel has averaged \$2.92 during 2014.



Equity Markets Down to Start 2014

- The markets have been volatile to start 2013 due to uncertainty in the emerging markets, weakness in job growth, and uncertainty regarding Fed policy. Year to date, the DJIA is down 4.67% and the S&P 500 is down 2.63%.



Treasury Yields Trending Lower

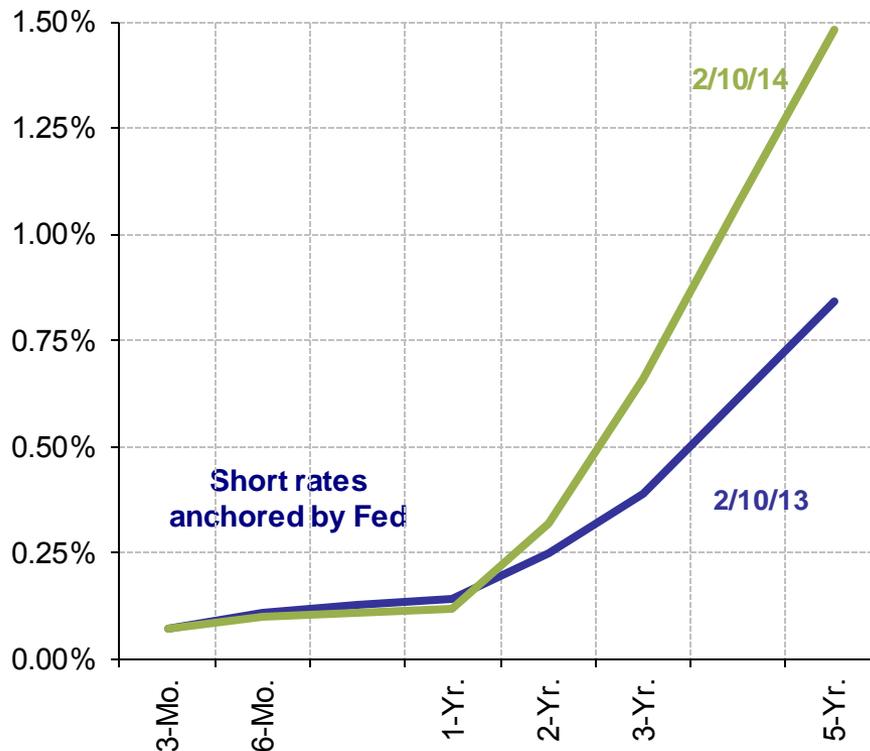
- Longer-term Treasury yields have trended downwards to start 2014 as recent weakness in economic reports has the markets questioning the strength of the economy and the impact it could have on Fed Policy.



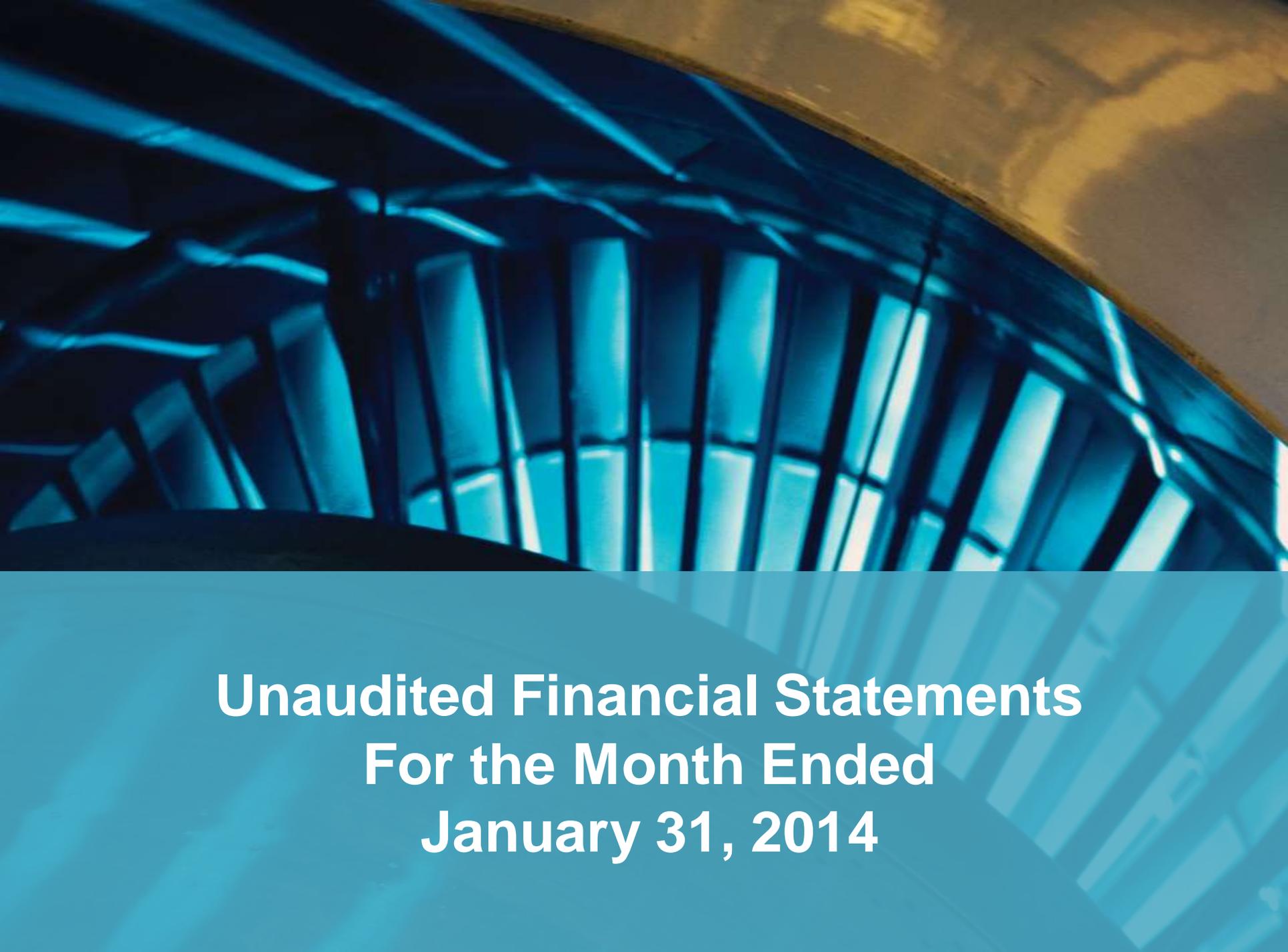
U.S. Treasury Yield Curve Remains Steep

- Although longer-term yields have fallen recently, the yield curve remains steep compared to last year.

U.S. Treasury Yield Curve
February 10, 2013 versus February 10, 2014

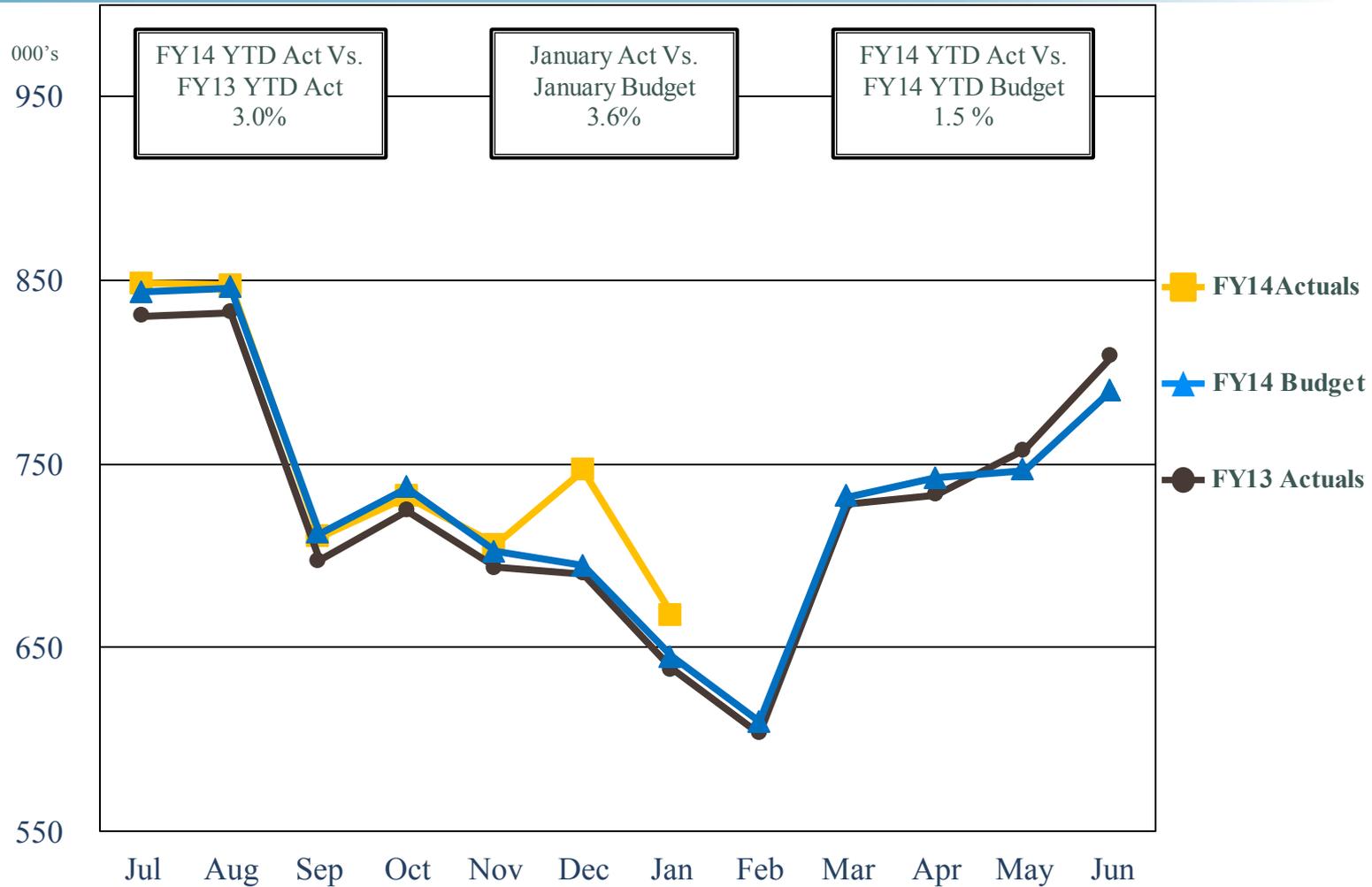


| Maturity | 2/10/13 | 2/10/14 | Change |
|----------|---------|---------|---------|
| 3-Mo. | 0.07% | 0.07% | 0.00% |
| 6-Mo. | 0.11% | 0.10% | (0.01%) |
| 1-Yr. | 0.14% | 0.12% | (0.02%) |
| 2-Yr. | 0.25% | 0.32% | 0.07% |
| 3-Yr. | 0.39% | 0.66% | 0.27% |
| 5-Yr. | 0.84% | 1.48% | 0.64% |
| 10-Yr. | 1.99% | 2.70% | 0.71% |
| 20-Yr. | 2.79% | 3.38% | 0.59% |
| 30-Yr. | 3.17% | 3.66% | 0.49% |



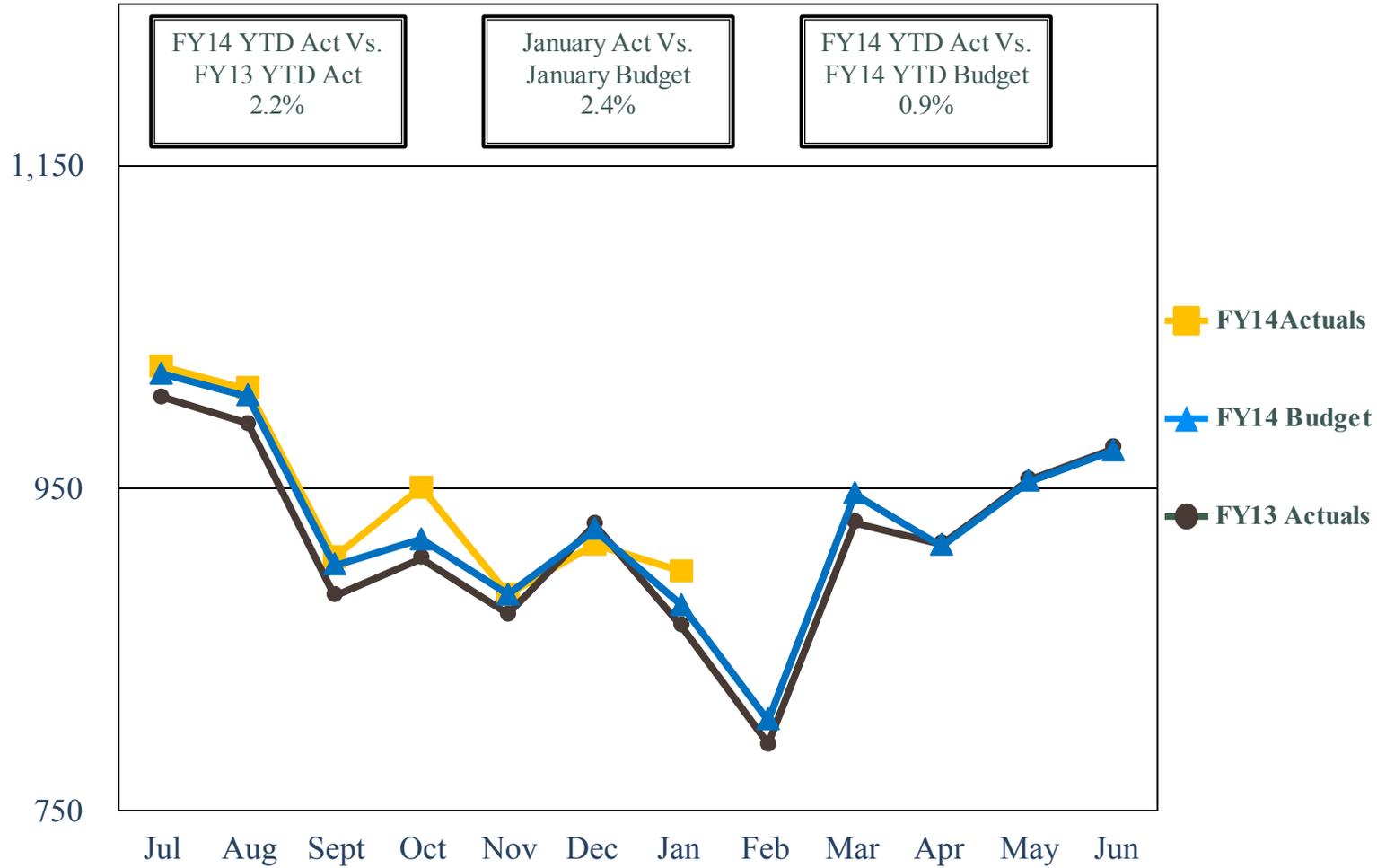
**Unaudited Financial Statements
For the Month Ended
January 31, 2014**

Enplanements



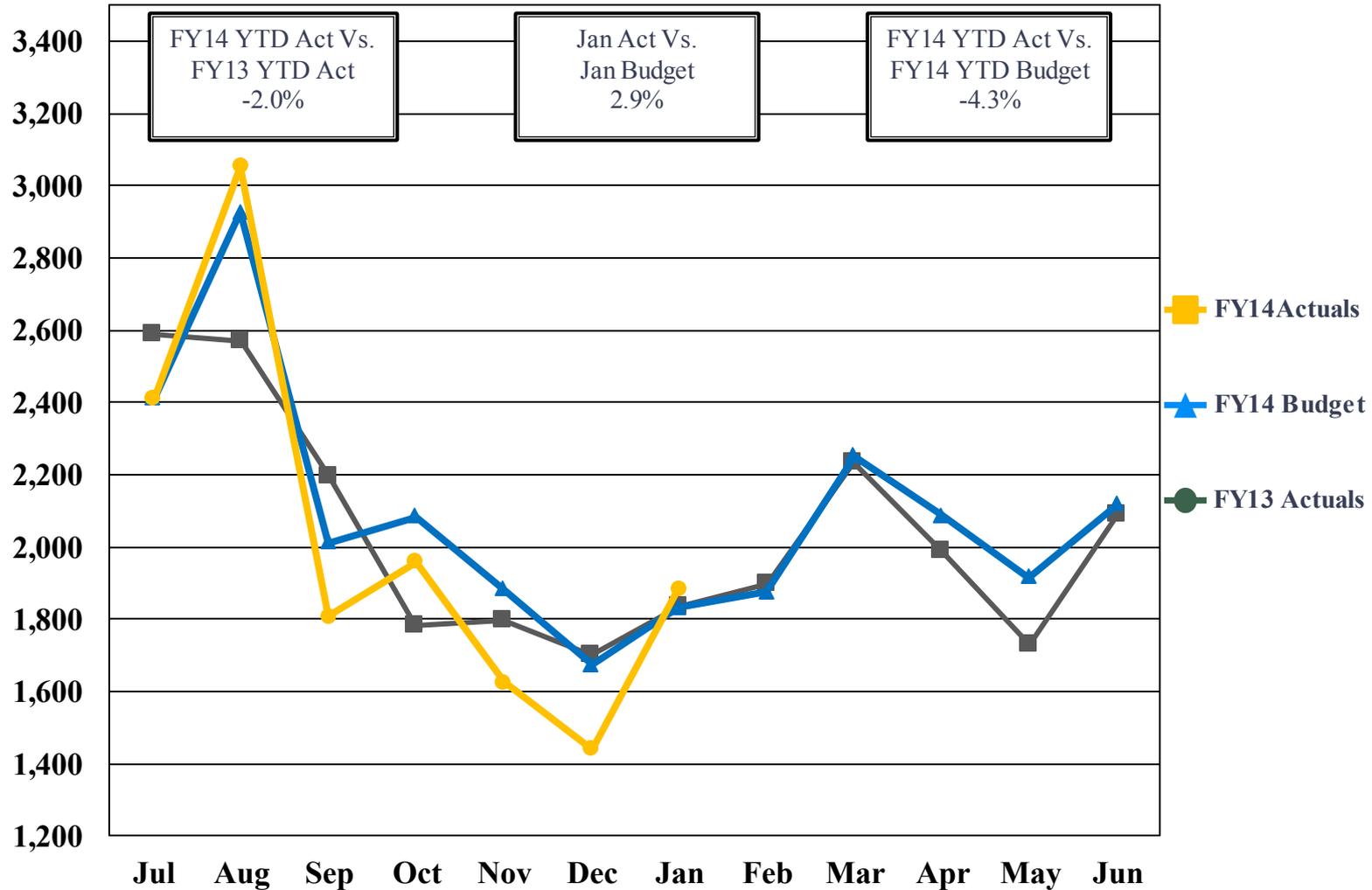
Gross Landing Weight Units (000 lbs)

000's

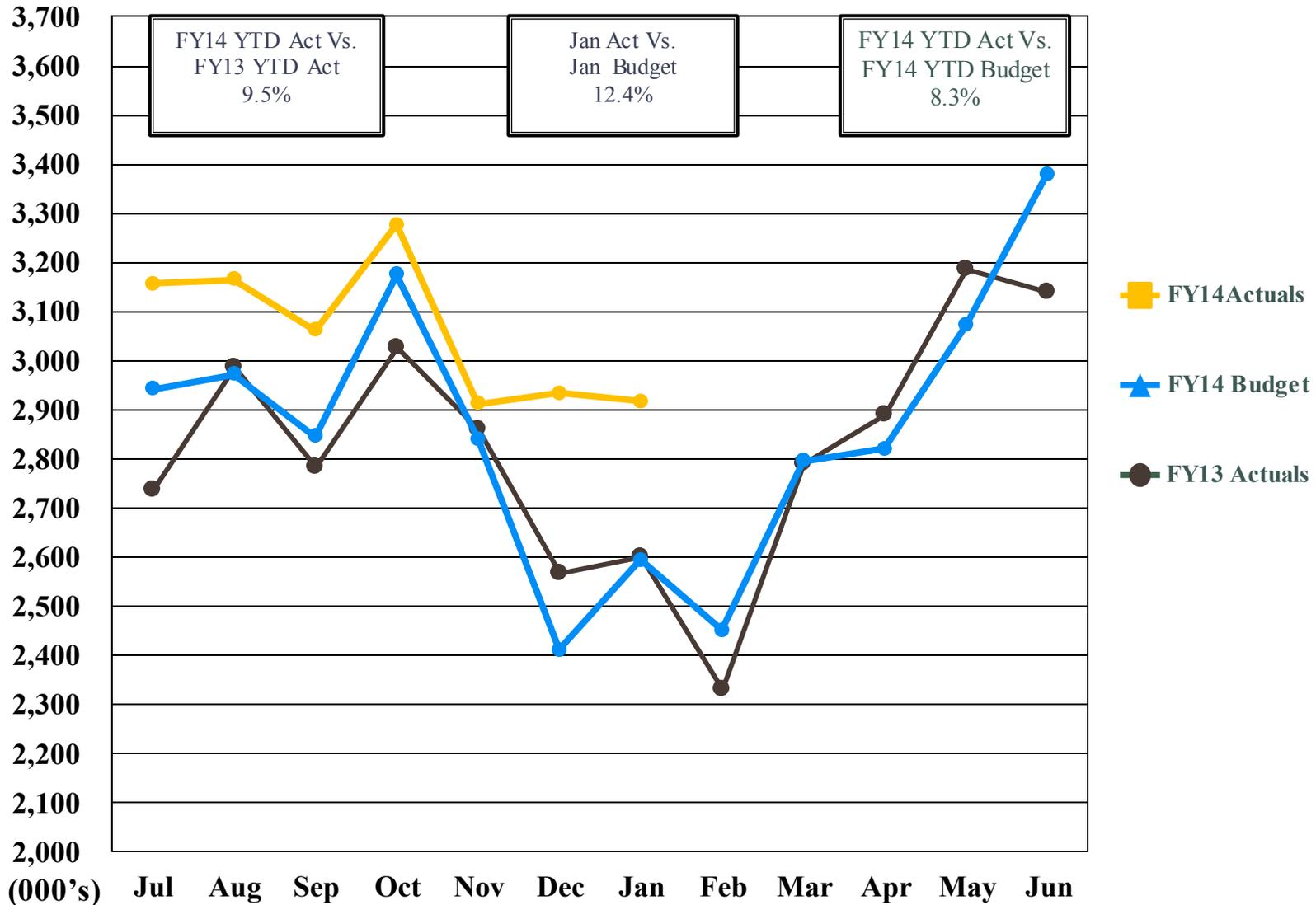


Car Rental License Fees

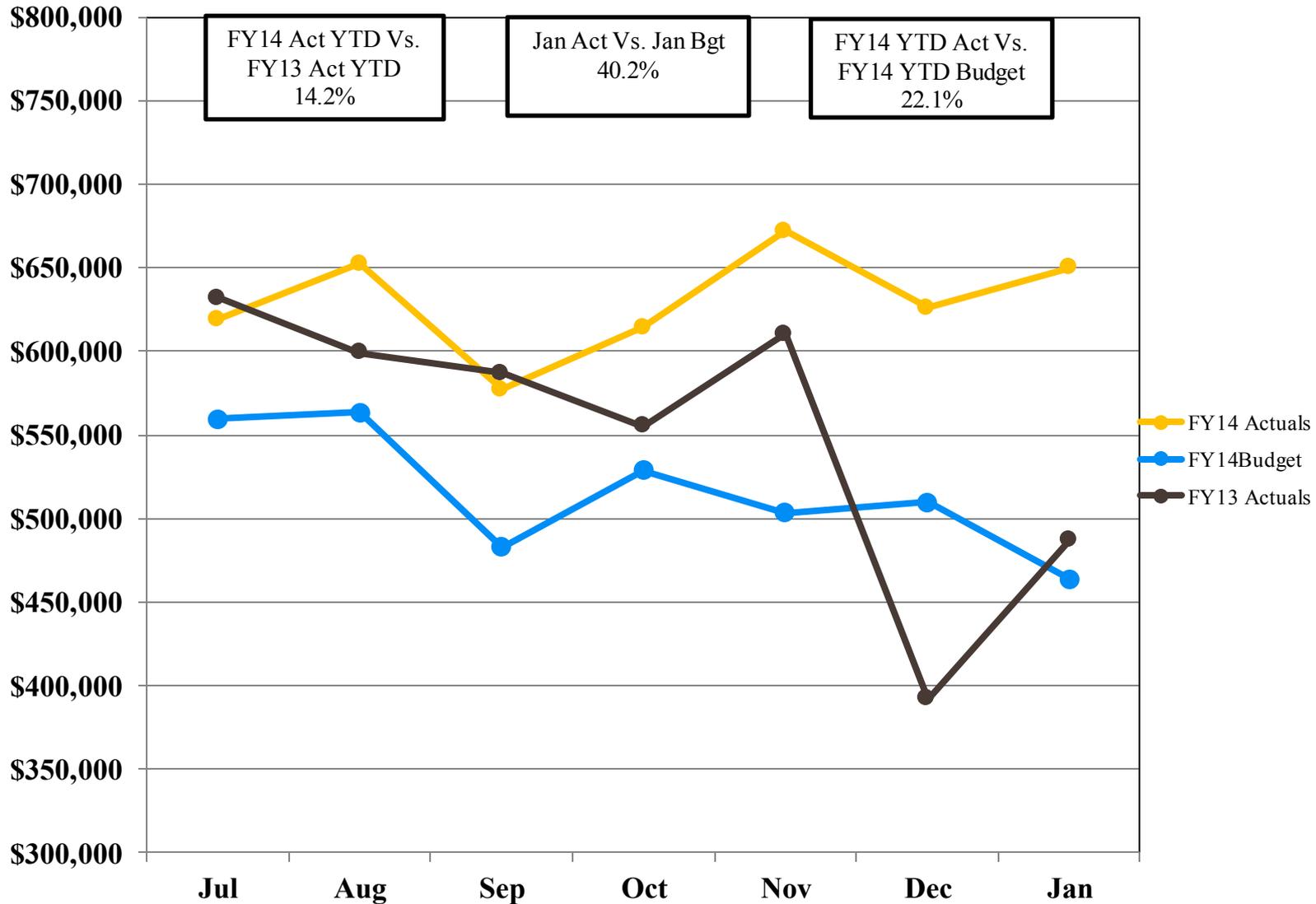
(000's)



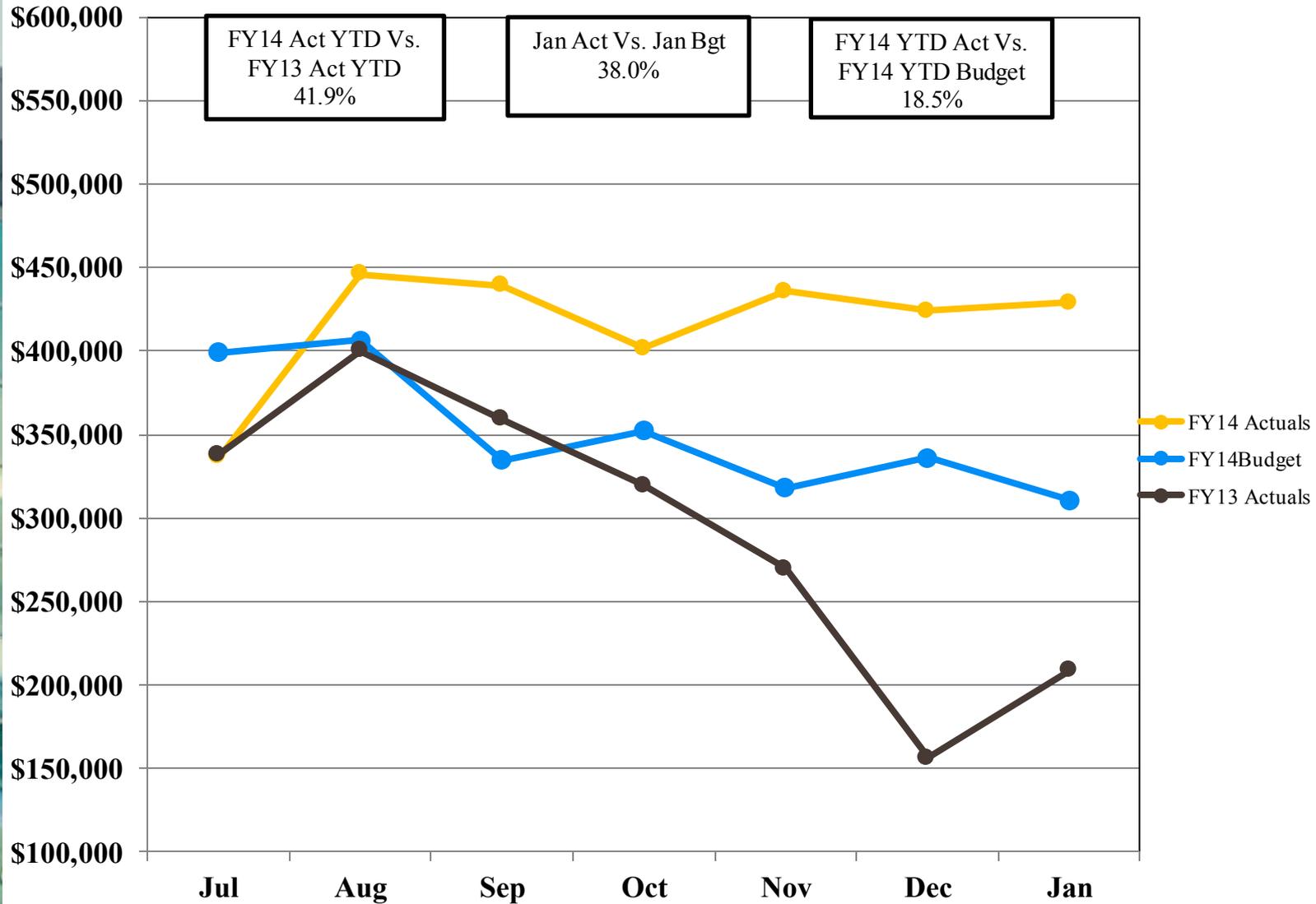
Parking Revenue



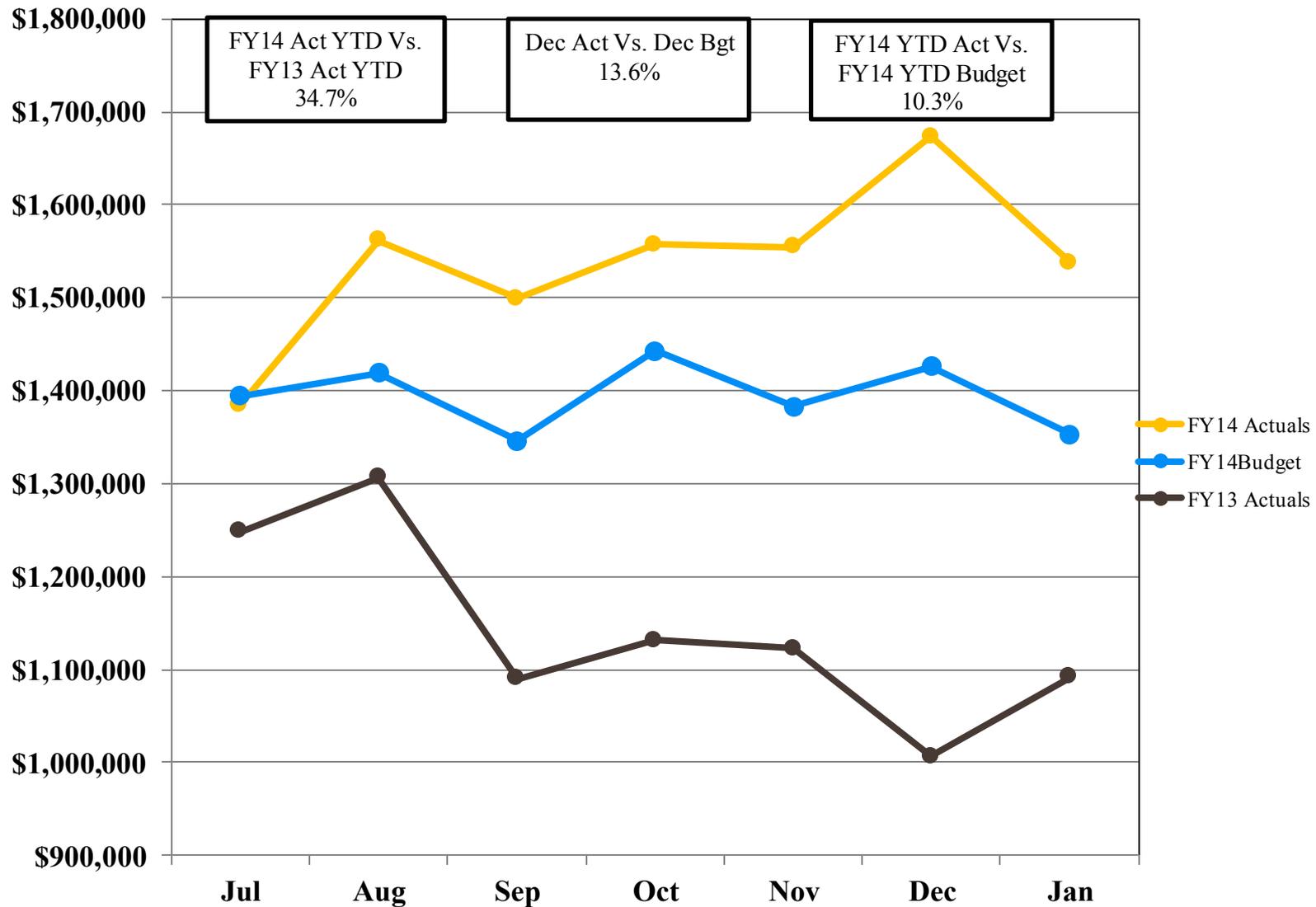
Food & Beverage Concession Revenue



Retail Concession Revenue



Total Terminal Concession Revenue



Operating Revenues

for the Month Ended January 31, 2014 (Unaudited)

| (In thousands) | Budget | Actual | Variance Favorable (Unfavorable) | % Change | Prior Year |
|-------------------------------|-----------------|-----------------|--|-------------|-----------------|
| Aviation revenue: | | | | | |
| Landing fees | \$ 1,728 | \$ 1,736 | \$ 8 | - | \$ 1,642 |
| Aircraft parking fees | 213 | 209 | (4) | (2)% | 265 |
| Building rentals | 3,858 | 3,781 | (77) | (2)% | 3,602 |
| Security surcharge | 2,081 | 2,081 | (0) | - | 1,667 |
| CUPPS Support Charges | 93 | 93 | - | - | - |
| Other aviation revenue | 131 | 128 | (3) | (2)% | 130 |
| Total aviation revenue | \$ 8,104 | \$ 8,028 | \$ (76) | (1)% | \$ 7,306 |

Operating Revenues

for the Month Ended January 31, 2014 (Unaudited)

| (In thousands) | Budget | Actual | Variance Favorable (Unfavorable) | % Change | Prior Year |
|--|-----------------|-----------------|--|-------------|-----------------|
| Terminal rent non-airline | \$ 86 | \$ 89 | \$ 3 | 3% | \$ 83 |
| Concession revenue: | | | | | |
| Terminal concession revenue: | | | | | |
| Food and beverage | 464 | 650 | 186 | 40% | 487 |
| Gifts and news | 311 | 429 | 118 | 38% | 209 |
| Space storage | 63 | (7) | (70) | (111)% | 56 |
| Cost recovery | 250 | 182 | (68) | (27)% | 123 |
| Other (Primarily advertising) | 266 | 284 | 18 | 7% | 218 |
| Total terminal concession revenue | 1,354 | 1,538 | 184 | 14% | 1,093 |
| Car rental and license fee revenue: | | | | | |
| Rental car and license fees | 1,831 | 1,884 | 53 | 3% | 1,837 |
| License fees-other | 238 | 314 | 76 | 32% | 286 |
| Total rental car and license fees | 2,069 | 2,198 | 129 | 6% | 2,123 |
| Total concession revenue | \$ 3,423 | \$ 3,736 | \$ 313 | 9% | \$ 3,216 |

Operating Revenues

for the Month Ended January 31, 2014 (Unaudited)

| (In thousands) | Budget | Actual | Variance Favorable (Unfavorable) | % Change | Prior Year |
|---|------------------|------------------|--|-------------|------------------|
| Parking revenue: | | | | | |
| Short-term parking revenue | \$ 915 | \$ 1,092 | \$ 177 | 19% | \$ 1,144 |
| Long-term parking revenue | 1,679 | 1,825 | 146 | 9% | 1,456 |
| Total parking revenue | 2,594 | 2,917 | 323 | 12% | 2,600 |
| Ground transportation permits and citations | 273 | 224 | (49) | (18)% | 148 |
| Ground rentals | 676 | 687 | 11 | 2% | 709 |
| Grant reimbursements | 19 | 25 | 6 | 32% | 16 |
| Other operating revenue | 37 | 47 | 10 | 27% | 33 |
| Subtotal | 3,599 | 3,900 | 301 | 8% | 3,506 |
| Total operating revenues | \$ 15,212 | \$ 15,753 | \$ 541 | 4% | \$ 14,111 |

Operating Expenses

for the Month Ended January 31, 2014 (Unaudited)

| (In thousands) | Budget | Actual | Variance Favorable (Unfavorable) | % Change | Prior Year |
|----------------------------------|------------------|------------------|--|-------------|-----------------|
| Operating expenses: | | | | | |
| Salaries and benefits | \$ 3,305 | \$ 3,144 | \$ 161 | 5% | \$ 3,020 |
| Contractual services | 2,696 | 2,553 | 143 | 5% | 2,219 |
| Safety and security | 2,008 | 1,970 | 38 | 2% | 1,654 |
| Space rental | 865 | 864 | 1 | - | 864 |
| Utilities | 697 | 665 | 32 | 5% | 499 |
| Maintenance | 970 | 790 | 180 | 19% | 788 |
| Equipment and systems | 41 | 13 | 28 | 68% | 13 |
| Materials and supplies | 32 | 28 | 4 | 13% | 32 |
| Insurance | 104 | 82 | 22 | 21% | 65 |
| Employee development and support | 167 | 75 | 92 | 55% | 74 |
| Business development | 325 | 293 | 32 | 10% | 208 |
| Equipment rental and repairs | 220 | 294 | (74) | (34)% | 143 |
| Total operating expenses | \$ 11,430 | \$ 10,771 | \$ 659 | 6% | \$ 9,579 |

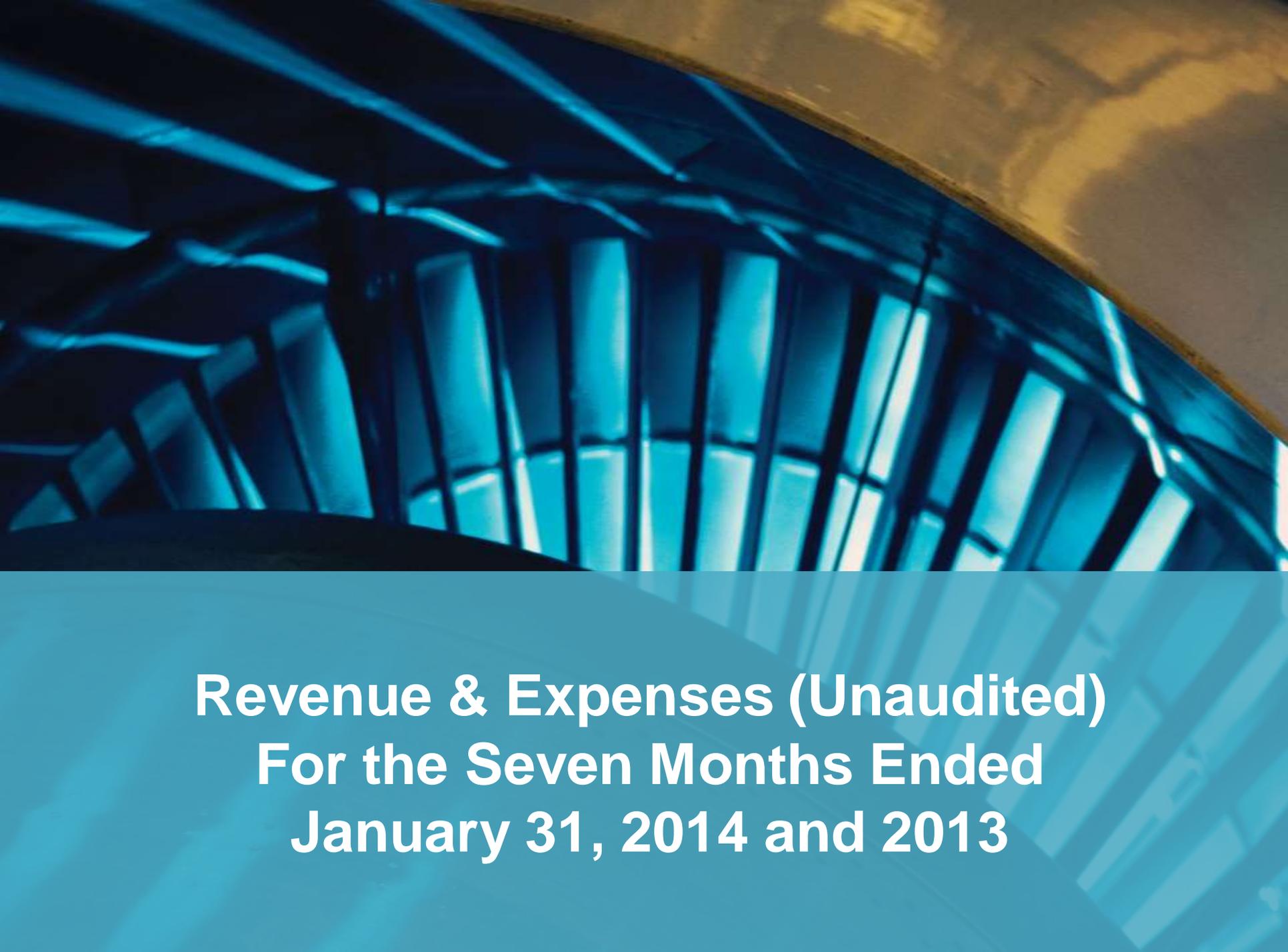
Financial Summary

for the Month Ended January 31, 2014 (Unaudited)

| (In thousands) | Budget | Actual | Variance Favorable (Unfavorable) | % Change | Prior Year |
|--------------------------------|-------------------|---------------|--|-------------|-----------------|
| Total operating revenues | \$ 15,212 | \$ 15,753 | \$ 541 | 4% | \$ 14,111 |
| Total operating expenses | 11,430 | 10,771 | 659 | 6% | 9,579 |
| Income from operations | 3,782 | 4,982 | 1,201 | 32% | 4,532 |
| Depreciation | 4,882 | 4,882 | - | - | 3,380 |
| Operating income (loss) | \$ (1,100) | \$ 101 | \$ 1,201 | 109% | \$ 1,152 |

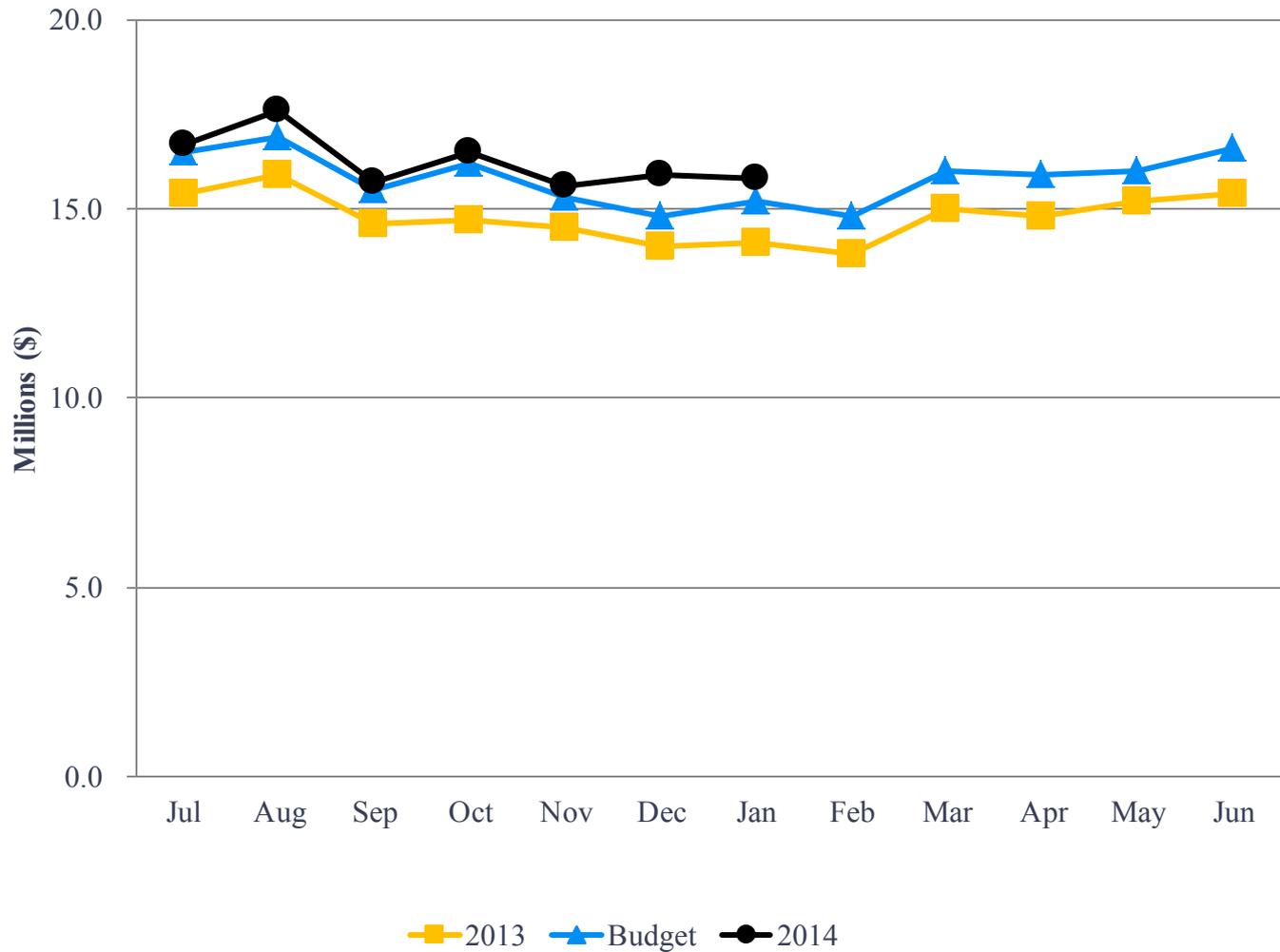
Nonoperating Revenues & Expenses for the Month Ended January 31, 2014 (Unaudited)

| (In thousands) | Budget | Actual | Variance Favorable (Unfavorable) | % Change | Prior Year |
|---|-----------------|-----------------|--|--------------|-----------------|
| Nonoperating revenues (expenses): | | | | | |
| Passenger facility charges | \$ 2,035 | \$ 1,876 | \$ (159) | (8)% | \$ 1,538 |
| Customer facility charges (Rental Car Center) | 2,228 | 2,283 | 55 | 2% | 2,543 |
| Quieter Home Program, net | (212) | (227) | (15) | (7)% | 252 |
| Interest income | 441 | 480 | 39 | 9% | 333 |
| BAB interest rebate | 395 | 386 | (9) | (2)% | 416 |
| Interest expense bonds and commercial paper | (4,235) | (4,189) | 46 | 1% | (2,661) |
| Interest expense centralized receiving building purchase agreement | (60) | (60) | 0 | - | - |
| Amortization of bond and commercial paper fees | (26) | (25) | 1 | 4% | (25) |
| 2005 Bond defeasance | - | (323) | (323) | - | - |
| Capitalized interest expense from bonds and commercial paper | 153 | 759 | 606 | 396% | 2,642 |
| Bond amortization | 333 | 365 | 32 | 10% | 94 |
| Other nonoperating revenue (expenses) | (2) | 3 | 5 | 303% | (358) |
| Nonoperating revenue, net | 1,050 | 1,328 | 278 | 26% | 4,774 |
| Change in net position before grant contributions | (50) | 1,428 | 1,479 | - | 5,926 |
| Capital grant contributions | 1,936 | 89 | (1,847) | (95)% | 1,263 |
| Change in net position | \$ 1,886 | \$ 1,517 | \$ (368) | (20)% | \$ 7,189 |



**Revenue & Expenses (Unaudited)
For the Seven Months Ended
January 31, 2014 and 2013**

Monthly Operating Revenue, FY 2014 (Unaudited)



Operating Revenues

for the Seven Months Ended January 31, 2014 (Unaudited)

| (In thousands) | Budget | Actual | Variance Favorable (Unfavorable) | % Change | Prior Year |
|-------------------------------|------------------|------------------|--|-------------|------------------|
| Aviation revenue: | | | | | |
| Landing fees | \$ 12,761 | \$ 12,758 | \$ (3) | - | \$ 12,324 |
| Aircraft parking fees | 1,493 | 1,465 | (28) | (2)% | 1,894 |
| Building rentals | 26,566 | 26,534 | (32) | - | 25,353 |
| Security surcharge | 14,566 | 14,566 | (0) | - | 11,995 |
| CUPPS Support Charges | 652 | 652 | (0) | - | - |
| Other aviation revenue | 930 | 923 | (7) | (1)% | 929 |
| Total aviation revenue | \$ 56,968 | \$ 56,898 | \$ (70) | - | \$ 52,495 |

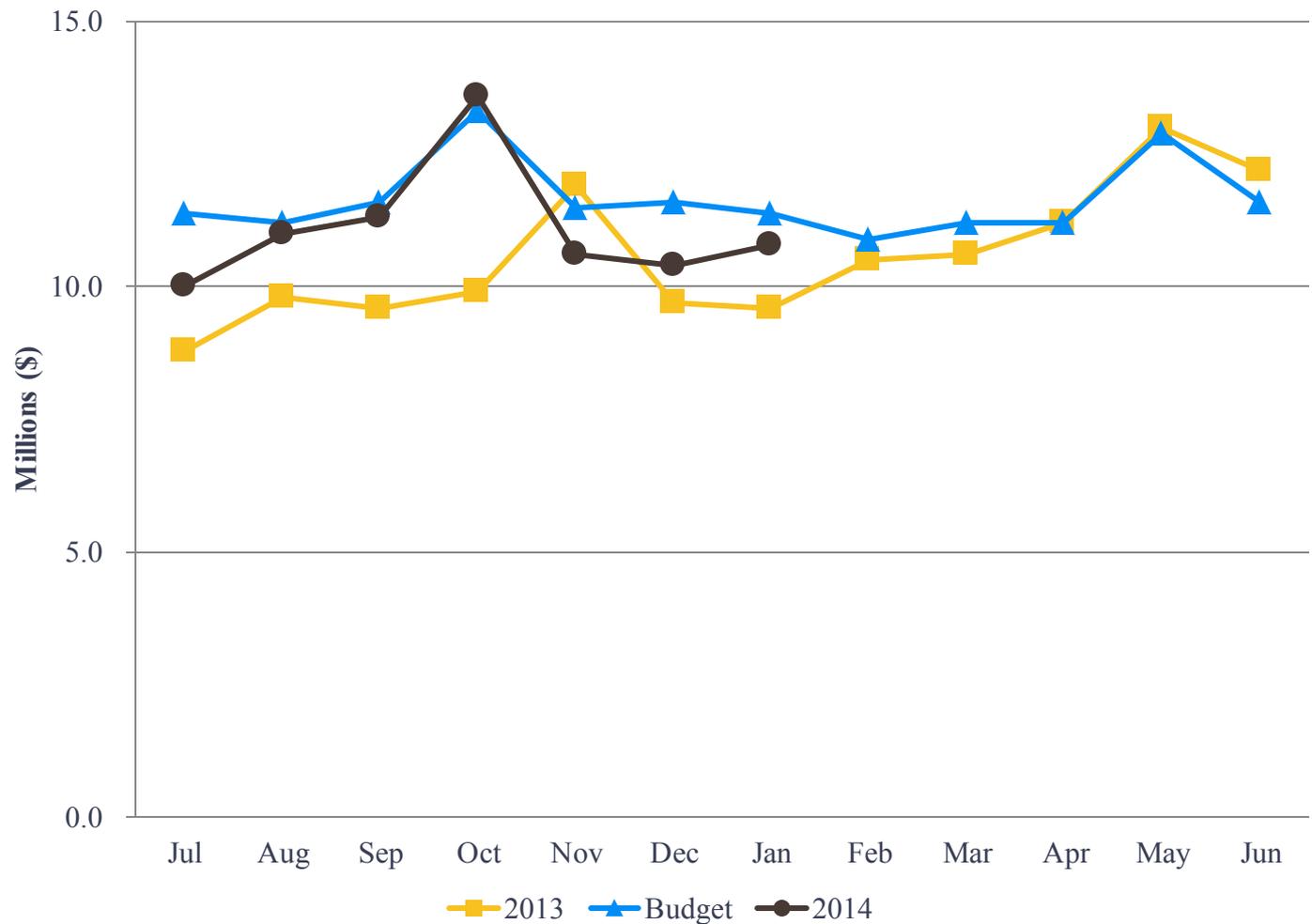
Operating Revenues for the Seven Months Ended January 31, 2014 (Unaudited)

| (In thousands) | Budget | Actual | Variance Favorable (Unfavorable) | % Change | Prior Year |
|--|------------------|------------------|--|-------------|------------------|
| Terminal rent non-airline | \$ 594 | \$ 628 | \$ 34 | 6% | \$ 566 |
| Concession revenue: | | | | | |
| Terminal concession revenue: | | | | | |
| Food and beverage | 3,611 | 4,411 | 800 | 22% | 3,862 |
| Retail | 2,457 | 2,911 | 454 | 18% | 2,052 |
| Space storage | 438 | 444 | 6 | 1% | 107 |
| Cost recovery | 1,541 | 1,213 | (328) | (21)% | 269 |
| Other (Primarily advertising) | 1,719 | 1,790 | 71 | 4% | 1,708 |
| Total terminal concession revenue | 9,766 | 10,769 | 1,003 | 10% | 7,998 |
| Car rental and license fee revenue: | | | | | |
| Rental car license fees | 14,816 | 14,176 | (640) | (4)% | 14,465 |
| License fees-other | 1,930 | 2,251 | 321 | 17% | 1,949 |
| Total rental car and license fees | 16,746 | 16,427 | (319) | (2)% | 16,414 |
| Total concession revenue | \$ 26,512 | \$ 27,196 | \$ 684 | 3% | \$ 24,412 |

Operating Revenues for the Seven Months Ended January 31, 2014 (Unaudited)

| (In thousands) | Budget | Actual | Variance Favorable (Unfavorable) | % Change | Prior Year |
|---|-------------------|-------------------|--|-------------|-------------------|
| Parking revenue: | | | | | |
| Short-term parking revenue | \$ 7,086 | \$ 8,034 | \$ 948 | 13% | \$ 9,375 |
| Long-term parking revenue | 12,690 | 13,385 | 695 | 5% | 10,179 |
| Total parking revenue | 19,776 | 21,419 | 1,643 | 8% | 19,554 |
| Ground transportation permits and citations | 1,544 | 1,640 | 96 | 6% | 839 |
| Ground rentals | 4,783 | 4,959 | 176 | 4% | 4,880 |
| Grant reimbursements | 131 | 248 | 117 | 89% | 111 |
| Other operating revenue | 258 | 836 | 578 | 224% | 454 |
| Subtotal | 26,492 | 29,102 | 2,610 | 10% | 25,838 |
| Total operating revenues | \$ 110,566 | \$ 113,824 | \$ 3,258 | 3% | \$ 103,311 |

Monthly Operating Expenses, FY 2014 (Unaudited)



Operating Expenses

for the Seven Months Ended January 31, 2014 (Unaudited)

| (In thousands) | Budget | Actual | Variance Favorable (Unfavorable) | % Change | Prior Year |
|----------------------------------|------------------|------------------|--|-------------|------------------|
| Operating expenses: | | | | | |
| Salaries and benefits | \$ 23,777 | \$ 22,935 | \$ 842 | 4% | \$ 21,597 |
| Contractual services | 20,075 | 17,861 | 2,214 | 11% | 15,385 |
| Safety and security | 14,437 | 14,231 | 206 | 1% | 12,857 |
| Space rental | 6,057 | 6,054 | 3 | - | 6,571 |
| Utilities | 5,045 | 4,857 | 188 | 4% | 3,888 |
| Maintenance | 6,833 | 7,124 | (291) | (4)% | 5,249 |
| Equipment and systems | 269 | 138 | 131 | 49% | 98 |
| Materials and supplies | 219 | 188 | 31 | 14% | 187 |
| Insurance | 731 | 576 | 155 | 21% | 472 |
| Employee development and support | 785 | 577 | 208 | 26% | 572 |
| Business development | 1,926 | 1,423 | 503 | 26% | 1,486 |
| Equipment rental and repairs | 1,798 | 1,569 | 229 | 13% | 868 |
| Total operating expenses | \$ 81,952 | \$ 77,533 | \$ 4,419 | 5% | \$ 69,230 |

Financial Summary

for the Seven Months Ended January 31, 2014 (Unaudited)

| (In thousands) | Budget | Actual | Variance Favorable (Unfavorable) | % Change | Prior Year |
|--------------------------------|-------------------|-----------------|--|-------------|------------------|
| Total operating revenues | \$ 110,566 | \$ 113,824 | \$ 3,258 | 3% | \$ 103,311 |
| Total operating expenses | 81,952 | 77,533 | 4,419 | 5% | 69,230 |
| Income from operations | 28,614 | 36,291 | 7,677 | 27% | 34,081 |
| Depreciation | 34,172 | 34,172 | 0 | - | 23,900 |
| Operating income (loss) | \$ (5,558) | \$ 2,119 | \$ 7,677 | 138% | \$ 10,181 |

Nonoperating Revenues & Expenses for the Seven Months Ended January 31, 2014 (Unaudited)

| (In thousands) | Budget | Actual | Variance Favorable (Unfavorable) | % Change | Prior Year |
|---|------------------|------------------|--|-------------|------------------|
| Nonoperating revenues (expenses): | | | | | |
| Passenger facility charges | \$ 19,274 | \$ 18,408 | \$ (866) | (4)% | \$ 18,595 |
| Customer facility charges (Rental Car Center) | 13,925 | 14,406 | 481 | 3% | 8,914 |
| Quieter Home Program, net | (1,546) | (1,168) | 378 | 24% | 226 |
| Interest income | 3,086 | 2,849 | (237) | (8)% | 2,585 |
| BAB interest rebate | 2,766 | 2,704 | (62) | (2)% | 2,914 |
| Interest expense bonds and commercial paper | (29,644) | (29,326) | 318 | 1% | (19,387) |
| Interest expense centralized receiving building purchase agreement | (423) | (482) | (59) | (14)% | - |
| Amortization of bond and commercial paper fees | (184) | (174) | 10 | 5% | (164) |
| 2005 Bond defeasance | - | (646) | (646) | - | - |
| Capitalized interest expense from bonds and commercial paper | 1,068 | 3,762 | 2,696 | 252% | 19,319 |
| Bond amortization | 2,345 | 2,567 | 222 | 9% | 635 |
| Other nonoperating revenue (expenses) | (13) | 1,929 | 1,942 | - | (596) |
| Nonoperating revenue, net | 10,655 | 14,829 | 4,175 | 39% | 33,041 |
| Change in Net Position before grant contributions | 5,097 | 16,948 | 11,852 | 233% | 43,222 |
| Capital grant contributions | 6,197 | 1,234 | (4,963) | (80)% | 9,850 |
| Change in Net Position | \$ 11,294 | \$ 18,182 | \$ 6,889 | 61% | \$ 53,072 |

Statements of Net Position (Unaudited)

| | (In thousands) | |
|---|------------------|-----------------|
| | January | |
| | <u>2014</u> | <u>2013</u> |
| Current assets: | | |
| Cash and investments | \$ 93,500 | \$ 149,757 |
| Tenant lease receivable, net of allowance of 2014: (\$49,240) and 2013: (\$72,147) | 9,663 | 7,048 |
| Grants receivable | 2,670 | 7,892 |
| Notes receivable-current portion | 1,447 | 1,370 |
| Prepaid expenses and other current assets | 6,724 | 5,579 |
| Total current assets | 114,005 | 171,646 |
| Cash designated for capital projects and other | \$ 18,759 | \$ 9,129 |

Statements of Net Position (Unaudited)

| | (In thousands) | |
|---|-------------------|-------------------|
| | January | |
| | <u>2014</u> | <u>2013</u> |
| Restricted assets: | | |
| Cash and investments: | | |
| Bonds reserve | \$ 57,286 | \$ 47,829 |
| Passenger facility charges and interest unapplied | 50,135 | 63,814 |
| Customer facility charges and interest applied* | 39,869 | 36,502 |
| Commercial paper reserve | 31 | 51 |
| SBD bond guarantee | 4,000 | 4,000 |
| Bond proceeds held by trustee | 251,247 | 429,841 |
| Commercial paper interest held by trustee | 13 | 13 |
| Passenger facility charges receivable | 2,871 | 3,414 |
| Customer facility charges receivable* | 2,794 | 1,658 |
| OCIP insurance reserve | 5,108 | 5,944 |
| Total restricted assets | \$ 413,354 | \$ 593,066 |

*Rental Car Center

Statements of Net Position (Unaudited)

| | (In thousands) | |
|----------------------------------|---------------------|---------------------|
| | January | |
| | 2014 | 2013 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Land and land improvements | \$ 71,310 | \$ 24,487 |
| Runways, roads and parking lots | 535,944 | 269,750 |
| Buildings and structures | 714,712 | 471,104 |
| Machinery and equipment | 13,669 | 13,079 |
| Vehicles | 5,582 | 5,389 |
| Office furniture and equipment | 32,044 | 31,416 |
| Works of art | 2,284 | 2,350 |
| Construction-in-progress | 492,990 | 809,264 |
| Total capital assets | 1,868,535 | 1,626,839 |
| Less: accumulated depreciation | (615,867) | (563,824) |
| Total capital assets, net | \$ 1,252,668 | \$ 1,063,015 |

Statements of Net Position (Unaudited)

| | (In thousands) | |
|--------------------------------------|---------------------|---------------------|
| | January | |
| | <u>2014</u> | <u>2013</u> |
| Other assets: | | |
| Notes receivable - long-term portion | \$ 39,065 | \$ 40,557 |
| Investments - long-term portion | 63,519 | 12,841 |
| Deferred costs - bonds (net) | 0 | 7,031 |
| Net pension asset | 6,324 | 6,880 |
| Security deposit | 500 | 615 |
| Total other assets | <u>109,408</u> | <u>67,924</u> |
| Total noncurrent assets | <u>1,362,076</u> | <u>1,130,939</u> |
| TOTAL ASSETS | <u>\$ 1,908,194</u> | <u>\$ 1,904,780</u> |

Statements of Net Position (Unaudited)

| | (In thousands) | |
|--|------------------|-----------------|
| | January | |
| | <u>2014</u> | <u>2013</u> |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 72,093 | \$ 90,890 |
| Deposits and other current liabilities | 3,918 | 4,665 |
| Total current liabilities | 76,011 | 95,555 |
| Current liabilities - payable from restricted assets: | | |
| Current portion of long-term debt | 11,835 | 6,172 |
| Accrued interest on bonds and commercial paper | 4,212 | 2,689 |
| Total liabilities payable from restricted assets | \$ 16,047 | \$ 8,861 |

Statements of Net Position (Unaudited)

| | (In thousands) | |
|---|---------------------|---------------------|
| | January | |
| | 2014 | 2013 |
| Long-term liabilities - other: | | |
| Commercial paper notes payable | \$ 44,919 | \$ 50,969 |
| Other long-term liabilities | 10,185 | 9,295 |
| Long-term debt - bonds net of amortized premium | 1,015,785 | 1,021,483 |
| Total long-term liabilities | 1,070,890 | 1,081,747 |
| Total liabilities | \$ 1,162,947 | \$ 1,186,163 |

Statements of Net Position (Unaudited)

| | (In thousands) | |
|---|----------------------------|----------------------------|
| | January | |
| | <u>2014</u> | <u>2013</u> |
| Net Position: | | |
| Invested in capital assets, net of related debt | \$ 423,324 | \$ 413,172 |
| Other restricted | 162,113 | 169,436 |
| Unrestricted: | | |
| Designated | 25,083 | 16,009 |
| Undesignated | 134,727 | 120,000 |
| Total net position | <u>745,247</u> | <u>718,617</u> |
| TOTAL LIABILITIES AND NET POSITION | <u><u>\$ 1,908,194</u></u> | <u><u>\$ 1,904,780</u></u> |



Questions?

San Diego County Regional Airport Authority

Review of the Authority's Investment Report
As of January 31, 2014



Presented by:

Vernon D. Evans, CPA

Vice President, Finance / Treasurer & CFO

Scott Brickner, CPA

Director, Financial Planning and Budget

February 24, 2014



This report is prepared for the San Diego County Regional Airport Authority (the "Authority") in accordance with California Government Code Section 53646, which states that "the treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency within 30 days following the end of the quarter covered by the report."

The investment report and investment portfolio are in compliance with California Government Code Section 53646 and the Authority's approved Investment Policy. All investment transactions made in the Authority's portfolio during this period were made on behalf of the Authority. Sufficient liquidity and anticipated revenue are available to meet expenditure requirements for the next six months.

A handwritten signature in black ink that reads "Vernon D. Evans". The signature is written in a cursive style and is positioned above a horizontal line.

Vernon D. Evans
Chief Financial Officer/Treasurer
San Diego County Regional Airport Authority



Total Portfolio Summary



| | | Current Period | Prior Period | Change From |
|---|-----|------------------|-------------------|-------------|
| | | January 31, 2014 | December 31, 2013 | Prior |
| Book Value | (1) | \$330,825,000 | \$329,224,000 | \$1,601,000 |
| Market Value | (1) | \$330,770,000 | \$328,866,000 | \$1,904,000 |
| Market Value% | | 100.03% | 99.96% | 0.07% |
| Unrealized Gain / (Loss) | | (\$55,000) | (\$358,000) | \$303,000 |
| Weighted Average Maturity (Days) | | 312 days | 306 days | 6 |
| Weighted Average Yield as of Period End | | 0.43% | 0.44% | (0.01%) |
| Cash Interest Received- Current Month | | \$253,000 | \$114,000 | \$139,000 |
| Cash Interest Received- Year-to-Date | | \$984,000 | \$731,000 | \$253,000 |
| Accrued Interest | | \$256,000 | \$291,000 | (\$35,000) |

Notes:

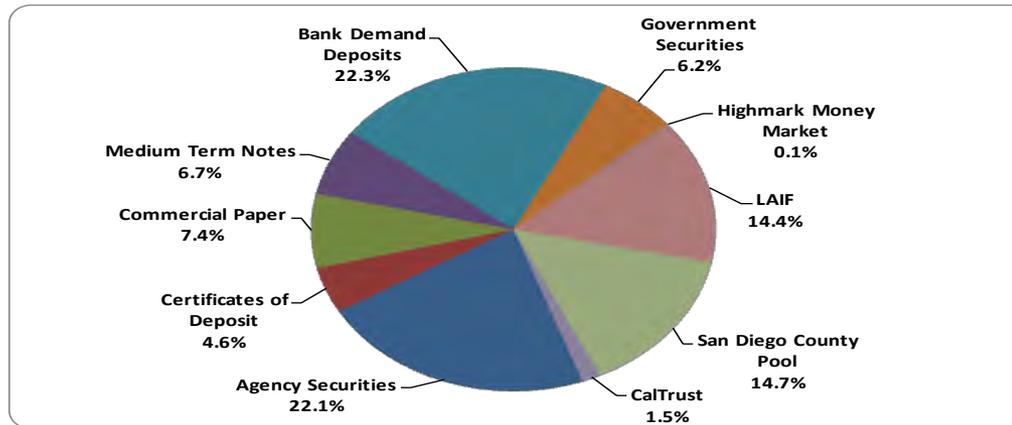
(1) Increase in cash balance was predominantly due to capital receipts exceeding capital disbursements.



Portfolio Composition by Security Type



| | January 31, 2014 | | December 31, 2013 | | Permitted by Policy |
|-------------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------------|
| | Market Value | Percent of Portfolio | Market Value | Percent of Portfolio | |
| Agency Securities | \$ 72,940,000 | 22.1% | \$ 75,241,000 | 22.9% | 100% |
| Certificates of Deposit | 15,170,000 | 4.6% | 15,168,000 | 4.6% | 30% |
| Commercial Paper | 24,485,000 | 7.4% | 24,491,000 | 7.4% | 25% |
| Medium Term Notes | 22,052,000 | 6.7% | 22,039,000 | 6.7% | 15% |
| Bank Demand Deposits | 74,102,000 | 22.3% | 72,668,000 | 22.2% | 100% |
| Government Securities | 20,533,000 | 6.2% | 17,999,000 | 5.5% | 100% |
| Highmark Money Market | 472,000 | 0.1% | 304,000 | 0.1% | 20% |
| LAIF | 47,516,000 | 14.4% | 47,496,000 | 14.4% | \$50 million ⁽¹⁾ |
| San Diego County Pool | 48,481,000 | 14.7% | 48,442,000 | 14.7% | \$50 million ⁽²⁾ |
| CalTrust | 5,019,000 | 1.5% | 5,018,000 | 1.5% | \$50 million ⁽³⁾ |
| Total: | \$ 330,770,000 | 100.0% | \$ 328,866,000 | 100.0% | |



Notes:

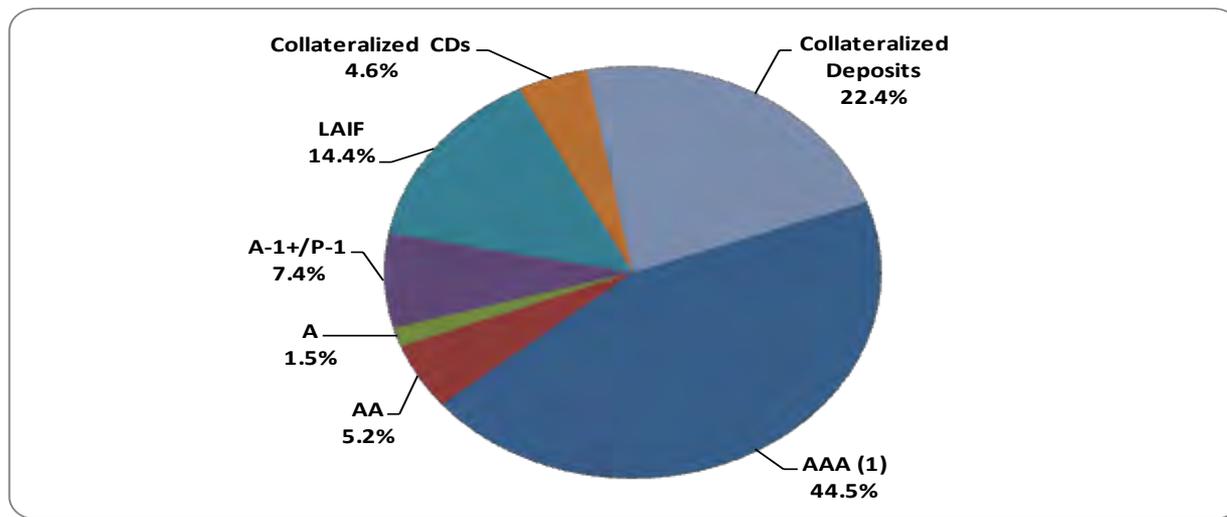
- 1.) The \$50 million limit on LAIF is a non-statutory LAIF internal limit. It does not apply to bond proceeds.
- 2.) The San Diego County Investment Pool mirrors the LAIF internal limit and does not apply to bond proceeds.
- 3.) The CalTrust mirrors the LAIF internal limit and does not apply to bond proceeds.



Portfolio Composition by Credit Rating



| | January 31, 2014 | | December 31, 2013 | |
|-------------------------|-----------------------|----------------------|-----------------------|----------------------|
| | Market Value | Percent of Portfolio | Market Value | Percent of Portfolio |
| AAA ⁽¹⁾ | \$ 147,447,000 | 44.5% | \$ 147,004,000 | 44.8% |
| AA | 17,049,000 | 5.2% | \$ 17,034,000 | 5.2% |
| A | 5,003,000 | 1.5% | \$ 5,005,000 | 1.5% |
| A-1+/P-1 | 24,485,000 | 7.4% | 24,491,000 | 7.4% |
| LAIF | 47,516,000 | 14.4% | 47,496,000 | 14.4% |
| Collateralized CDs | 15,170,000 | 4.6% | 15,168,000 | 4.6% |
| Collateralized Deposits | 74,100,000 | 22.4% | 72,668,000 | 22.1% |
| Total: | \$ 330,770,000 | 100.0% | \$ 328,866,000 | 100.0% |



Notes:

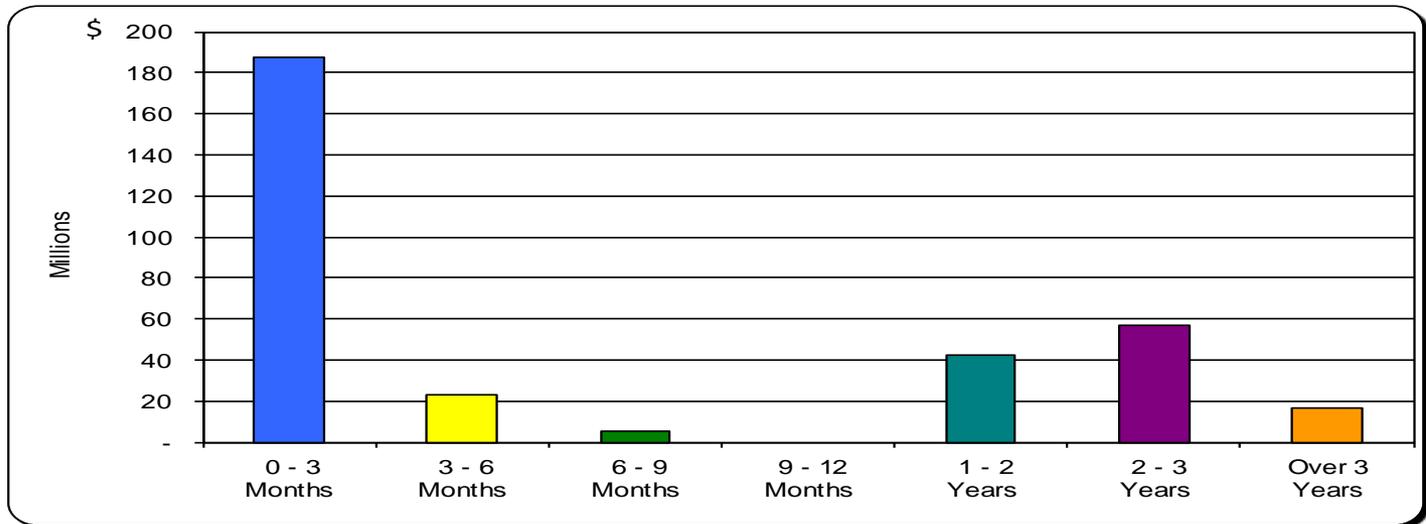
1.) Includes investments that have split ratings between S&P (AA+), Moodys (AAA) and Fitch (AAA)



Portfolio Composition by Maturity Distribution⁽¹⁾



| | January 31, 2014 | | December 31, 2013 | |
|---------------|-----------------------|----------------------|-----------------------|----------------------|
| | Market Value | Percent of Portfolio | Market Value | Percent of Portfolio |
| 0 - 3 Months | \$ 187,588,000 | 56.7% | \$ 188,426,000 | 57.3% |
| 3 - 6 Month | 22,649,000 | 6.8% | 9,993,000 | 3.0% |
| 6 - 9 Months | 5,008,000 | 1.5% | 15,168,000 | 4.6% |
| 9 - 12 Months | - | 0.0% | - | 0.0% |
| 1 - 2 Years | 42,298,000 | 12.8% | 25,568,000 | 7.8% |
| 2 - 3 Years | 56,827,000 | 17.2% | 70,922,000 | 21.6% |
| Over 3 Years | 16,400,000 | 5.0% | 18,789,000 | 5.7% |
| Total: | \$ 330,770,000 | 100.0% | \$ 328,866,000 | 100.0% |

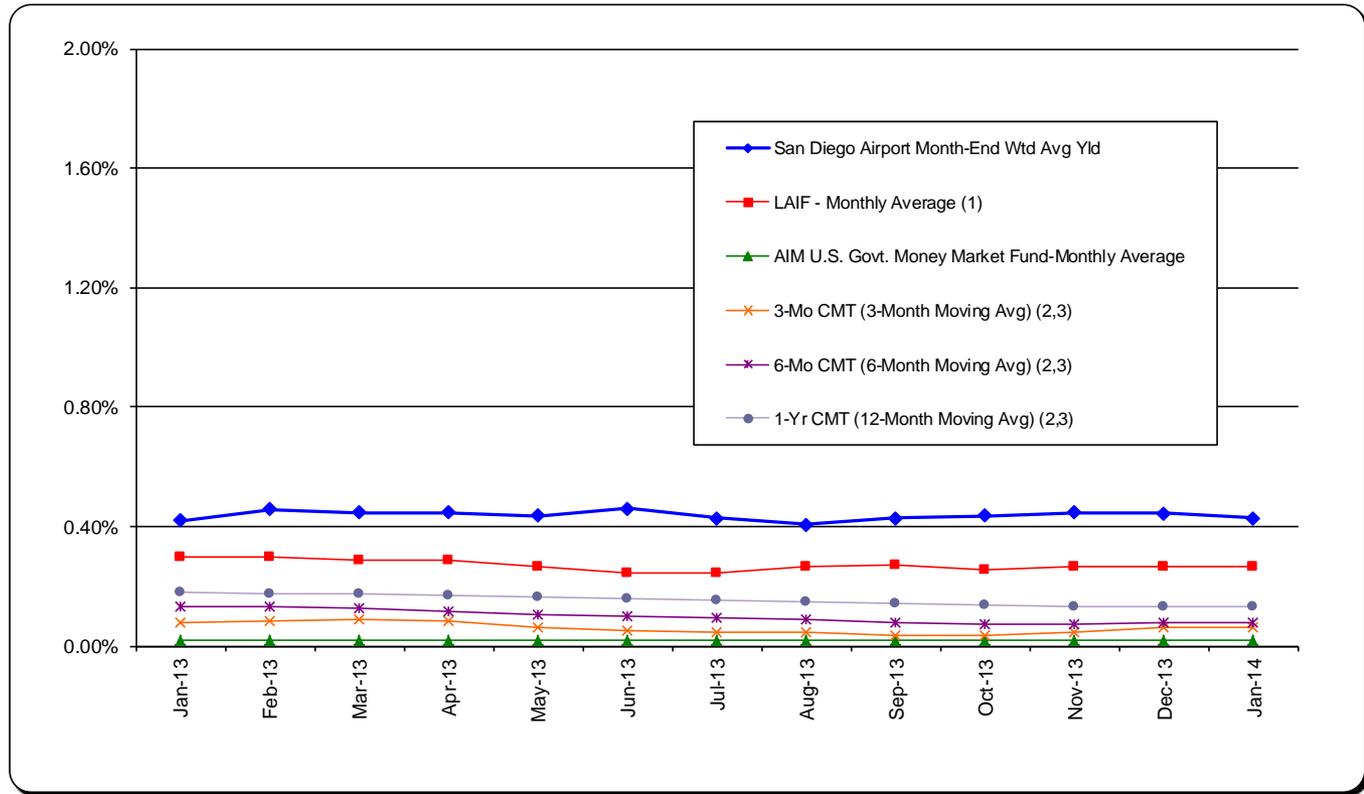


Notes:

1.) The 0-3 Month category includes investments held in the LAIF and the San Diego County Investment Pool.



Benchmark Comparison



Notes:

- 1.) Benchmark data for LAIF is the average monthly effective yield.
- 2.) CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities.
- 3.) The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year CMT is the daily average for the previous 12-months.

Detail of Security Holdings

As of January 31, 2014



| Settlement Date | Security Description | Coupon | Maturity Date | Next Call Date | Par Value | Purchase Price | Book Value | Market Price | Market Value | Days to Maturity | Yield to Maturity |
|---------------------|----------------------|--------|---------------|----------------|-------------------|----------------|-------------------|--------------|-------------------|------------------|-------------------|
| 02/10/12 | FHLMC | 1.000 | 02/10/16 | 02/10/14 | 3,000,000 | 100.475 | 3,014,250 | 100.015 | 3,000,450 | 740 | 0.879 |
| 02/24/12 | FNMA | 0.800 | 02/24/16 | 02/24/14 | 3,000,000 | 99.785 | 2,993,550 | 100.041 | 3,001,230 | 754 | 0.855 |
| 10/29/12 | FNMA | 0.550 | 04/29/16 | 01/29/14 | 6,000,000 | 99.863 | 5,991,750 | 100.086 | 6,005,160 | 89 | 0.592 |
| 12/28/12 | FNMA | 0.006 | 06/27/16 | 03/27/14 | 5,000,000 | 99.875 | 4,993,750 | 99.855 | 4,992,750 | 878 | 0.596 |
| 09/21/12 | FNMA | 1.125 | 06/28/17 | 03/28/14 | 3,000,000 | 100.368 | 3,011,040 | 100.168 | 3,005,040 | 1244 | 1050 |
| 07/26/12 | FNMA | 0.750 | 07/26/17 | 01/26/14 | 2,000,000 | 99.875 | 1,997,500 | 99.574 | 1,991,480 | 1272 | 1220 |
| 09/21/12 | FHLMC | 1.000 | 09/12/17 | 03/12/14 | 3,000,000 | 99.975 | 2,999,250 | 99.394 | 2,981,820 | 1320 | 1000 |
| 01/16/13 | FHLMC | 1.050 | 01/16/18 | 01/16/14 | 3,000,000 | 99.970 | 2,999,100 | 98.840 | 2,965,200 | 1446 | 1056 |
| 01/09/13 | FHLMC | 1.375 | 01/09/18 | 01/09/15 | 2,000,000 | 101.440 | 2,028,800 | 100.165 | 2,003,300 | 1439 | 1080 |
| 01/30/13 | FNMA | 1.030 | 01/30/18 | 01/30/14 | 3,500,000 | 99.990 | 3,499,650 | 98.657 | 3,452,995 | 1460 | 1032 |
| 06/13/13 | FHLB | 0.375 | 06/24/16 | 06/24/16 | 5,000,000 | 99.023 | 4,951,150 | 99.702 | 4,985,100 | 875 | 0.701 |
| 02/13/13 | FHLB | 0.250 | 02/20/15 | 02/20/15 | 5,000,000 | 99.870 | 4,993,500 | 100.078 | 5,003,900 | 385 | 0.315 |
| 02/14/13 | FNMA | 0.500 | 05/27/15 | 05/27/15 | 2,500,000 | 100.349 | 2,508,725 | 100.330 | 2,508,250 | 481 | 0.347 |
| 02/13/13 | FHLB | 0.500 | 11/20/15 | 11/20/15 | 5,000,000 | 100.172 | 5,008,600 | 100.228 | 5,011,400 | 658 | 0.437 |
| 02/13/13 | FNMA | 0.375 | 12/21/15 | 12/21/15 | 5,000,000 | 99.772 | 4,988,600 | 100.068 | 5,003,400 | 689 | 0.455 |
| 10/10/13 | FHLMC | 0.875 | 10/14/16 | 10/14/16 | 4,000,000 | 100.180 | 4,007,200 | 100.539 | 4,021,560 | 987 | 0.814 |
| 12/10/13 | FHLB | 0.625 | 12/28/16 | 12/28/16 | 5,000,000 | 99.816 | 4,990,800 | 99.958 | 4,997,900 | 1062 | 0.438 |
| 06/12/13 | FHLMC | 0.500 | 05/13/16 | 05/13/16 | 8,000,000 | 99.707 | 7,976,568 | 100.112 | 8,008,960 | 833 | 0.601 |
| Agency Total | | | | | 73,000,000 | | 72,953,783 | | 72,939,895 | 911 | 0.684 |
| 07/02/13 | East West Bk CD | 0.500 | 07/02/14 | | 10,161,695 | 100.000 | 10,161,695 | 100.000 | 10,161,695 | 152 | 0.500 |
| 09/05/13 | Torrey Pines Bank CD | 0.500 | 09/04/14 | | 5,000,000 | 100.000 | 5,008,363 | 100.167 | 5,008,363 | 216 | 0.500 |
| CD's Total | | | | | 15,161,695 | | 15,170,058 | | 15,170,058 | 173 | 0.500 |

Detail of Security Holdings

As of January 31, 2014



| Settlement Date | Security Description | Coupon | Maturity Date | Next Call Date | Par Value | Purchase Price | Book Value | Market Price | Market Value | Days to Maturity | Yield to Maturity |
|------------------------------------|-----------------------------|--------|---------------|----------------|-----------------------|----------------|-----------------------|---------------|-----------------------|------------------|-------------------|
| 09/04/13 | BNP PARIBAS CP | 0.340 | 03/03/14 | | 4,000,000 | 99.830 | 3,993,200 | 99.987 | 3,999,480 | 31 | 0.341 |
| 01/17/14 | UBS FINANCE CP | 0.215 | 07/16/14 | | 4,000,000 | 99.893 | 3,995,700 | 99.873 | 3,994,920 | 166 | 0.215 |
| 08/06/13 | BANK OF TOKYO-MITSUBISHI CP | 0.250 | 02/06/14 | | 3,000,000 | 99.872 | 2,996,167 | 99.999 | 2,999,970 | 6 | 0.250 |
| 08/12/13 | RABUSA CP | 0.260 | 05/09/14 | | 5,000,000 | 99.805 | 4,990,250 | 99.942 | 4,997,100 | 98 | 0.260 |
| 10/07/13 | J.P. MORGAN SEC CP | 0.250 | 04/07/14 | | 5,000,000 | 99.874 | 4,993,681 | 99.963 | 4,998,150 | 66 | 0.250 |
| 01/15/14 | BANK OF TOKYO-MITSUBISHI CP | 0.240 | 07/15/14 | | 3,500,000 | 99.879 | 3,495,777 | 99.874 | 3,495,590 | 165 | 0.240 |
| Commercial Paper Total | | | | | 24,500,000 | | 24,464,774 | | 24,485,210 | 90 | 0.260 |
| 05/09/13 | Apple Inc Notes | 0.450 | 05/03/16 | | 4,000,000 | 99.944 | 3,997,760 | 99.689 | 3,987,560 | 823 | 0.469 |
| 06/03/13 | Toyota Motor Corp Notes | 2.800 | 01/11/16 | | 4,000,000 | 105.114 | 4,204,560 | 104.243 | 4,169,720 | 710 | 0.812 |
| 08/30/13 | Caterpillar Financial | 0.409 | 08/28/15 | | 5,000,000 | 100.000 | 5,000,000 | 100.064 | 5,003,200 | 574 | 0.409 |
| 10/10/13 | GE CAP CORP | 0.896 | 01/08/16 | | 5,000,000 | 100.452 | 5,022,600 | 100.741 | 5,037,050 | 707 | 0.695 |
| 11/01/13 | COCA COLA CORP NOTE | 0.750 | 11/01/16 | | 800,000 | 100.080 | 799,080 | 99.974 | 799,792 | 1005 | 0.789 |
| 07/08/13 | WAL MART STORES INC | 1.500 | 10/25/15 | | 3,000,000 | 102.028 | 3,060,836 | 101.834 | 3,055,020 | 632 | 0.617 |
| Medium Term Notes | | | | | 21,800,000 | | 22,084,836 | | 22,052,342 | 699 | 0.604 |
| 02/13/13 | U.S. Treasury | 0.375 | 01/15/16 | | 5,000,000 | 99.926 | 4,996,082 | 100.142 | 5,007,122 | 714 | 0.401 |
| 01/23/14 | U.S. Treasury | 0.375 | 01/15/16 | | 2,500,000 | 99.965 | 2,499,328 | 99.973 | 2,499,328 | 714 | 0.393 |
| 06/03/13 | U.S. Treasury | 0.250 | 05/15/16 | | 6,850,000 | 99.234 | 6,797,555 | 99.586 | 6,821,641 | 835 | 0.512 |
| 07/08/13 | U.S. Treasury | 0.500 | 06/15/16 | | 6,197,856 | 99.602 | 6,175,297 | 100.121 | 6,205,332 | 866 | 0.637 |
| Government Total | | | | | 20,547,856 | | 20,468,262 | | 20,533,423 | 800 | 0.508 |
| | US Bank General Acct | | | | 14,793,896 | 100.000 | 14,793,896 | 100.000 | 14,793,896 | 1 | 0.035 |
| US Bank Accounts Total | | | | | 14,793,896 | | 14,793,896 | | 14,793,896 | 1 | 0.035 |
| | Highmark US Govt MM F | | | | 472,096 | 100.000 | 472,096 | 100.000 | 472,096 | 1 | 0.000 |
| Highmark Money Market Total | | | | | 472,096 | | 472,096 | | 472,096 | 1 | 0.000 |
| | Torrey Pines Bank MM | | | | 5,009,806 | 100.000 | 5,009,806 | 100.000 | 5,009,806 | 1 | 0.500 |
| | Local Agency Invstmnt Fd | | | | 47,493,924 | 100.000 | 47,493,924 | 100.046 | 47,515,981 | 1 | 0.264 |
| | San Diego County Inv Pool | | | | 48,598,029 | 100.000 | 48,598,029 | 99.759 | 48,480,990 | 1 | 0.390 |
| | CalTrust | | | | 5,019,379 | 100.000 | 5,019,379 | 100.000 | 5,019,379 | 1 | 0.320 |
| | Bank of the West | | | | 18,737,981 | 100.000 | 18,737,981 | 100.000 | 18,737,981 | 1 | 0.290 |
| | Wells Fargo Bank | | | | 4,047,896 | 100.000 | 4,047,896 | 100.000 | 4,047,896 | 1 | 0.250 |
| | East West Bank | | | | 103,186 | 100.000 | 103,186 | 100.000 | 103,186 | 1 | 0.350 |
| | East West Bank | | | | 31,407,392 | 100.000 | 31,407,392 | 100.000 | 31,407,392 | 1 | 0.350 |
| East West Bank Total | | | | | 31,510,579 | | 31,510,579 | | 31,510,579 | 1 | 0.350 |
| Grand Total | | | | | \$ 330,693,138 | 98.53 | \$ 330,825,300 | 100.03 | \$ 330,769,534 | 312 | 0.427 |

Portfolio Investment Transactions

From January 1st, 2014 – January 31st, 2014



| Settle Date | Security Description | Security Type | CUSIP | Coupon | Mature Date | Call Date | Unit Price | Amount |
|--------------------------|-----------------------------|---------------|-----------|--------|-------------|-----------|------------|---------------------|
| PURCHASES | | | | | | | | |
| 01/15/14 | BANK OF TOKYO-MITSUBISHI CP | CP - DISC | 06538CGF2 | 0.240 | 07/15/14 | -- | 99.879 | \$ 3,495,777 |
| 01/17/14 | UBS FINANCE CP | CP - DISC | 90262DGG4 | 0.215 | 07/16/14 | -- | 99.893 | 3,995,700 |
| 01/23/14 | TREASNOTE | U.S. Treasury | 912828UG3 | 0.375 | 01/15/16 | -- | 99.965 | 2,499,328 |
| | | | | | | | | \$ 9,990,805 |
| CALLS | | | | | | | | |
| 01/27/12 | FHLMC | AGCY CALL | 3134G3JU5 | 2.250 | 01/23/17 | 01/23/14 | 102.885 | \$ 2,503,050 |
| | | | | | | | | \$ 2,503,050 |
| MATURITIES | | | | | | | | |
| 07/12/13 | BANK OF TOKYO-MITSUBISHI CP | CP - DISC | 06538CAF8 | 0.250 | 01/15/14 | -- | 99.870 | \$ 3,499,825 |
| 07/13/13 | UBS FINANCE CP | CP - DISC | 90262DAH8 | 0.220 | 01/17/14 | -- | 99.888 | \$ 3,999,760 |
| | | | | | | | | \$ 7,499,585 |
| DEPOSITS | | | | | | | | |
| | | | | | | | | \$ - |
| WITHDRAWALS/SALES | | | | | | | | |
| | | | | | | | | \$ - |



Bond Proceeds Summary



As of: January 31, 2014
(in thousands)

| | Bonds 2010 | Bonds 2013 | Total | Yield | Rating |
|---|-------------------------|--------------------------|--------------------------|-------|--------|
| <u>Project Fund</u> | | | | | |
| LAIF ⁽¹⁾ | \$ - | \$ 6,605 | \$ 6,605 | 0.26% | N/R |
| SDCIP ⁽²⁾ | 290 | 151,806 | 152,096 | 0.39% | AAAf |
| | <u>\$ 290</u> | <u>\$ 158,411</u> | <u>\$ 158,701</u> | | |
| <u>Capitalized Interest</u> | | | | | |
| SDCIP ⁽²⁾ | \$ - | \$ 752 | \$ 752 | 0.39% | AAAf |
| | <u>\$ -</u> | <u>\$ 752</u> | <u>\$ 752</u> | | |
| <u>Debt Service Reserve Fund</u> | | | | | |
| East West Bank CD | \$ 20,539 | \$ - | \$ 20,539 | 0.75% | |
| Bank of the West DDA | 16,138 | - | 16,138 | 0.23% | |
| SDCIP ⁽²⁾ | 14,640 | 32,966 | 47,606 | 0.39% | AAAf |
| | <u>\$ 51,317</u> | <u>\$ 32,966</u> | <u>\$ 84,283</u> | | |
| | <u><u>\$ 51,607</u></u> | <u><u>\$ 192,129</u></u> | <u><u>\$ 243,736</u></u> | 0.41% | |

*Bond proceeds are not included in deposit limits as applied to operating funds

(1) LAIF Yield as of 12/31/2013
(2) SDCIP Yield as of 12/31/2013



Bond Proceeds Investment Transactions

From January 1st, 2014 – January 31st, 2014



| Settle Date | Security Description | Security Type | CUSIP | Coupon | Mature Date | Call Date | Unit Price | Amount |
|----------------------------|----------------------|---------------|-------|--------|-------------|-----------|------------|------------|
| PURCHASES | | | | | | | | |
| | | | | | | | \$ | - |
| CALLS | | | | | | | | |
| | | | | | | | \$ | - |
| MATURITIES | | | | | | | | |
| | | | | | | | \$ | - |
| DEPOSITS | | | | | | | | |
| | | | | | | | \$ | - |
| WITHDRAWALS / SALES | | | | | | | | |
| 1/2/2014 | LAIF (2013 Bonds) | LAIF | | 0.26 | | | 1.000 \$ | 7,647,196 |
| 1/2/2014 | SDCIP (2013 Bond) | SDCIP | | 0.39 | | | 1.000 \$ | 4,267,605 |
| 1/2/2014 | SDCIP (2013 CAPI) | SDCIP | | 0.39 | | | 1.000 \$ | 1,530,743 |
| | | | | | | | \$ | 13,445,544 |



Questions



San Diego County Regional Airport Authority

Commercial Paper Program



Presented by:
Vernon D Evans, CPA
Vice President, Finance/Treasurer

February 24, 2014



Rationale for a Commercial Paper (CP) Program



Used to manage capital funding requirements

- Flexible, “just in time” funding
- Interim capital funding source between Bond offerings

Provides variable rate exposure in a debt portfolio

- CP has generally provided the lowest cost of funds

Diversifies credit and investor base

- Attract a different buyer base than long term fixed rate debt



Features of the CP Program



- CP Notes are secured by a Letter of Credit (LOC)
- CP Notes may be issued for terms from 1 day to up to 270 days
- Upon maturity, a Note may be “rolled” by issuing CP notes to refund the maturing notes
- The interest rate on CP Notes is established upon the issuance of each Note
- CP interest rates are very attractive in the current market, generally in the range of 15 to 20 basis points for maturities of up to 90 days



Taxable Historical Interest Rates



- Over the last five years, 30-Year Treasury rates, a proxy for long-term taxable interest rates, have averaged 3.72% versus 0.25% for One-Month LIBOR which is a proxy for short term taxable Commercial Paper





Tax-Exempt Historical Interest Rates



- Over the last five years, 30-Year Municipal Market Data (MMD), a proxy for long-term tax exempt interest rates, have averaged 3.89% versus 0.22% for Securities Industry and Financial Markets Association (SIFMA) index, a proxy for short term tax exempt Commercial Paper

30-Year MMD vs SIFMA





Background: Authority's Commercial Paper Program



- The Authority established its current \$250M CP Program in September 2007
- The Authority currently has \$51.0 million of outstanding CP Notes
 - \$19.9 million (AMT) of Notes that funded various capital projects and which are being amortized through 2030
 - \$31.1 million (Taxable) of Notes that defeased the Series 2005 bonds and which are being amortized through 2019
- The Authority also has previously utilized CP to provide interim funding for the Capital Program
- SDCRAA's current CP program is supported by a LOC from Lloyds TSB bank
 - The Lloyds LOC expires on September 10, 2014
 - This LOC had a seven year term with a fee of 17.25 bps for the utilized portion and 8 bps for the unutilized portion

Recent CP Market Developments



- Since the existing CP program was established in September 2007 the market environment has changed
- There are fewer banks who are currently providing LOCs compared to seven years ago, and the universe of banks that are active is different
- There generally is no price differential between the utilized and unutilized fee
- LOC fees are generally in the 35-50 basis point range for issuers with similar credit qualities as the Authority
- The term of LOC commitments are generally up to three years
- Several banks offer alternatives to a CP program:
 - Bank revolving credit facilities
 - Floating or fixed rate loans



Options



- Prior to expiration of the current LOC, we recommend establishing one or more programs to provide up to \$150 million of funding capacity
 - Approximately \$50 million to refund the current CP Notes
 - Approximately \$100M for interim financing of capital needs and to provide liquidity
- The Authority would solicit proposals for one or more of the following:
 - LOCs for a new CP program
 - Bank revolving credit facilities
 - Floating or fixed rate loan to refund all or a portion of the current CP Notes



Timetable



| Event | Date |
|---|-------------|
| Develop RFP for LOCs and/or Direct Loans and for CP dealer | March 2014 |
| Issue RFP | May 2014 |
| Receive and evaluate responses | June 2014 |
| Request Board approval: Supplemental Subordinate Trust Indenture Bank Agreement(s) Other documents as required | July 2014 |
| Finalize new CP and/or Loan program | August 2014 |



Questions



San Diego County Regional Airport Authority



Discussion Regarding Fiscal Year 2015 and Fiscal Year 2016 Operating Budgets

Presented by:

Vernon D. Evans, CPA

Vice-President, Treasurer and CFO

Scott Brickner, CPA

Director, Business and Financial Management

February 24, 2014

Agenda

- **Organizational Strategies**
- **Economic Update**
- **Moody's Report**
- **Budget Objectives**
- **Authority Financial Snapshot**
- **Budget Challenges**
- **GASB Statement 68**
- **Budget Guidelines**
- **Budget Calendar**

Organizational Strategies

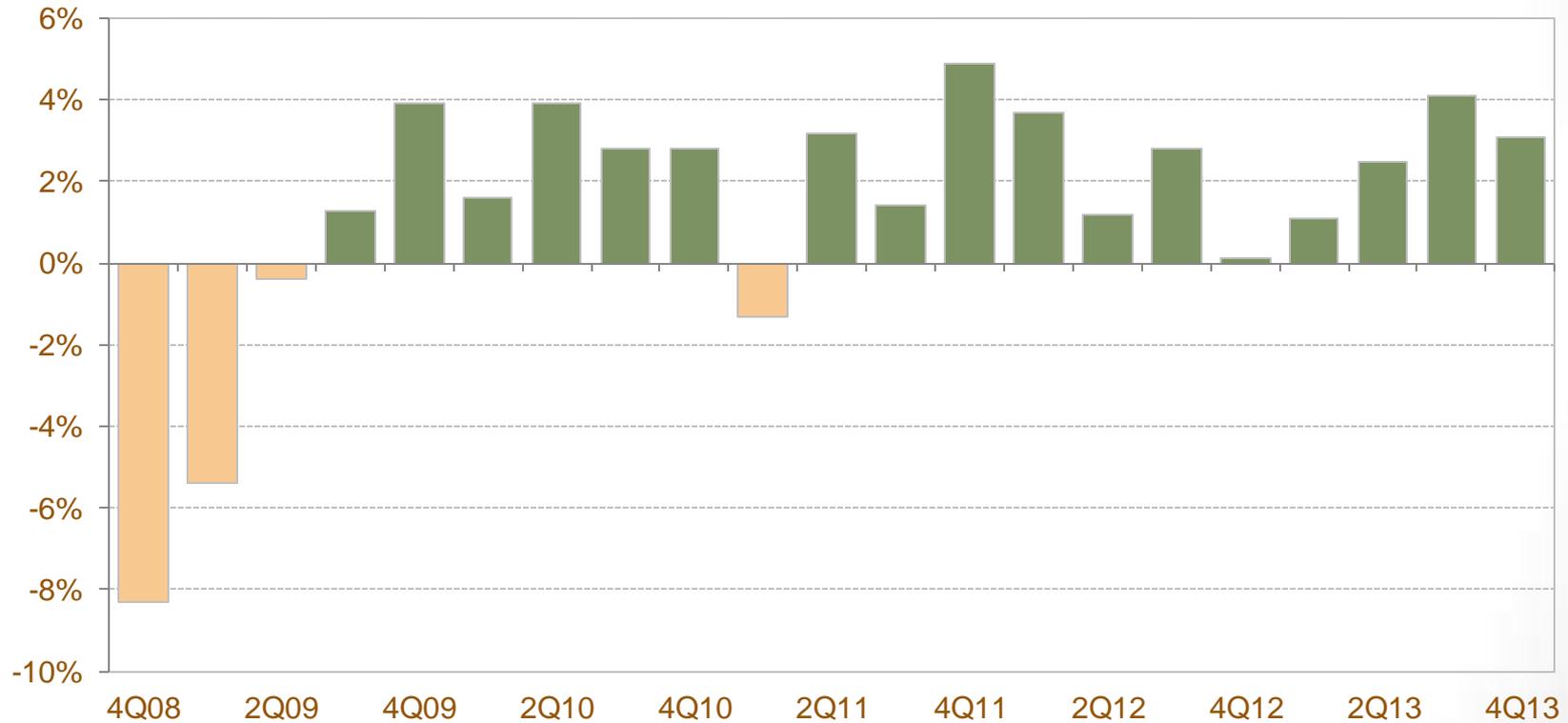
| | |
|---------------------|---|
| Financial Strategy | Enhance the financial position of the Authority |
| Customer Strategy | Achieve the highest level of internal and external customer satisfaction |
| Operations Strategy | Operate our airport in a safe, secure, environmentally-sound, effective, and efficient manner |
| Employee Strategy | Ensure the highest level of employee satisfaction |
| Community Strategy | Be a trusted and highly responsive regional agency |

ECONOMIC UPDATE

GDP Grew by 1.9% in 2013

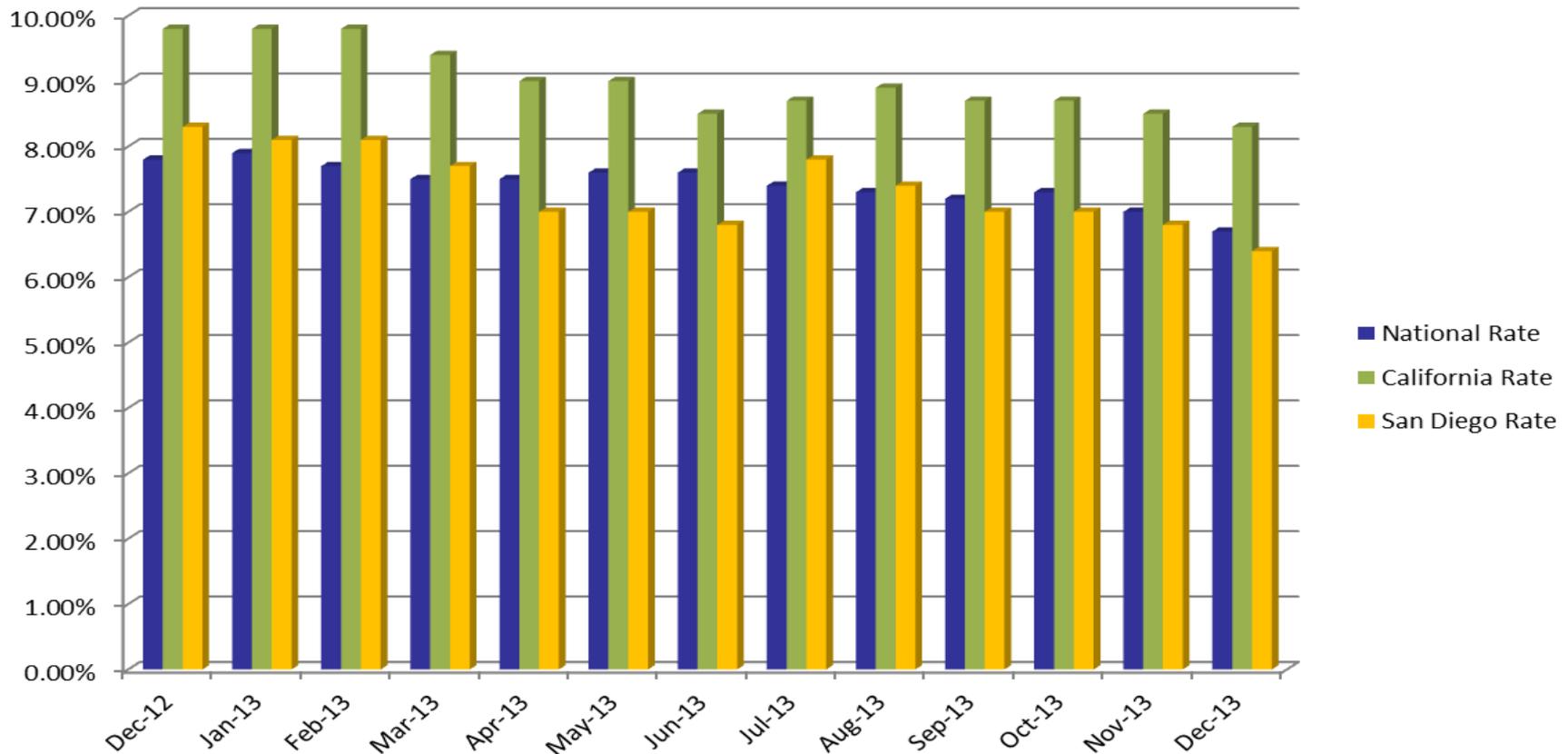
U.S. Gross Domestic Product (QoQ)
Fourth Quarter 2008 – Fourth Quarter 2013

QoQ % Change; Seasonally Adjusted Annualized Rate



December Unemployment Rate Declines Slightly

Unemployment Rates
December 2012 – December 2013



Consumer Confidence Improves

Consumer Confidence Index
January 2009 – January 2014



Oil Prices Range Bound

West Texas Intermediate Oil Price Per Barrel (WTI Spot)

February 2, 2009 – February 3, 2014



Source: U.S. Energy Information Administration (EIA)

Jet Fuel Prices Remain Range Bound

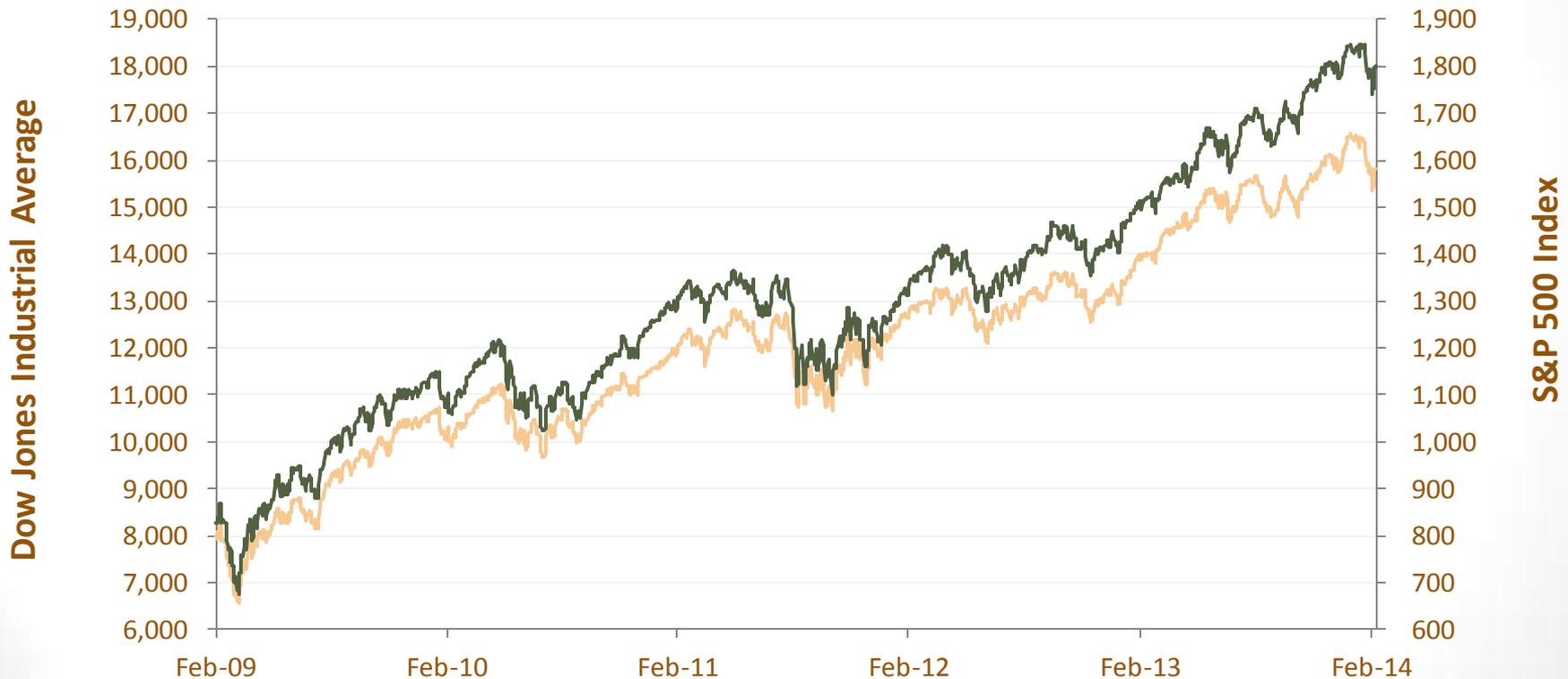
U.S. Gulf Coast Kerosene-Type Jet Fuel Spot Price FOB
February 2, 2009 – February 3, 2014



Equity Markets Up Sharply in 2013

Dow Jones Industrial Average and S&P 500 Indices

February 1, 2009 – February 10, 2014



Treasury Yields Trending Higher Throughout the Past Year

2- and 5-year U.S. Treasury Yields
February 1, 2013 – February 10, 2014



Moody's U.S. Airports 2014 Outlook

*Improved from **Negative** to **Stable***

Key drivers are:

- Modest growth in enplanements
- Airlines will add seats
- Fuel prices have stabilized
- Slight gains in the U.S. economy
- Cost to airlines per enplanement (CPE) will rise modestly

SDCRAA Strong Credit

recently affirmed by Moody's and S&P

- **Moody's assigns A3 rating to CFC Bond issuance and affirms A1 Senior and A2 Subordinate ratings with a stable outlook.**
- **Standard & Poor's assigns A- rating to CFC Bond issuance and affirms A+ Senior and A Subordinate ratings with a stable outlook.**
- **Fitch affirms A+ Senior and A Subordinate ratings with a stable outlook**

SDCRAA Strong Credit

recently affirmed by Moody's and S&P

Key Rating Rationale

- **Regional economy supports strong O&D market covering the 2nd largest City and County in California**
- **Diverse carrier base with 14 domestic and 5 foreign flag carriers**
- **Experienced proactive management team composed of seasoned professionals**
- **Solid financial operations and liquidity**
- **Strong debt service coverage**
- **Conservative plan of finance**

Budget Objectives

The Budget funds the Authority's Business Plan

- **Enhance Revenue**
- **Contain Costs**
- **Maintain Current Bond Rating (A+)**
- **Ensure Optimal Facility and Service Enhancement Initiative Support**
- **Begin Positioning the Authority for Implementation of ADP**
- **Ensure Adequate Funding for Safety & Security**

Budget Objectives cont.

- **Address Regulatory, Legal & Contractual Requirements**
- **Address Maintenance Needs of New and Aging Facilities**
- **Continue to Serve the Region with a High Level of Trust, Responsiveness and Customer Service**
- **Enhance Staff Performance, Capacity, and Efficiency through Training Development and Best Business Practices**
- **Promote New Domestic and International Air Service**

AUTHORITY FINANCIAL SNAPSHOT

Debt Profile

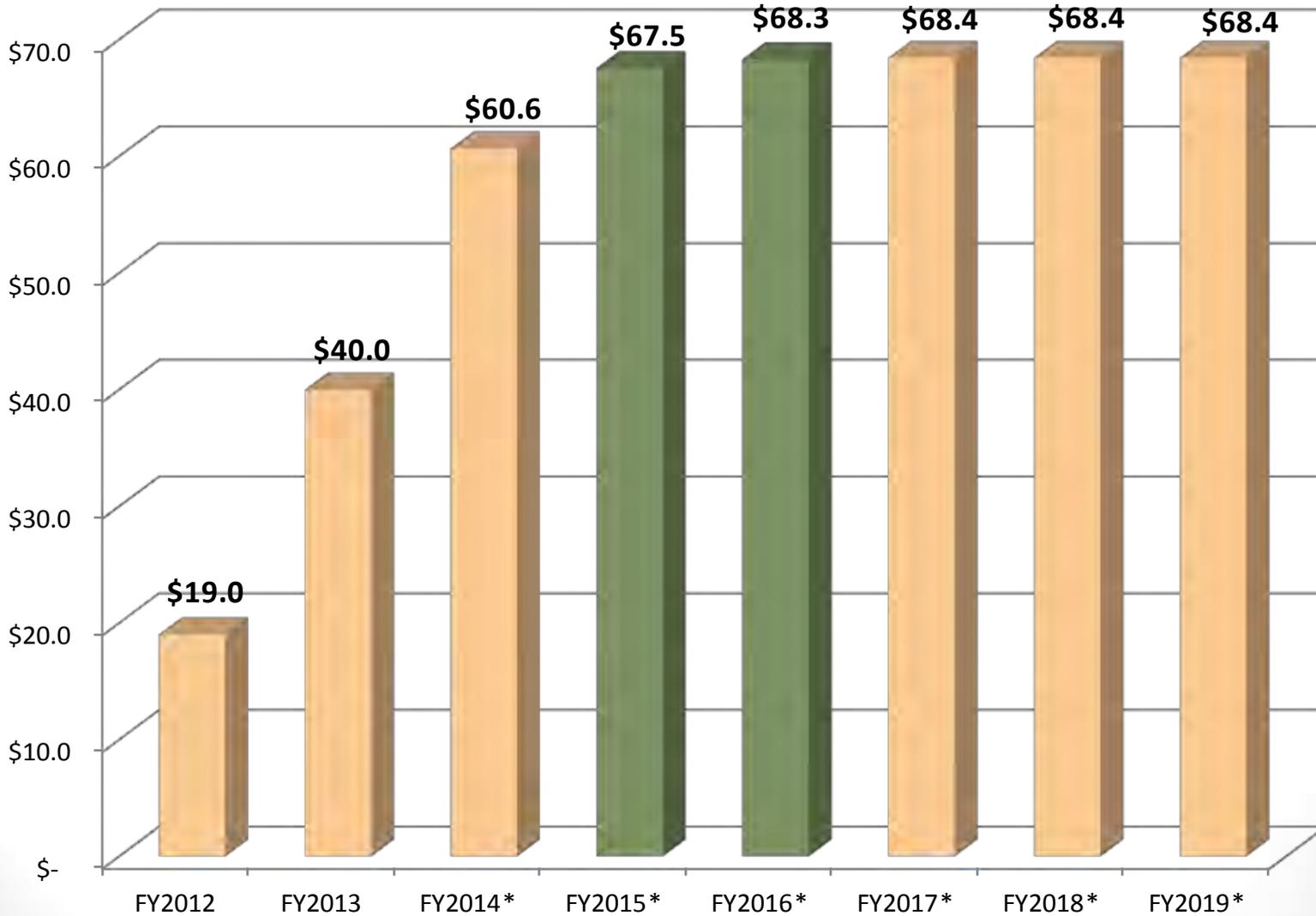
| Series | Lien | Par (\$M) | Fiscal Year | Coupons | Tax Status |
|---|-------------|------------------|-------------|-----------------------|-------------|
| General Airport Revenue Bonds (GARB) | | | | | |
| CP | Subordinate | \$50.9 | 2013-2030 | Variable ¹ | AMT/Taxable |
| 2010A | Subordinate | \$313.1 | 2014-2040 | 4.00-5.00% | Non-AMT |
| 2010B | Subordinate | \$41.3 | 2013-2040 | 3.00-5.00% | Non-AMT |
| 2010C | Subordinate | \$215.3 | 2031-2040 | 6.628% ² | TX BABs |
| 2013A | Senior | \$107.2 | 2015-2043 | 3.00-5.00% | Non-AMT |
| 2013B | Senior | \$272.3 | 2015-2043 | 3.00-5.00% | AMT |
| Total | | \$1,000.1 | | | |
| Special Facilities Bond | | | | | |
| 2014A | Senior | \$29.4 | 2043-2044 | 5.00% | Non-AMT |
| 2014B | Senior | \$275.9 | 2018-2043 | 2.54-5.59% | Taxable |
| Total | | \$305.3 | | | |

¹ Currently rate is between 0.11% and 0.19% over 90 days

² 4.4475% net of the expected Federal BABs subsidy

GARB Debt Service

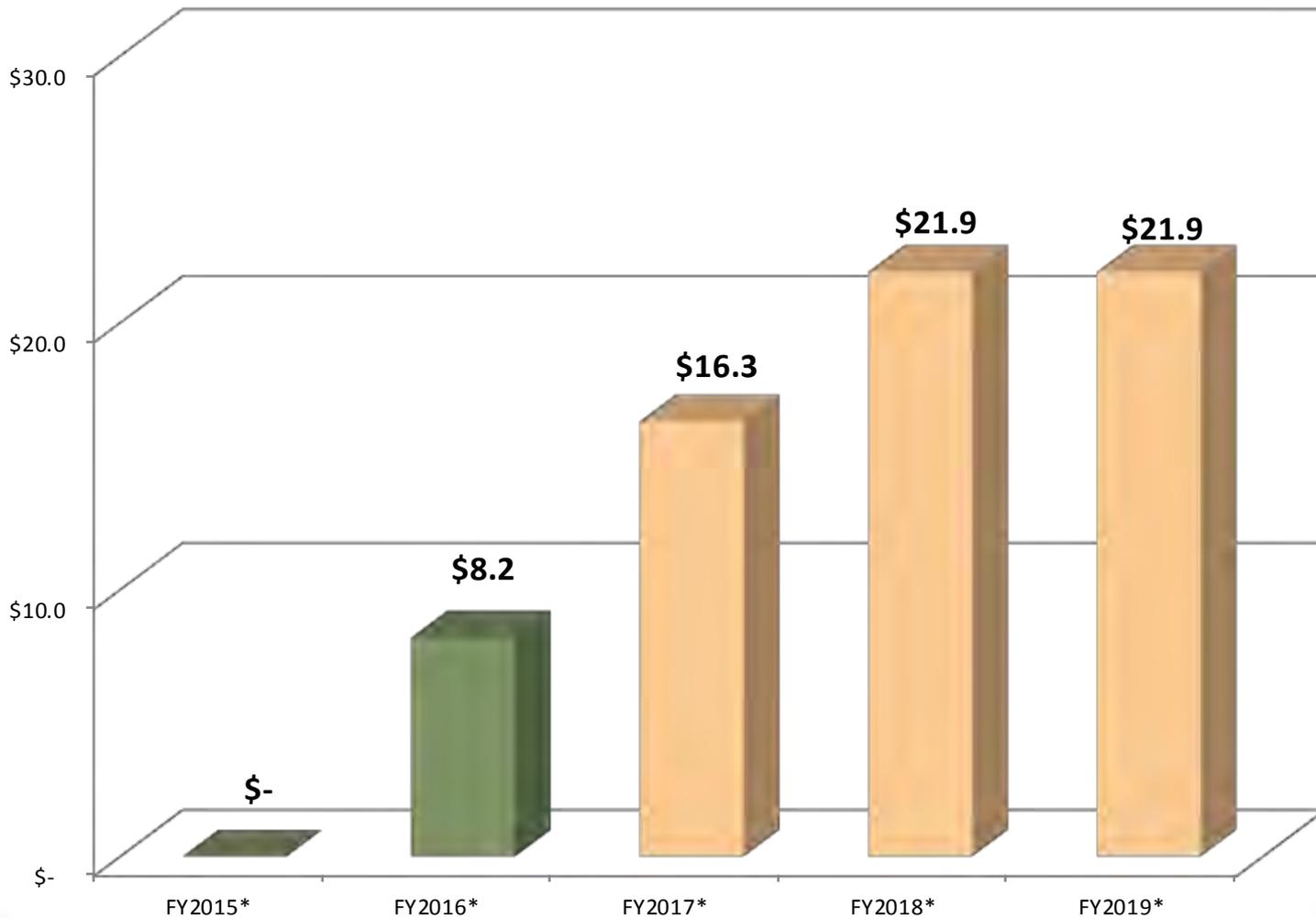
(in millions)



** Projected*

Special Facilities Debt Service

(in millions)



** Projected*

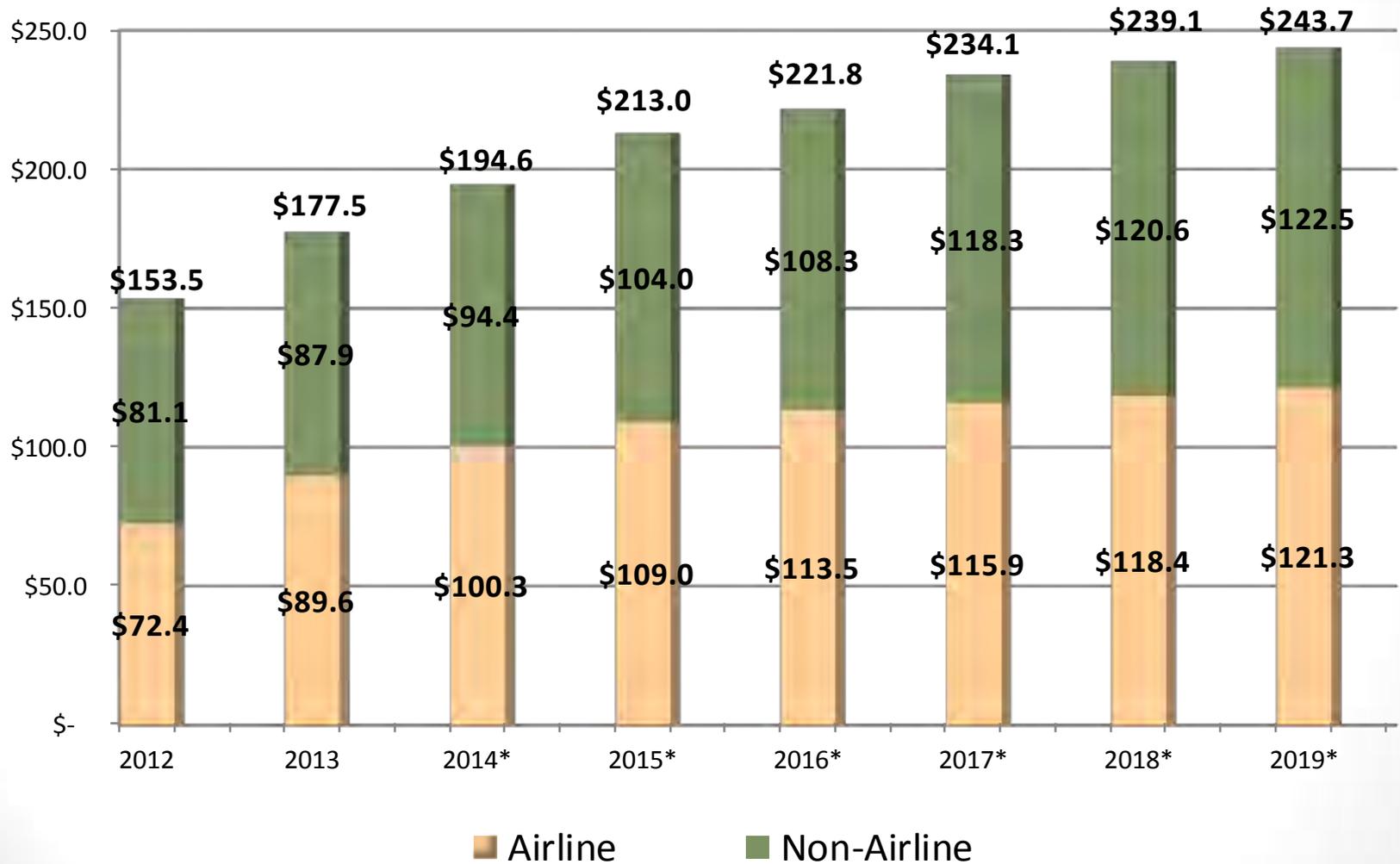
Enplanements Forecast

| Fiscal Year | Enplanements (000's) | Growth Rate | FAA Growth Rate |
|-------------|-------------------------|----------------|-----------------------|
| 2010 | 8,454 | | |
| 2011 | 8,441 | -0.2% | |
| 2012 | 8,575 | 1.6% | |
| 2013 | 8,738 | 1.9% | |
| 2014* | 8,831 | 1.1% | 2.8% |
| 2015* | 8,976 | 1.6% | 3.4% |
| 2016* | 9,156 | 2.0% | 2.9% |
| 2017* | 9,320 | 1.8% | 2.3% |
| 2018* | 9,479 | 1.7% | 1.9% |
| 2019* | 9,593 | 1.2% | 2.0% |

* Projected

Total Operating Revenue

(in millions)



* Projected

Revenue Assumptions

➤ Enplanements

- FY2015 enplanements increase 1.6% vs. FY2014 Forecast
- FY2016 enplanements increase 2.0% vs. FY2015

➤ Airline Revenue- recovery methodology remains the same as FY2014 budget

| <i>Fiscal Year</i> | <i>Terminal</i> | <i>Security</i> | <i>Airfield</i> | <i>CUPPS</i> |
|--------------------|-----------------|-----------------|-----------------|--------------|
| FY 2015 | 69% | 95% | 100% | 100% |
| FY 2016 | 69% | 95% | 100% | 100% |

➤ Concessions Development Program

- FY2015-2016 revenue estimates reflect current Sales Per Enplanement rate which is higher than budgeted in FY2014

➤ Car Rental License Fees

- FY2015-2016 estimates reduced to reflect increased market share and pricing pressure from low cost providers
- FY2014 forecast is 7.4% below the FY2014 budget

Revenue Assumptions cont.

➤ Parking Revenue

- Relocated Economy Lot opens March, 2014
- Scheduled Parking Rate Increase in July 2014, as included in FY2015 conceptual budget
- FY2015-2016 estimates reflect current revenue per transactions levels that are higher than budgeted due to longer duration

➤ Ground Rentals

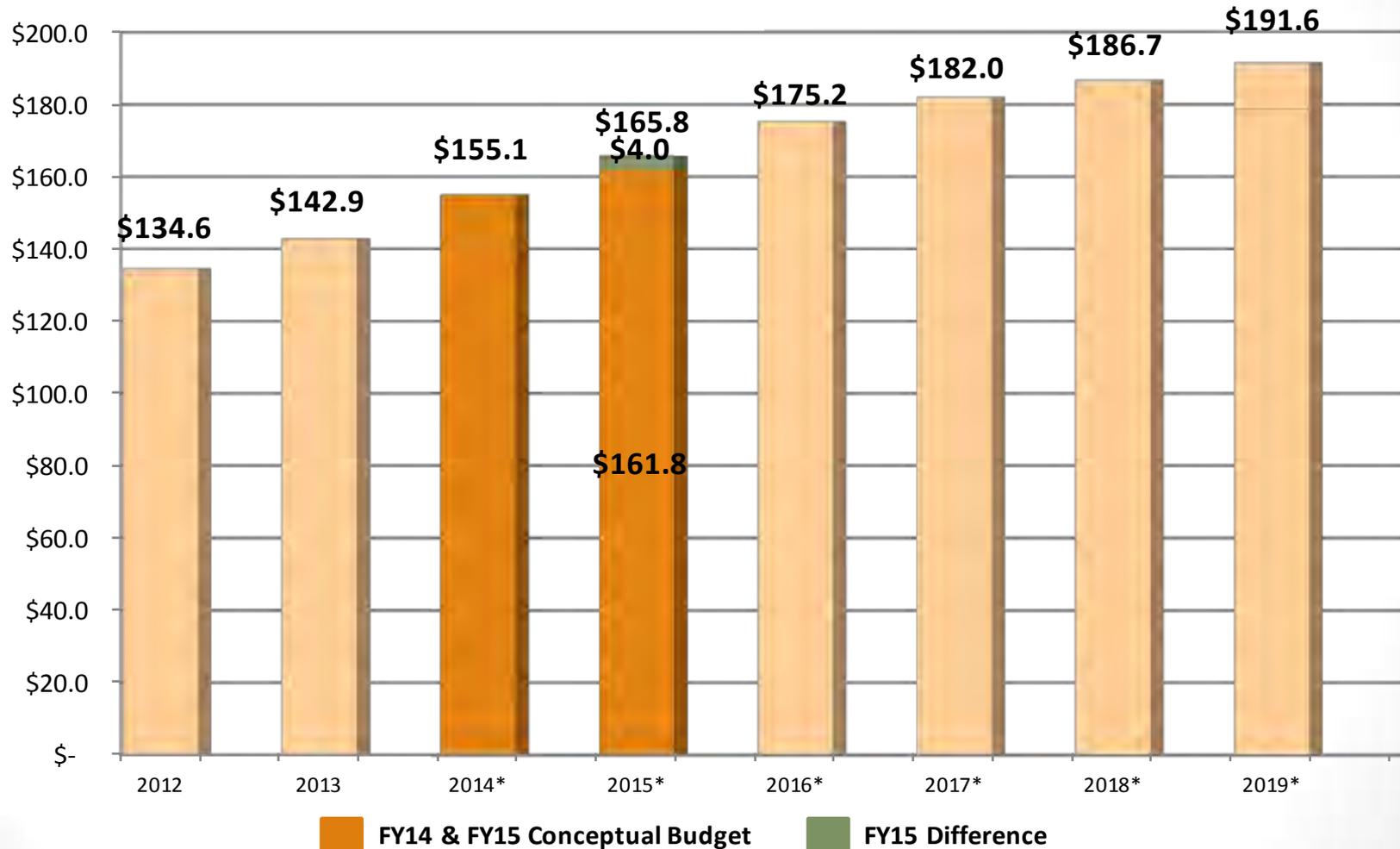
- New fixed- base operator facility commences August, 2014 (FY2015)
- Rental Car Center (RCC) opens January, 2016 (FY 2016)
- Vehicle storage revenue ceases once RCC opens

➤ Inflight Services

- Percentage rent increase from 7% to 8% in January, 2014 due to new negotiated agreement

Total Expenses (w/o Debt Service)

(in millions)



* Projected

Expense Assumptions

Personnel

- **Salary and Wages**
 - **FY2015-2016 includes same assumptions as approved in FY2015 conceptual budget**
 - **Pay-for-performance**
 - **Contractually required union increases**

- **Health and Dental Benefits**
 - **Health: FY2015-2016 budget 10.8% renewal rate**
 - **Dental: FY2015-2016 budget 7.5% renewal rate**

- **Retirement Benefits**
 - **FY2015 proposed budget actuarial rate 14.29% vs. FY2015 conceptual budget rate of 12.5%**
 - **FY2016 proposed budget actuarial rate 14.79% vs. FY2015 proposed budget rate 14.29%**

Expense Assumptions cont.

Non- Personnel

- **Increase in Utilities (Gas & Electric)- \$1M increase vs. FY2015 conceptual budget (7-10% rate increase in FY2015-2016)**
- **Increase in maintenance costs- \$1.7M increase vs. FY2014 budget mainly due to Green Build and Northside Development and \$2.8M increase vs. FY2015 conceptual budget**
- **Increase in security maintenance costs- \$0.5M vs. FY2015 conceptual budget**
- **Increase in Harbor police costs due to increase in rates- \$1.8M increase vs. FY2014 budget (was budgeted in FY2015 conceptual budget)**
- **ALUCPs costs increase- \$0.7M increase vs. FY2014 budget (was budgeted in FY2015 conceptual budget)**
- **Rental Car Center (RCC) Busing costs- \$4.6M in FY2016 (paid with CFCs)**

FY2015 - FY2016 Challenges

- **Identify New Revenue Opportunities**
- **Reduced Rental Car License Revenue**
- **Increase in Debt Service**
- **Increase in Utility Costs**
- **Increase in Harbor Police Costs**
- **Increase in Terminal Maintenance**

GASB Statement 68

- **Prior accounting standards required disclosure only of the unfunded pension liability.**
- **The unfunded liability is a measure of the promised benefits to employees for services performed, compared to the assets set aside to pay for those benefits.**
- **The recently adopted GASB Statement 68 requires the unfunded liability to be recorded as an operating expense and takes effect beginning FY2015.**
- **The unfunded liability in the latest actuarial report is \$7.6 Million and will be budgeted as an operating expense.**
- **This change does not affect cash, but will impact the net position beginning in FY2015.**
- **This non-cash item does not affect the Authority's debt service coverage, CPE or Days Cash on Hand.**

FY2015 - FY2016 Budget Guidelines

- The 5 Organizational Strategies remain the same
- Provide / Develop new or enhanced revenues
- Personnel Expenses: FY15 – 16 Budget – New positions must be justified

- Non-Personnel Expenses:

- ***FY15 Budget***

- Increase in Utilities, Maintenance and Security expenses* ***\$4.0M***

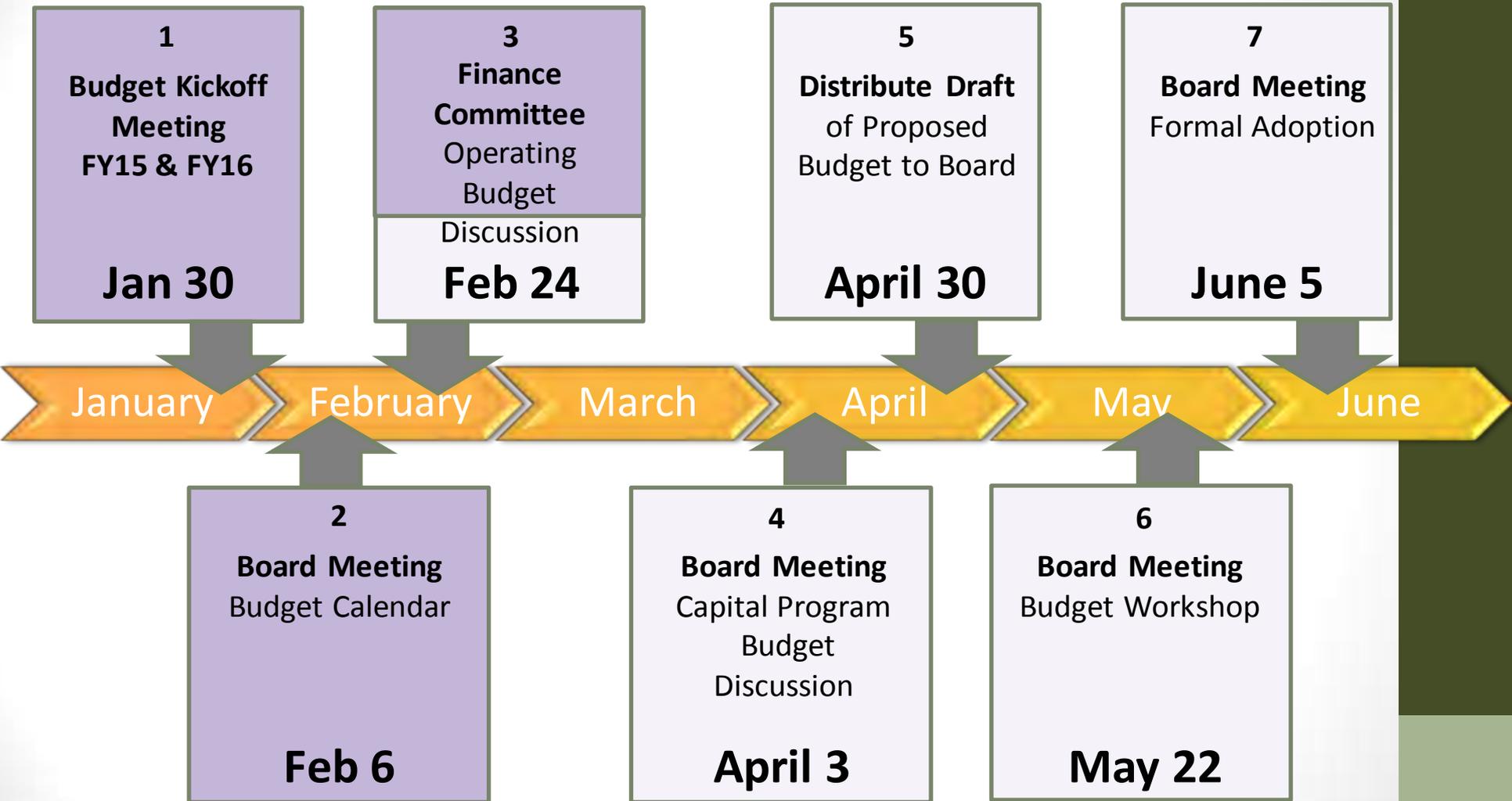
- Required budget reductions from all departments* ***-\$1.2M***

- Total Increase vs. FY15 Conceptual Budget*** ***\$2.8M***

- ***FY16 Budget – 2% justified increase vs. FY15 budget (does not include RCC busing)***

FY2015- FY2016 Budget Calendar

Timeline of Key Dates



Questions





SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Communication

Date: February 13, 2014

To: Board Members

From: Jeff Lindeman; Senior Director, Organizational Performance & Development 

Copy: Thella F. Bowens; President/CEO

Subject: 2013 Actuarial Valuation, San Diego City Employees' Retirement System (SDCERS)

Enclosed is the SDCERS Actuarial Valuation report as of June 30, 2013 for the Airport Authority's pension plan. At the February 24, 2014 Executive/Finance Committee Meeting, Mark Hovey, the Chief Executive Officer of SDCERS will review this information in a presentation on the plan's investment returns as well as our actuarial valuation.



SAN DIEGO
INTERNATIONAL
AIRPORT



**San Diego City
Employees' Retirement System**

**Actuarial Valuation
as of June 30, 2013
for the
San Diego County
Regional Airport Authority**

Produced by Cheiron

December 2013

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LETTER OF TRANSMITTAL

December 27, 2013

Board of Administration
 San Diego City Employees' Retirement System
 401 West A Street, Suite 400
 San Diego, California 92101

Re: San Diego County Regional Airport Authority June 30, 2013 Actuarial Valuation

Dear Members of the Board:

At your request, we performed the June 30, 2013 Actuarial Valuation of the San Diego City Employees' Retirement System (SDCERS). The valuation results with respect to the San Diego County Regional Airport Authority are contained in this valuation report. The table below presents the key results of the valuation for the Airport Authority.

| Table I-1 | | | |
|---------------------------------------|-------------------------|-----------|-------------------------|
| SDCERS - Airport Authority | | | |
| Valuation as of: | June 30, 2013 | | June 30, 2012 |
| Unfunded Actuarial Liability | \$ | 7,583,685 | \$ 1,432,241 |
| Funding Ratio | | 93.4% | 98.5% |
| Airport Contribution Rate | | 14.29% | 11.90% |
| | Fiscal Year 2015 | | Fiscal Year 2014 |
| Actuarially Determined Contribution | | | |
| -if paid at the beginning of the year | \$ | 3,822,606 | \$ 2,904,457 |
| -if paid throughout the year | \$ | 3,958,751 | \$ 3,011,405 |

- Unfunded Actuarial Liability (UAL):** The Airport Authority's UAL has increased by \$6.2 million. The primary causes of this increase were liabilities greater than expected and a change in the economic assumptions (discount rate and pay inflation), which increased the UAL by \$4.3 million and \$1.6 million, respectively. Valuation salary greater than expected was the largest component of the liability loss (\$3.3 million). Partially offsetting these factors were asset returns greater than expected. The rate of return on the actuarial value of assets was 8.19%, or 0.69% above last year's assumed 7.50% return, leading to a \$0.3 million decrease in the UAL.
- Funding Ratio:** The ratio of the system's actuarial value of assets to its actuarial liabilities decreased by 5.1%, from 98.5% to 93.4%.



- *Contributions (ADC):* The results of this valuation produced an increase in the Airport Authority's Actuarially Determined Contribution (ADC) of \$0.9 million. The largest source of this increase was liabilities greater than expected, which increased the ADC by \$0.6 million. When measured as a percent of member payroll, the ADC increased by 2.39%. The contribution determined in this valuation satisfies the parameters of the Annual Required Contribution (ARC) in Governmental Accounting Standards Board (GASB) Statement Number 25. However, the revised standard GASB Statement Number 67, effective in FY 2014, does not define an ARC. In this report we use the term ADC instead, to refer to the contribution determined by the actuary in accordance with the SDCERS Board's adopted funding policy.

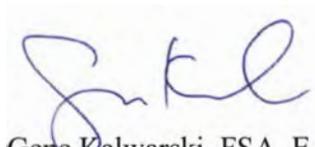
More details on plan experience for the past year can be found in the valuation report. Furthermore, it is important to note that this valuation was prepared using the census data and financial information as of the valuation date, June 30, 2013. Changes in membership and investment experience following that date are not reflected in this report.

In preparing our report, we relied on information (some oral and some written) supplied by SDCERS' staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice Number 23.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Finally, this report was prepared exclusively for the San Diego City Employees' Retirement System for the purpose described herein and for the use by the plan auditor in completing an audit related to the matters herein. This report is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

Sincerely,
Cheiron



Gene Kalwarski, FSA, EA, MAAA
Principal Consulting Actuary



David Holland, FSA, EA, MAAA
Associate Actuary

cc: Alice Alsberghe

SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013

SECTION I
BOARD SUMMARY

The primary purpose of the actuarial valuation is to report, as of the valuation date, on the following:

- The financial condition of the SDCERS-Airport Authority Defined Benefit Plan,
- Past and expected trends in the financial condition of SDCERS-Airport Authority,
- The Airport Authority's contribution rates for Fiscal Year 2015, and
- Information required by the Governmental Accounting Standards Board (GASB).

In this Section, we present a summary of the principal valuation results. This summary includes the basis upon which the June 30, 2013 valuation was completed and an examination of the current financial condition of SDCERS-Airport Authority. In addition, we present a review of the key historical trends followed by the projected financial outlook for SDCERS-Airport Authority.

A. Valuation Basis

In FY 2014 GASB 25, which outlines standards for pension plan financial reporting, will be replaced by GASB 67. Similarly, in FY 2015 GASB 27 (standards for plan sponsor reporting) will be replaced by GASB 68. As described above, one purpose of the June 30, 2013 valuation is to develop contribution rates for FY 2015. However, neither GASB 67 nor GASB 68 retain the concept of an Annual Required Contribution (ARC), which had previously been used as the System's de-facto funding policy. In response, the SDCERS Board at its November 2013 meeting adopted to formalize the funding policy based on the existing practices used to develop the ARC. In this report we have replaced the term ARC with Actuarially Determined Contribution (ADC), to refer to the contribution determined by the actuary each year based on the adopted funding policy. GASB 67 and 68 also use this term to refer to a contribution determined by the actuary in accordance with Actuarial Standards of Practice, but do not define it further.

At the November 2013 meeting, the Board also adopted two assumption changes following our annual review of economic assumptions. The across the board annual pay inflation assumption was lowered from 3.75% to 3.3% per year, and the assumed investment return was lowered from 7.5% to 7.25% per year, net of all expenses. More details on the assumptions and methods can be found in Appendix B.

Effective January 1, 2013, new Airport Authority employees who are deemed to be "New Members" under the California Public Employees' Pension Reform Act (PEPRA) will be subject to a number of plan provisions, including reduced benefit accrual factors, a cap on pensionable salary, three-year averaging for final salary, and mandatory exclusion of certain items from pensionable salary. PEPRA also requires New Members to pay at least 50% of the normal cost, with more than 50% allowed subject to collective bargaining. There are less significant changes for current employees and retirees.

The June 30, 2013 membership census data did not contain any New Members. However, the calculation of the FY15 ADC reflects an estimate of PEPRA's impact on the normal cost for any New Members hired between July 1, 2014 and June 30, 2015.

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION I
BOARD SUMMARY**

B. Current Financial Condition of SDCERS-Airport Authority

The following discussion summarizes the key results of the June 30, 2013 valuation and shows how they compare to the results from the June 30, 2012 valuation.

1. Airport Authority Membership

Table I-2 shows that total membership in SDCERS-Airport Authority increased by 3.0% from 2012 to 2013. The increase was attributable to the growth in both inactive membership (terminated vested, disabled, retirees and beneficiaries), and active membership, which increased by 1.8%. Active member total payroll increased by 6.2%, and the average pay per active member increased by 4.4%.

| Table I-2 | | | | |
|--|----------------------|----------------------|-----------------|--|
| SDCERS - Airport Authority - Membership Total | | | | |
| Valuation as of: | June 30, 2013 | June 30, 2012 | % Change | |
| Active Counts | 347 | 341 | 1.8% | |
| Terminated Vested | 79 | 76 | 3.9% | |
| Disabled | 2 | 1 | 100.0% | |
| Retirees | 45 | 41 | 9.8% | |
| Beneficiaries | 4 | 4 | 0.0% | |
| Total Airport Authority Members | 477 | 463 | 3.0% | |
| Active Member Payroll | \$ 26,380,323 | \$ 24,839,570 | 6.2% | |
| Average Pay per Active Member | \$ 76,024 | \$ 72,843 | 4.4% | |
| Benefits in Pay Status | \$ 2,013,899 | \$ 1,716,385 | 17.3% | |
| Average Benefit | \$ 39,488 | \$ 37,313 | 5.8% | |

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION I
BOARD SUMMARY**

2. Airport Authority Assets and Liabilities

Table I-3 presents a comparison between the June 30, 2013 and June 30, 2012 SDCERS-Airport Authority assets, liabilities, unfunded actuarial liability, and funding ratios.

The key results shown in Table I-3 indicate that due to the total actuarial liability increase of 18.5% and the actuarial value of assets increase of 12.3%, the funding ratio decreased from 98.5% as of June 30, 2012 to 93.4% as of June 30, 2013. SDCERS employs a commonly used actuarial smoothing method on the market value that dampens market volatility, so the actuarial value of assets increased less than the market value (17.9%). Had the funding ratio been measured on a market value of assets basis, the ratio would be 94.1% as of June 30, 2013.

Section II-C provides additional information explaining the development of the actuarial value of assets.

| Table I-3 | | | | |
|--|----------------------|----------------------|-----------------|--|
| SDCERS - Airport Authority - Assets & Liabilities | | | | |
| Entry Age Normal (EAN) Liabilities | June 30, 2013 | June 30, 2012 | % Change | |
| Actives | \$ 84,024,915 | \$ 70,540,876 | 19.1% | |
| Terminated Vested | 4,396,239 | 4,246,096 | 3.5% | |
| Disabled | 456,604 | 228,252 | 100.0% | |
| Retirees | 25,451,563 | 21,356,642 | 19.2% | |
| Beneficiaries | 870,727 | 852,988 | 2.1% | |
| Total Actuarial (EAN) Liability | \$ 115,200,048 | \$ 97,224,854 | 18.5% | |
| Market Value Assets | \$ 108,456,000 | \$ 91,997,000 | 17.9% | |
| Actuarial Value Assets | \$ 107,616,363 | \$ 95,792,613 | 12.3% | |
| Unfunded Actuarial Liability | \$ 7,583,685 | \$ 1,432,241 | 429.5% | |
| Funding Ratio-Actuarial Value | 93.4% | 98.5% | -5.1% | |

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION I
BOARD SUMMARY**

3. Components of UAL Change between June 30, 2012 and June 30, 2013

The unfunded actuarial liability (UAL) for SDCERS-Airport Authority increased by \$6.2 million, from \$1.4 million to \$7.6 million. Table I-4 below presents the specific components of this change in the UAL.

The largest components of this increase were liabilities greater than expected and a change in the economic assumptions (discount rate and pay inflation), which increased the UAL by \$4.3 million and \$1.6 million, respectively. Valuation salary greater than expected was the largest component of the liability loss (\$3.3 million).

For a description of the method changes on line 6 below, see the end of Appendices A and B.

| Table I-4 SDCERS - Airport Authority-Change in UAL | |
|---|---------------------|
| 1. UAL at June 30, 2012 | \$ 1,432,241 |
| 2. Expected change in UAL* | 1,464,160 |
| 3. Investment experience gain | |
| a. Anticipated loss/(gain) | 1,020,070 |
| b. Actual loss/(gain) | (316,719) |
| c. Difference (b - a) | (1,336,790) |
| 4. Liability experience loss | 4,308,779 |
| 5. Reduction in discount rate and pay inflation assumption | 1,620,447 |
| 6. Method changes | 87,000 |
| 7. Employee contributions paid less than expected | 76,666 |
| 8. Decrease in negative amortization cost component | N/A |
| 9. Other misc (includes purchased service) | (68,819) |
| 10. Total change in UAL: sum of 2 through 9 | 6,151,444 |
| 11. UAL at June 30, 2013: 1 + 10 | \$ 7,583,685 |

* Includes projected phase-in of investment gains or losses.

SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013

**SECTION I
BOARD SUMMARY**

4. Airport Authority Contributions

The Airport Authority's actuarially determined contribution (ADC) for FY 2015 measured as a percent of membership payroll increased from 11.90% to 14.29%. In dollars, the beginning of year ADC increased by \$0.9 million, from \$2.9 million to \$3.8 million. This increase in the ADC was \$0.8 million more than the expected increase of \$0.1 million, assuming continued phase-in of investment experience from prior years.

The largest source of this increase was liabilities greater than expected, which increased the ADC by \$0.6 million.

Table I-5 below presents the specific components of the change in the ADC. In Section IV we provide more detail on the development of this contribution. For a description of the method changes on line 6 below, see the end of Appendices A and B.

| Table I-5 SDCERS - Airport Authority-Change in ADC | |
|---|---------------------|
| 1. ADC at June 30, 2012 | \$ 2,904,457 |
| 2. Expected change in ADC* | 144,996 |
| 3. Investment experience gain | |
| a. Anticipated increase/(decrease) | 93,610 |
| b. Actual increase/(decrease) | (29,065) |
| c. Difference (b - a) | (122,675) |
| 4. Liability experience loss | 628,817 |
| 5. Reduction in discount rate and pay inflation assumption | 126,893 |
| 6. Method changes | 201,206 |
| 7. Employee contributions paid less than expected | 7,036 |
| 8. Decrease in negative amortization cost component | (64,179) |
| 9. Other misc (includes purchased service) | (3,944) |
| 10. Total change in ADC: sum of 2 through 9 | 918,149 |
| 11. ADC at June 30, 2013: 1 + 10 | \$ 3,822,606 |

* Includes projected phase-in of investment gains or losses.

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION I
BOARD SUMMARY**

C. Historical Trends SDCERS-Airport Authority

Despite the primary focus given each year on the most recently computed unfunded actuarial liability (UAL), funding ratio, and Airport Authority’s contribution (ADC), it is important to remember that each valuation is merely a snapshot of the long-term progress of a pension plan. It is more important to judge a current year’s valuation result relative to historical trends, and trends expected into the future.

In the chart below, we present the historical trends for both the market value and smoothed assets compared to actuarial liabilities, and SDCERS-Airport Authority funding ratios since 2003.

SDCERS-Airport Authority Assets and Liabilities 2003 – 2013



| | | | | | | | | | | | |
|------------------|--------|--------|--------|----------|----------|----------|--------|--------|----------|--------|--------|
| Funding Ratio | 68.4% | 68.8% | 87.6% | 111.7% | 109.0% | 102.3% | 86.9% | 96.0% | 102.7% | 98.5% | 93.4% |
| UAL (millions) * | \$ 5.1 | \$ 7.4 | \$ 4.1 | \$ (4.3) | \$ (4.2) | \$ (1.3) | \$ 8.9 | \$ 3.0 | \$ (2.3) | \$ 1.4 | \$ 7.6 |

* The UAL for 2007 and after is calculated using the Entry Age Normal method; 2006 and prior years are calculated using the Projected Unit Credit method.

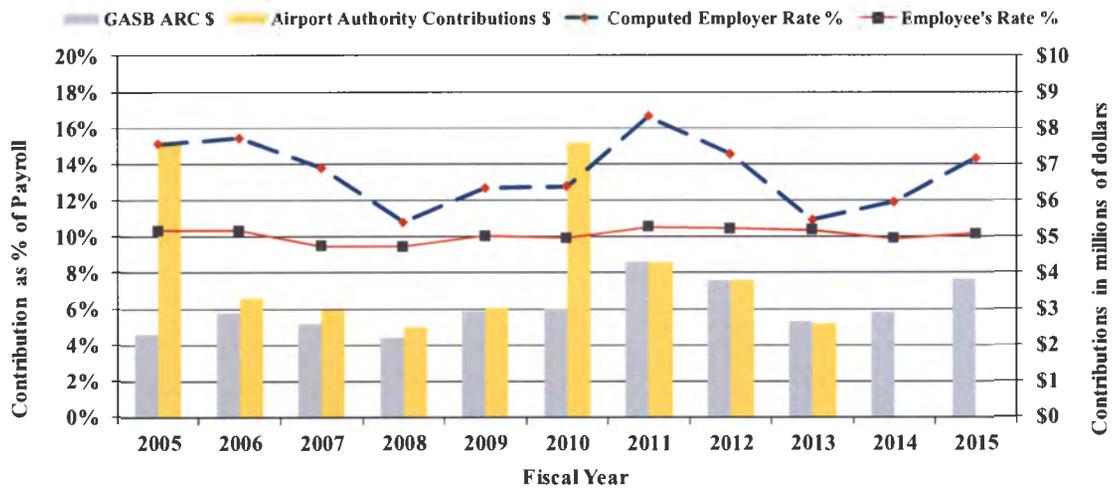
The chart indicates that in 2003 and 2004, the funding ratio was slightly more than 68% of the actuarial value of assets. In 2005 through 2006, the funding ratio significantly increased due to excess contributions and strong investment performance. In 2009 the funding ratio declined significantly due to investment losses. It has been around 100% for the last four years, with a low of 93.4% in 2013.

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION I
BOARD SUMMARY**

In the chart below, we present the historical trends for the SDCERS-Airport Authority contribution rates, actual contributions made by the Airport Authority and the actuarially computed contributions (previously the GASB ARC, but in the future will be referred to as the ADC).

SDCERS-Airport Authority and Member Contribution Rates FY 2005-2015



The Airport Authority's contribution rate increased for fiscal years 2014 and 2015 after decreasing significantly in the two prior years, but it is still around the average for the entire ten-year period. The chart shows that the Members' contribution rate has remained relatively stable in contrast to the volatility in the employer rates.

This chart also compares the actual contributions made by the Airport Authority to the annual required contribution (ARC) based on the Board's adopted funding practice of Normal Cost plus amortization of various UAL components, including the requirement beginning in fiscal year 2009 that there be no negative amortization. The chart indicates that the Airport Authority has been consistently paying at or above the ARC since FY 2005, with a significant excess contribution amount in FY 2010.

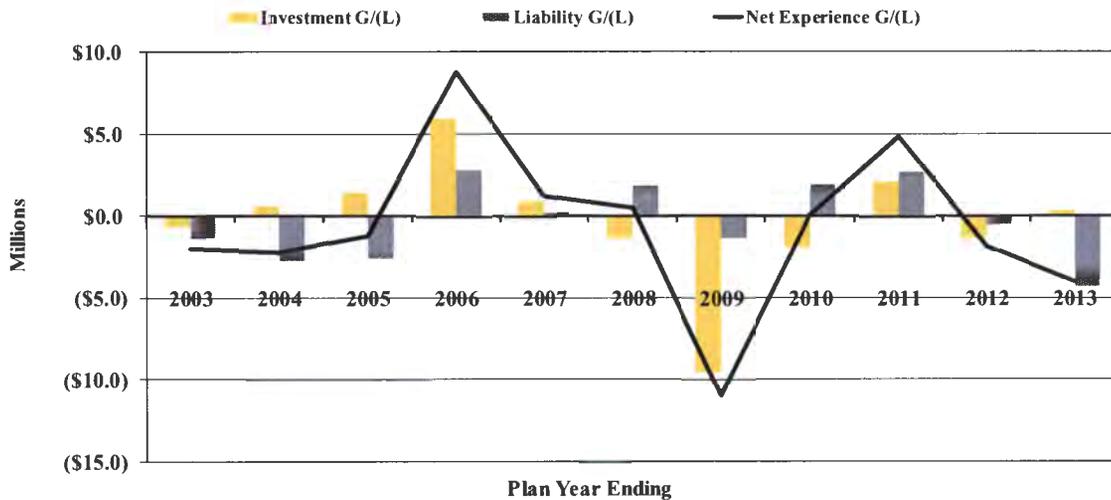
Since the ARC is not defined in the new standards for public pension plan reporting, GASB 67 and 68, the term ADC will be used in future years to refer to the annual actuarially determined contribution and will be the basis for comparison to actual Airport Authority contributions.

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION I
BOARD SUMMARY**

The chart below for SDCERS-Airport Authority presents the pattern of annual gains and losses, broken into the investment and liability components. The chart does not include any changes in the SDCERS' assets and liabilities attributable to changes to actuarial methods, procedures or assumptions or plan benefit changes.

SDCERS-Airport Authority Historical Gain/(Loss) 2003-2013



The key insights from this chart are:

- The System experienced investment gains (gold bars) in 2004 through 2007, which were more than offset by investment losses of 2008 through 2010.
- The investment loss in 2009 was by far the most significant gain or loss during the last ten years.
- There was a pattern of liability loss from 2003 to 2005. The liability experience has been more varied over the past few years, although there was a loss of \$4.3 million in 2013, most of which was due to valuation salaries greater than expected (\$3.3 million).

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

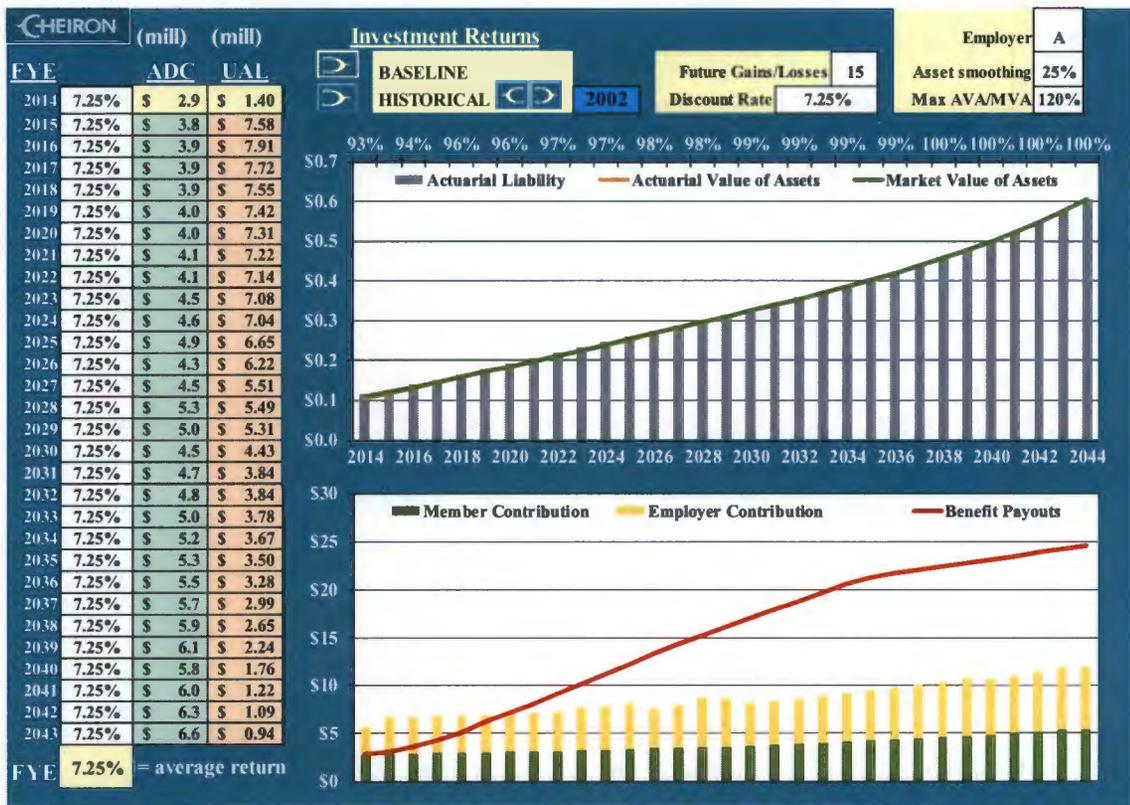
**SECTION I
BOARD SUMMARY**

D. Projected Financial Trends

Our analysis of SDCERS-Airport Authority projected financial trends is a very important part of this valuation. Our assessment of the implications of the June 30, 2013 valuation results on the future outlook of SDCERS-Airport Authority in terms of benefit security (assets over liabilities) and the Airport Authority's expected cost progression is set forth below.

In the chart that follows, we project the SDCERS-Airport Authority assets and liabilities and the Airport Authority's contributions assuming 7.25% returns each and every year and liability growth exactly as anticipated by the plan assumptions. The upper chart compares the assets (green and yellow lines) and liabilities (gray bars) and the lower chart shows contributions in dollars (employer contributions in yellow bars and member contributions in green bars). The left side of the exhibit shows the returns assumed each year followed by the annual ADC and UAL in dollar amounts.

SDCERS-Airport Authority Projections FY 2014-2043 (earnings as assumed)



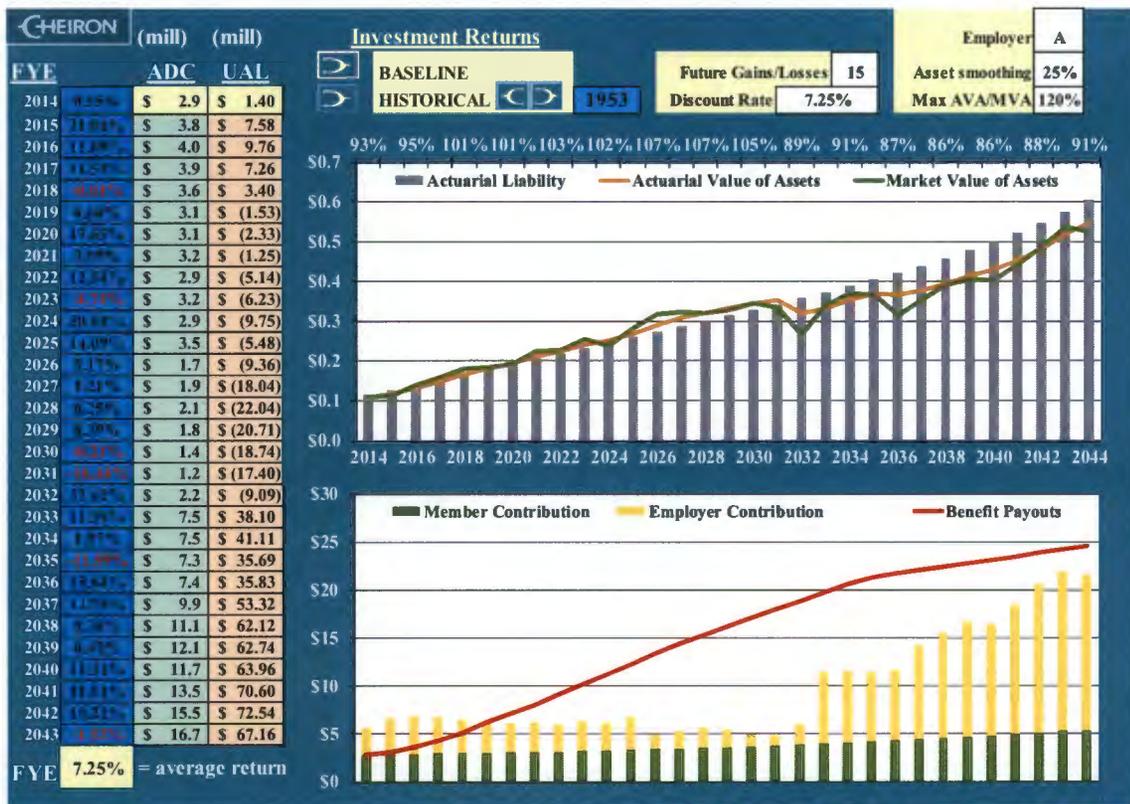
**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION I
BOARD SUMMARY**

Based on assuming 7.25% earnings each and every year, the Airport Authority's funded status (percentages at the top of the upper graph) is ultimately projected to reach 100%. The Airport Authority's ADC (formerly the ARC) generally increases throughout the projection period, reaching \$6.6 million by 2043, but the payment is lower as a percentage of pay.

However, it is critical to note that these projections, while valid as baseline projections, **are not likely to occur** as experience never conforms exactly to assumptions from year to year. As a result, we present the following additional stress testing projection, based on assuming varying returns in the future which on average equal the assumed 7.25% earnings rate. The returns selected generally represent the returns that would have resulted from a passive 60%/40% equity/fixed income portfolio during the period of 1953 to 1983. This period was selected because it happened to mirror the assumed 7.25% investment assumption of SDCERS.

SDCERS-Airport Authority Projections FY 2014-2043 (earnings which vary by year)



With varying annual earnings that average over the period to 7.25%, one can see the volatility in the funding ratios in the top chart, and the fact that the Airport Authority ADC increases significantly near the end of the projection period. Note that this chart is based on a particular historical period and is not intended to reflect future expectations.

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION I
BOARD SUMMARY**

This last chart demonstrates the risks faced by SDCERS measured in terms of funding ratios and contribution rates. Whether the System is fully funded or poorly funded, subsequent returns can quickly alter the financial position of the plan dramatically. The point being, it is impossible to judge the financial soundness of a system with a single year point measurement. What is more important to consider is the systems' level of conservatism in funding the plan, and the discipline and ability of the plan sponsor to consistently contribute the ADC as determined by the plan actuary.

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION II
ASSETS**

Like other public pension plans, SDCERS uses two different asset measurements that are presented in this section of the report: the market value and the actuarial value of assets. The market value represents, as of the valuation date, the value of the assets if they were liquidated on that date. The actuarial value of assets is a value that smooths annual investment performance over multiple years to reduce the impact of annual investment volatility on employer contribution rates. The actuarial value of assets is used in determining SDCERS' contribution rates for the three participating employer plans.

Each employer receives a separate actuarial valuation report and cost determination. However, the assets of all employer plans are pooled for investment purposes. The apportionment of the assets among the employer plans directly impacts each employer's costs. Therefore, in the interest of ensuring transparency, this section discloses information on the total assets of SDCERS-All Employers. In addition, a brief explanation of how those assets are apportioned to the City of San Diego, the San Diego Unified Port District (Port), and the San Diego County Regional Airport Authority (Airport) is included.

On the following pages, detailed information is presented on SDCERS-All Employers assets, including:

- A. Disclosure of the June 30, 2013 total SDCERS market value of assets, by asset class;
- B. Market value of assets by Plan Sponsor;
- C. Development of the actuarial value of assets; and
- D. Disclosure of the investment performance for the year.

SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013

**SECTION II
ASSETS**

A. Disclosure of Market Value of Assets

The market value of assets represents a “snap-shot” value as of June 30, 2013, the last day of the fiscal year, which provides the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with swings in the investment markets. Because these fluctuations would cause volatility in employer contributions, an actuarial value of assets is developed. Table II-1 below discloses the market value by asset class of SDCERS–All Employers’ gross assets on June 30, 2013.

| Table II-1 | |
|--|-------------------------|
| SDCERS – All Employers | |
| Summary of Reported Market Value of Total Defined Benefit Plan Assets | |
| Cash | \$ 237,090,000 |
| US Stocks | 1,839,561,000 |
| International Stocks | 1,353,839,000 |
| Private Equity | 258,176,000 |
| Bonds | 1,718,919,000 |
| Real Estate | 609,782,000 |
| Receivables | 214,194,000 |
| Miscellaneous | 5,030,000 |
| Accounts Payable | <u>(423,278,000)</u> |
| Market Value of Assets – June 30, 2013 | \$ 5,813,313,000 |

SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013

**SECTION II
ASSETS**

B. Market Value of Assets by Plan Sponsor

As of July 1, 2007, the City, Unified Port District, and Airport Authority plans were separated into independent, qualified, single employer governmental defined benefit plans and trusts. The assets of the three separate plans and trusts are pooled in the SDCERS Group Trust, which was established as of July 1, 2007. SDCERS invests and administers the Group Trust as a common investment fund and accounts separately for the proportional interest of each plan and trust that participates in the Group Trust. Cash flow activity for each plan is recorded directly to that plan, with investment activity and other cash flow activity not specific to any one plan being allocated based upon each plan's respective share of the Group Trust's total assets, with time-weighted adjustments for the plan-specific cash flows. Administrative expenses are allocated based on the proportion of participants of a participating trust to the number of total participants of all participating trusts on the first day of the plan year. Table II-2 below discloses the market value and actuarial value of assets by plan.

| Table II-2 | | | |
|---|--|--|---|
| Summary of Market and Actuarial Assets for Each Employer Group as of June 30, 2013 | | | |
| | <u>Market Value</u> Total Net Assets June 30, 2012 | <u>Market Value</u> Total Net Assets June 30, 2013 | <u>Actuarial Value</u> Total Assets June 30, 2013 |
| City of San Diego | \$ 4,799,827,000 | \$ 5,395,158,000 | \$ 5,317,778,092 |
| Unified Port District | 271,703,000 | 309,699,000 | 302,321,696 |
| Airport Authority | <u>91,997,000</u> | <u>108,456,000</u> | <u>107,616,363</u> |
| Total-SDCERS | \$ 5,163,527,000 | \$ 5,813,313,000 | \$ 5,727,716,151 |

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION II
ASSETS**

C. Actuarial Value of Assets

To determine on-going funding requirements, most pension plans utilize an actuarial value of assets. Unlike the market value of assets, the actuarial value of assets represents an asset value based on averaging or smoothing year-to-year market value returns for purposes of reducing the resulting volatility on contributions.

The actuarial value of assets is equal to 100% of the expected actuarial value of assets as of June 30, 2013 (based on the prior year assumption of 7.50% earnings for the year) plus 25% of the difference between the current actual market value of assets and the expected actuarial value of assets. (See Appendix B, Section B-2 for further explanation of the asset valuation method). In no event will the actuarial value of assets ever be less than 80% of the market value of assets, nor ever greater than 120% of the market value of assets.

| Table II-3 SDCERS - Airport Authority Development of Actuarial Value of Assets at June 30, 2013 Expected Value of Assets Method | |
|--|----------------|
| 1. Actuarial Value of Assets at June 30, 2012 | \$ 95,792,613 |
| 2. Amount in (1) with interest at 7.5% to June 30, 2013 | 102,977,059 |
| 3. Employer and Member contributions for the Plan Year ended June 30, 2013 | 6,160,000 |
| 4. Disbursements from Trust excluding investment and admin expenses, June 30, 2012 through June 30, 2013 | 2,056,000 |
| 5. Interest on cash flows to June 30, 2013 at 7.5% per year | 255,425 |
| 6. Expected Actuarial Value of Assets at June 30, 2013 = (2) + (3) - (4) + (5) | 107,336,484 |
| 7. Actual Market Value of Assets at June 30, 2013 | 108,456,000 |
| 8. Excess of (7) over (6) | 1,119,516 |
| 9. Preliminary Actuarial Value of Assets at June 30, 2013 = (6) + 25% of (8) | \$ 107,616,363 |
| 10. 80% Minimum Corridor on the Actuarial Value of Assets = 80% of (7) | 86,764,800 |
| 11. 120% Maximum Corridor on the Actuarial Value of Assets = 120% of (7) | 130,147,200 |
| 12. Final Actuarial Value of Assets at June 30, 2013 = (9), but no less than (10) and no more than (11) | \$ 107,616,363 |

SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013

SECTION II
ASSETS

D. Investment Performance

The return on the market value of assets, as reported by SDCERS' investment consultant Hewitt Ennis Knupp, was 13.6%. The return in FY 2012 was 0.9%.

On an actuarial (smoothed) value of assets basis, the return for FY 2013 was 8.19%. This return produced for SDCERS-All Employers an overall investment gain of \$27.8 million for the year ending June 30, 2013. (Note: this reported gain is different than the investment gain of \$0.3 million reported on page 5 in this report. \$0.3 million is the gain only for SDCERS-Airport Authority).

**SECTION III
LIABILITIES**

In this section, we present detailed information on System liabilities for SDCERS-Airport Authority including:

- Disclosure of liabilities at June 30, 2012 and June 30, 2013, and
- Statement of changes in the unfunded actuarial liabilities during the year.

A. Disclosure

Several types of liabilities are calculated and presented in this report. Each type is distinguished by the purpose for which the figures are ultimately used.

- **Present Value of Future Benefits:** Used for measuring all future SDCERS obligations, represents the amount of money needed today to fully pay off all benefits of SDCERS both earned as of the valuation date and those to be earned in the future by current plan participants, under the current plan provisions.
- **Actuarial Liability-Entry Age Normal (EAN):** Used for determining employer contributions and GASB accounting disclosures. This liability is calculated taking the present value of all future benefits and subtracting the present value of future Member contributions and future employer normal costs as determined under the EAN actuarial funding method. It represents the portion of the present value of future benefits attributed to service prior to the valuation date by the Entry Age Normal method.
- **Present Value of Accrued Benefits:** Disclosed in Section V of this report for accounting statement purposes (ASC Topic 960). This liability represents the present value of future benefits payable to all plan participants if the plan were terminated as of the valuation date, and future accruals and contributions stopped.

Table III-1 on the following page discloses the first two of these liabilities for the current and prior year valuations. Subtracting the actuarial value of assets from the actuarial liability results in a net surplus or an unfunded actuarial liability (UAL).

SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013

**SECTION III
LIABILITIES**

| Table III-1 | | | | |
|---|---------------|--------------------|---------------|--------------------|
| SDCERS - Airport Authority - Total | | | | |
| Valuation as of: | June 30, 2013 | | June 30, 2012 | |
| Present Value of Future Benefits | | | | |
| Actives | \$ | 124,954,564 | \$ | 109,404,288 |
| Terminated Vested | | 4,396,239 | | 4,246,096 |
| Disabled | | 456,604 | | 228,252 |
| Retirees | | 25,451,563 | | 21,356,642 |
| Beneficiaries | | <u>870,727</u> | | <u>852,988</u> |
| Total Airport Authority | \$ | 156,129,697 | \$ | 136,088,266 |
| Actuarial Liability - EAN | | | | |
| Total Present Value of Future Benefits | \$ | 156,129,697 | \$ | 136,088,266 |
| Present Value of Future Normal Costs | | | | |
| Employer Portion | | 21,970,522 | | 20,794,777 |
| Employee Portion | | <u>18,959,127</u> | | <u>18,068,635</u> |
| Actuarial Liability - EAN | \$ | 115,200,048 | \$ | 97,224,854 |
| Actuarial Value of Assets | \$ | 107,616,363 | \$ | 95,792,613 |
| Unfunded EAN Actuarial Liability | \$ | 7,583,685 | \$ | 1,432,241 |

Table III-2 shows actuarial liability as of June 30, 2013 for General and Executive Members of SDCERS-Airport Authority.

| Table III-2 | | | | | | |
|--|-----------|--------------------|-----------|--------------------|------------|-------------------|
| SDCERS - Airport Authority - General & Executives as of June 30, 2013 | | | | | | |
| | Total | | General | | Executives | |
| Present Value of Future Benefits | | | | | | |
| Actives | \$ | 124,954,564 | \$ | 119,584,411 | \$ | 5,370,153 |
| Terminated Vested | | 4,396,239 | | 4,396,239 | | - |
| Disabled | | 456,604 | | 456,604 | | - |
| Retirees | | 25,451,563 | | 19,984,718 | | 5,466,845 |
| Beneficiaries | | <u>870,727</u> | | <u>870,727</u> | | - |
| Total Airport Authority | \$ | 156,129,697 | \$ | 145,292,699 | \$ | 10,836,999 |
| Actuarial Liability - EAN | | | | | | |
| Actives | \$ | 84,024,915 | \$ | 79,583,642 | \$ | 4,441,273 |
| Terminated Vested | | 4,396,239 | | 4,396,239 | | - |
| Disabled | | 456,604 | | 456,604 | | - |
| Retirees | | 25,451,563 | | 19,984,718 | | 5,466,845 |
| Beneficiaries | | <u>870,727</u> | | <u>870,727</u> | | - |
| Total Airport Authority | \$ | 115,200,048 | \$ | 105,291,929 | \$ | 9,908,118 |

SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013

**SECTION III
LIABILITIES**

B. Changes in Unfunded Actuarial Liabilities

The UAL of any retirement plan is expected to change at each subsequent valuation for a variety of reasons. In each valuation, we report on those elements of change in the UAL that have particular significance or could potentially affect the long-term financial outlook of a retirement plan. Below we present key changes in liabilities since the last valuation.

| Table III-3 | | |
|---|----|------------------|
| Development of 2013 Experience Gain/(Loss) SDCERS - Airport Authority | | |
| (In Thousands) | | |
| 1. Unfunded Actuarial Liability at June 30, 2012 | \$ | 1,432.2 |
| 2. Beginning of year unfunded actuarial liability payment | | 313.2 |
| 3. Interest accrued ((1+2) x 7.5%) | | <u>130.9</u> |
| 4. Expected Unfunded Actuarial Liability at June 30, 2013 (1+2+3) | | 1,876.3 |
| 5. Actual Unfunded Liability at June 30, 2013 | | 7,583.7 |
| 6. Difference: (4 - 5) | | (5,707.4) |
| 7. Portion of difference (6) due to actuarial assumption or method changes | | (1,707.4) |
| 8. Portion of difference (6) due to plan changes | | - |
| 9. Portion of difference (6) due to employee contributions less than expected | | (76.7) |
| 10. Portion of difference (6) due to net experience Gain/(Loss) | | (3,923.2) |
| a) portion of (10) due to investment experience | \$ | 316.7 |
| b) portion of (10) due to liability experience | \$ | (4,308.8) |
| c) portion of (10) due to service purchases | \$ | 68.8 |
| Elements of Liability Gain/(Loss) | | |
| 1. G/(L) due to demographic and payroll experience | | (4,308.8) |
| 2. Other Gain/(Loss) | | <u>-</u> |
| 3. Total Estimated Liability Gain/(Loss): sum 1 and 2 | \$ | (4,308.8) |

SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013

**SECTION III
LIABILITIES**

Table III-4 shows the history of past experience gains and losses.

| Table III-4 | | | |
|---|--------------------|--|---------------------------------------|
| Experience Gain/(Loss) - Historical SDCERS - Airport Authority | | | |
| Valuation Date | Gain/(Loss) | Beginning-of-Year Actuarial Liabilities | Gain/(Loss) % of Liability |
| 6/30/2003 | \$ (2,013,702) | \$ 11,526,293 | (17.5%) |
| 6/30/2004 | (2,204,850) | 16,278,613 | (13.5) |
| 6/30/2005 | (1,207,448) | 23,578,460 | (5.1) |
| 6/30/2006 | 8,732,864 | 32,602,898 | 26.8 |
| 6/30/2007 | 1,176,387 | 36,905,216 | 3.2 |
| 6/30/2008 | 492,707 | 46,636,555 | 1.1 |
| 6/30/2009 | (10,976,099) | 56,807,663 | (19.3) |
| 6/30/2010 | 27,790 | 67,870,945 | 0.0 |
| 6/30/2011 | 4,808,814 | 76,447,473 | 6.3 |
| 6/30/2012 | (1,801,741) | 84,042,425 | (2.1) |
| 6/30/2013 | (3,923,241) | 97,224,854 | (4.0) |

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION IV
CONTRIBUTIONS**

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to achieve and maintain an appropriate funded status of a plan. Typically, the actuarial process will use an actuarial funding method that attempts to create a pattern of contributions that is both stable and predictable.

The actuarial funding methodology employed is the Entry Age Normal (EAN) actuarial funding method. Under EAN, there are two components to the total contribution: the normal cost and an amortization payment on the unfunded actuarial liability. The normal cost for an individual employee is the ratio of their present value of future benefits to present value of future salaries at entry age, multiplied by their valuation salary. The gross normal cost rate for each sub-group is determined by dividing the sum of the individual normal costs by the total valuation salary for that sub-group. The gross normal cost rate is then reduced by the average employee contribution rate to determine the employer normal cost rate. Finally, the employer normal cost rate for each sub-group is multiplied by that group's projected FY 2015 payroll to determine the normal cost component of the FY 2015 ADC.

The EAN actuarial liability is the Plan's total present value of future benefits minus the total present value of future normal costs. The difference between the EAN actuarial liability and the actuarial value of assets is the unfunded actuarial liability. The UAL for FY 2015 is to be amortized over several different periods. Table IV-2 shows the outstanding balance, the FY 2015 payment and the remaining amortization period for each of these components. If necessary, there is an additional UAL cost component to ensure that there is no negative amortization in any year.

Table IV-1 on the following page shows how the Airport Authority's contribution rate for SDCERS for FY 2015 is developed. The methodology and assumptions used are in full compliance with the parameters set in GASB Statement Number 25 for purposes of determining the annual required contribution (ARC). However, starting in FY 2014 (SDCERS) and FY 2015 (UPD), the new GASB Statements Number 67 and 68 apply, neither of which contain the concept of an ARC nor provide guidance for plan funding. In response, the SDCERS Board adopted a formal funding policy based on the existing practices used to develop the ARC. In the future, the contribution based on this policy will be referred to as the Actuarially Determined Contribution (ADC).

SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013

SECTION IV
CONTRIBUTIONS

| Table IV-1 | | | |
|---|------------------|----------|------------|
| SDCERS - Airport Authority | | | |
| Development of the Airport's Contribution as of June 30, 2013, For (FY 2015) | | | |
| (dollars in millions) | | | |
| | WEIGHTED | | |
| | TOTAL AIRPORT | General | Executives |
| 1. Total Normal Cost Rate as of June 30, 2013 | 23.12% | 23.09% | 24.14% |
| 2. Member Contribution Rate as of June 30, 2013 | 10.46% | 10.44% | 11.01% |
| 3. Employer Normal Cost Rate as of June 30, 2013 (1-2) | 12.66% | 12.65% | 13.13% |
| 4. Actuarial Liability | \$ 115.2 | \$ 105.3 | \$ 9.9 |
| 5. Actuarial Assets | \$ 107.6 | \$ 98.4 | \$ 9.3 |
| 6. Total Unfunded Actuarial Liability (UAL) (4-5)* | \$ 7.6 | \$ 6.9 | \$ 0.7 |
| 7. Preliminary FY15 UAL amortization* | \$ 0.5 | \$ 0.4 | \$ 0.0 |
| 8. <u>Negative Amortization Test for FY15</u> | | | |
| a. Total UAL on 6/30/13 less FY14 UAL payment | \$ 7.5 | \$ 6.8 | \$ 0.6 |
| b. interest on 8a. To 6/30/14 | \$ 0.5 | \$ 0.5 | \$ 0.0 |
| c. preliminary FY15 UAL amortization (line 7) | \$ 0.5 | \$ 0.4 | \$ 0.0 |
| d. Negative interest (8b - 8c, not less than zero) | 0.1 | 0.1 | 0.0 |
| 9. Total FY15 UAL payment on 7/01/14 (8c + 8d) | \$ 0.5 | \$ 0.5 | \$ 0.0 |
| 10. Total FY15 UAL payment throughout year | \$ 0.6 | \$ 0.5 | \$ 0.0 |
| 11. Total Expected Payroll for FY15** | \$ 27.7 | \$ 26.5 | \$ 1.2 |
| 12. FY15 Normal Cost paid throughout the year | \$ 3.4 | \$ 3.3 | \$ 0.1 |
| 13. FY15 Normal Cost paid at start of year | \$ 3.3 | \$ 3.1 | \$ 0.1 |
| 14. Determination of FY15 ADC % | | | |
| a. Employer Normal Cost Rate (12 divided by 11) | 12.27% | 12.30% | 11.77% |
| b. UAL Rate (line 10 divided by line 11) | 2.02% | 1.93% | 4.02% |
| c. Total employer ADC % (14a + 14b) | 14.29% | 14.23% | 15.79% |
| 15. Determination of FY15 ADC dollars | | | |
| a. FY15 ADC if paid throughout year | \$ 4.0 | \$ 3.8 | \$ 0.2 |
| b. FY15 ADC if paid at beginning of year | \$ 3.8 | \$ 3.6 | \$ 0.2 |

* See Table IV-2 for components of these amounts.

** Amounts include expected FY15 payroll for new plan (PEPRA).

Note: Numbers may not add due to rounding.

SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013

**SECTION IV
CONTRIBUTIONS**

Table IV-2 shows information on each layer of the June 30, 2013 UAL.

| Table IV-2 | | | | | | | |
|--|---------------------|----------------|----------------------------------|--|--|------------------------------------|-----------------------------------|
| SDCERS - Airport Authority | | | | | | | |
| Schedule of Amortization Bases as of July 1, 2013 | | | | | | | |
| Used in Development of the Airport Authority's Contribution for FY 2015 | | | | | | | |
| Type of Base | Date Established | Initial Amount | Initial Amortization Years | July 1, 2013 Outstanding Balance | Outstanding Balance for FY 2015 (BOY)* | Remaining Amortization Years | FY 2015 Amortization Amount |
| 1. June 30, 2007 UAL | 7/1/2007 | \$ (4,175,587) | 14 | \$ (2,211,816) | \$ (2,069,647) | 8 | \$ (293,928) |
| 2. Assumption Change | 7/1/2008 | 2,808,340 | 30 | 3,240,222 | 3,274,015 | 25 | 198,116 |
| 3. Experience Gain | 7/1/2008 | (1,356,123) | 15 | (1,332,072) | (1,274,513) | 10 | (150,024) |
| 4. Experience Loss | 7/1/2009 | 9,892,984 | 15 | 10,026,281 | 9,671,975 | 11 | 1,053,305 |
| 5. Experience Gain | 7/1/2010 | (5,002,725) | 15 | (5,195,430) | (5,046,358) | 12 | (512,617) |
| 6. Experience Gain** | 7/1/2010 | (1,750,000) | 15 | (1,817,410) | (1,765,263) | 12 | (179,318) |
| 7. Experience Gain | 7/1/2011 | (4,235,009) | 15 | (4,480,631) | (4,377,519) | 13 | (417,632) |
| 8. Assumption Change | 7/1/2011 | (574,045) | 30 | (628,069) | (637,053) | 28 | (36,079) |
| 9. Experience Loss | 7/1/2012 | 2,533,950 | 15 | 2,723,996 | 2,674,679 | 14 | 241,055 |
| 10. Method Change | 7/1/2012 | 1,443,033 | 30 | 1,551,260 | 1,575,167 | 29 | 87,476 |
| 11. Experience Loss | 7/1/2013 | 4,086,907 | 15 | 4,086,907 | 4,383,208 | 15 | 375,048 |
| 12. Assumption Change | 7/1/2013 | 1,620,447 | 30 | <u>1,620,447</u> | <u>1,737,930</u> | 30 | <u>94,743</u> |
| TOTAL | | | | \$ 7,583,685 | \$ 8,146,620 | | \$ 460,144 |

* July 1, 2013 outstanding balance adjusted to the FY2015 beginning of year (BOY), July 1, 2014.

** Reduction in UAL from anticipated impact of PSC correction as of the June 30, 2010 valuation.

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION V
ACCOUNTING STATEMENT INFORMATION**

Accounting Standards Codification (ASC) Topic 960 of the Financial Accounting Standards Board (FASB) requires the disclosure of certain information regarding its funding status. Statement No. 25 of the Governmental Accounting Standards Board (GASB) establishes standards for disclosure of pension information by public employee retirement systems (PERS) and governmental employers in notes to financial statements and supplementary information.

The ASC Topic 960 disclosure provides a “snap shot” view of how system assets at market value compare to liabilities if contributions stopped and accrued benefit claims had to be satisfied.

The GASB Number 25 disclosure compares the actuarial liability computed for funding purposes to the actuarial value of assets to determine a funded ratio (i.e., the EAN liability).

Both the present value of accrued benefits (ASC Topic 960) and the actuarial liability (GASB Number 25) are determined assuming that participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions. Liabilities are discounted at the assumed valuation interest rate of 7.25% per annum.

ASC Topic 960 specifies that a comparison of the present value of accrued (accumulated) benefits to the market value of the assets as of the valuation date must be provided. GASB Statement Number 25 requires the actuarial liability be compared with the actuarial value of assets for funding purposes. The relevant amounts as of June 30, 2012 and June 30, 2013 are presented in Table V-1 and Table V-2.

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION V
ACCOUNTING STATEMENT INFORMATION**

| Table V-1 | | | |
|--|-------------------|-------------------|--------------|
| SDCERS - Airport Authority - Total | | | |
| Valuation as of: | June 30, 2013 | June 30, 2012 | % Change |
| ASC Topic 960 Basis | | | |
| 1. Present Value of Benefits Accrued and Vested to Date | | | |
| a. Members Currently Receiving Payments | \$ 26,778,894 | \$ 22,437,882 | 19.3% |
| b. Vested Terminated and Inactive Members | 4,396,239 | 4,246,096 | 3.5% |
| c. Active Members | <u>56,199,889</u> | <u>45,930,356</u> | <u>22.4%</u> |
| d. Total PVAB | \$ 87,375,021 | \$ 72,614,334 | 20.3% |
| 2. Assets at Market Value | \$ 108,456,000 | \$ 91,997,000 | 17.9% |
| 3. Unfunded Present Value of Accrued Benefits, But Not Less Than Zero | \$ - | \$ - | |
| 4. Ratio of Assets to Value of Benefits (2)/(1)(d) | 124.13% | 126.69% | -2.6% |
| GASB No. 25 Basis | | | |
| 1. Actuarial Liabilities | | | |
| a. Members Currently Receiving Payments | \$ 26,778,894 | \$ 22,437,882 | 19.3% |
| b. Vested Terminated and Inactive Members | 4,396,239 | 4,246,096 | 3.5% |
| c. Active Members | <u>84,024,915</u> | <u>70,540,876</u> | <u>19.1%</u> |
| d. Total Actuarial Liability | \$ 115,200,048 | \$ 97,224,854 | 18.5% |
| 2. Actuarial Value of Assets | \$ 107,616,363 | \$ 95,792,613 | 12.3% |
| 3. Unfunded Actuarial Liability | \$ 7,583,685 | \$ 1,432,241 | 429.5% |
| 4. Ratio of Actuarial Value of Assets to Actuarial Liability (2)/(1)(d) | 93.42% | 98.53% | -5.1% |

| Table V-2 | |
|---|----------------------|
| SDCERS - Airport Authority - Total | |
| Accumulated Benefit Obligation (ASC Topic 960) | |
| Actuarial Present Value of Benefits Accrued and Vested as of June 30, 2012 | \$ 72,614,334 |
| Increase (Decrease) During Year Attributable to: | |
| Passage of Time | 5,368,975 |
| Benefits Paid | (2,056,000) |
| Assumption Changes | 2,688,740 |
| Plan Changes | - |
| Benefits Accrued, Other Gains/Losses | <u>8,758,972</u> |
| Net Increase (Decrease) | \$ 14,760,687 |
| Actuarial Present Value of Benefits Accrued and Vested as of June 30, 2013 | \$ 87,375,021 |

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION V
ACCOUNTING STATEMENT INFORMATION**

Tables V-3 through V-5 are exhibits required for the Airport Authority's Comprehensive Annual Financial Report (CAFR). The Government Finance Officers Association (GFOA) recommends showing at least 6 years of experience in each of these exhibits in the CAFR. Table V-3 shows the Notes to Required Supplementary Information. Table V-4 presents an analysis of financial experience for the valuation year, and Table V-5 presents the Solvency Test which shows the portion of actuarial liability covered by assets.

| Table V-3 | |
|--|---------------------------|
| SDCERS - Airport Authority | |
| NOTES TO REQUIRED SUPPLEMENTARY INFORMATION | |
| The information presented in the required supplementary schedules to the Financial Section of the Airport's CAFR was determined as part of the actuarial valuation at the date indicated. Additional information as of latest actuarial valuation follows. | |
| Valuation date | June 30, 2013 |
| Actuarial funding method | Entry Age Normal |
| Amortization method | Level percent closed |
| Equivalent single amortization period | 19.389 years ¹ |
| Asset valuation method | Expected Value Method |
| Actuarial assumptions: | |
| Investment rate of return | 7.25% |
| Projected salary increases due to inflation ² | 3.30% |
| Cost-of-living adjustments | 2.00% |
| The actuarial assumptions used have been recommended by the actuary and adopted by SDCERS' Board of Administration based on the most recent reviews of SDCERS' experience, completed in 2011 and 2013. | |
| The rate of employer contributions to SDCERS is composed of the normal cost and an amortization of the unfunded actuarial liability. The normal cost is a level percent of payroll cost which, along with the Member contributions, will pay for projected benefits at retirement for the average plan participant. The actuarial liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or Member contributions. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial liability. | |

¹ Eight years for the outstanding balance of the 2007 UAL, 15 years for experience gains and losses, 30 years for changes in methods and assumptions, 20 years for benefit changes.

² Additional merit salary increases of 0.50% to 5.00% based on a participant's years of service, and membership group are also assumed. These increases are not used in the amortization of the APA's UAL.

SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013

SECTION V
ACCOUNTING STATEMENT INFORMATION

| Table V-4 SDCERS - Airport Authority ANALYSIS OF FINANCIAL EXPERIENCE Gain and Loss in Actuarial Liability During Years Ended June 30 Resulting from Differences Between Assumed Experience and Actual Experience | |
|--|---|
| Type of Activity | <i>Gain (or Loss) for Year ending June 30, 2013</i> |
| Investment Income | \$ 316,719 |
| Combined Liability Experience | <u>(4,308,779)</u> |
| Gain (or Loss) During Year from Financial Experience | \$ (3,992,059) |
| Non-Recurring Gain (or Loss) Items (e.g., Contributions, Assumption Changes) | <u>(1,715,295)</u> |
| Composite Gain (or Loss) During Year | \$ (5,707,354) |

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**SECTION V
ACCOUNTING STATEMENT INFORMATION**

| Valuation Date June 30, | (A) | (B) | (C) | Reported Assets ¹ | Portion of Actuarial Liabilities Covered by Reported Assets | | |
|-------------------------------|-----------------------------------|----------------------------------|--|---------------------------------|---|------|--------|
| | Active Member Contributions | Retirees And Beneficiaries | Remaining Active Members' Liabilities | | (A) | (B) | (C) |
| 2013 ⁷ | \$ 13,384 | \$ 26,779 | \$ 75,037 | \$ 107,616 | 100% | 100% | 89.89% |
| 2012 | 11,371 | 22,438 | 63,416 | 95,793 | 100 | 100 | 97.74 |
| 2011 ⁶ | 11,132 | 16,133 | 56,778 | 86,309 | 100 | 100 | 103.99 |
| 2010 | 10,611 | 11,832 | 54,004 | 73,401 | 100 | 100 | 94.36 |
| 2009 | 9,120 | 9,924 | 48,827 | 58,981 | 100 | 100 | 81.79 |
| 2008 ⁵ | 7,335 | 6,341 | 43,131 | 58,096 | 100 | 100 | 102.99 |
| 2007 ⁴ | 6,681 | 4,288 | 35,668 | 50,812 | 100 | 100 | 111.71 |
| 2006 ³ | 5,402 | 2,783 | 28,720 | 41,222 | 100 | 100 | 115.03 |
| 2005 | 4,255 | 2,713 | 25,635 | 28,551 | 100 | 100 | 84.19 |
| 2004 | 2,935 ² | 795 | 19,848 | 16,225 | 100 | 100 | 62.95 |
| 2003 | 2,200 ² | 300 | 13,779 | 11,142 | 100 | 100 | 62.72 |

¹ Actuarial Value of Assets.

² Estimated.

³ Reflects contingent liabilities (13th check), DROP reserves, and IRC Section 415 limits.

⁴ The actuarial liability on June 30, 2007 and after is based on the entry age actuarial funding method. All prior years are based on the projected unit credit actuarial funding method.

⁵ Reflects revised actuarial and economic assumptions.

⁶ Reflects revised actuarial and economic assumptions.

⁷ Reflects revised actuarial and economic assumptions.

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**APPENDIX A
MEMBERSHIP INFORMATION**

| Table A-1 SDCERS - Airport Authority Active Member Data | | | |
|--|---------------|---------------|----------|
| | June 30, 2013 | June 30, 2012 | % Change |
| Count | 347 | 341 | 1.8% |
| Average Current Age | 48.1 | 47.7 | 0.8% |
| Average Service | 9.9 | 9.3 | 6.5% |
| Average Pensionable Earnings | \$ 74,533 | \$ 72,510 | 2.8% |
| Annual Pensionable Earnings | \$ 25,863,062 | \$ 24,726,029 | 4.6% |
| Average Valuation Compensation ¹ | \$ 74,447 | \$ 72,414 | 2.8% |
| Annual Valuation Compensation ¹ | \$ 25,833,258 | \$ 24,693,205 | 4.6% |
| Service Without Permissive Service Purchased | 9.3 | 8.9 | 4.5% |
| Members with Paid Purchased Service | 44 | 37 | 18.9% |
| Members with Any Purchased Service | 48 | 39 | 23.1% |
| Amount of Paid Purchased Service | 160 | 133 | 20.5% |
| Amount of Total Purchased Service | 180 | 144 | 24.8% |

¹ The definition of valuation compensation differs from the definition of pensionable earnings due to IRS 401(a).

| Table A-2 SDCERS - Airport Authority Non-Active Participant Data | | | | | | |
|---|---------------|---------------|---------|---------------|---------------|---------|
| | Count | | | Average Age | | |
| | June 30, 2013 | June 30, 2012 | %Change | June 30, 2013 | June 30, 2012 | %Change |
| Retired | 45 | 41 | 9.8% | 65.2 | 65.1 | 0.2% |
| Disabled | 2 | 1 | 100.0% | 57.6 | 49.5 | 16.4% |
| Beneficiaries | 4 | 4 | 0.0% | 63.0 | 62.0 | 1.6% |
| Payee Total | 51 | 46 | 10.9% | 64.8 | 64.5 | 0.5% |
| DROP Participants | 10 | 11 | -9.1% | 62.9 | 62.9 | 0.0% |
| Deferred Vested ¹ | 79 | 76 | 3.9% | 46.7 | 46.7 | 0.0% |
| Vested < 5 yrs svc | 47 | 47 | 0.0% | | | |

¹ Includes all participants having a contribution balance still on account with SDCERS.

| Table A-3 SDCERS - Airport Authority Non-Active Participant Data | | | | | | |
|---|----------------------|---------------|---------|------------------------|---------------|---------|
| | Total Annual Benefit | | | Average Annual Benefit | | |
| | June 30, 2013 | June 30, 2012 | %Change | June 30, 2013 | June 30, 2012 | %Change |
| Retired | \$ 1,909,883 | \$ 1,633,186 | 16.9% | \$ 42,442 | \$ 39,834 | 6.5% |
| Disabled | 34,380 | 14,916 | 130.5% | 17,190 | 14,916 | 15.2% |
| Beneficiaries | 69,636 | 68,282 | 2.0% | 17,409 | 17,070 | 2.0% |
| Payee Total | \$ 2,013,899 | \$ 1,716,384 | 17.3% | \$ 39,488 | \$ 37,313 | 5.8% |
| DROP Participants | \$ 649,670 | \$ 642,645 | 1.1% | \$ 64,967 | \$ 58,422 | 11.2% |
| Deferred Vested ¹ | \$ 1,414,252 | \$ 1,316,550 | 7.4% | \$ 17,902 | \$ 17,323 | 3.3% |

¹ Includes all participants having a contribution balance still on account with SDCERS. Annual benefit for deferred vested participants is the total contribution balance on account as of valuation date.

SDCERS-AIRPORT AUTHORITY
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APPENDIX A
MEMBERSHIP INFORMATION

Table A-4
SDCERS - Airport Authority
Distribution of Active Members (Excludes DROP Participants) as of June 30, 2013
Total Airport Authority

| Age | Years of Service | | | | | | | | | | Total Count | Average Salary | |
|--------------------|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-------------|----------------|-----------|
| | Under 1 | 1 to 4 | 5 to 9 | 10 to 14 | 15 to 19 | 20 to 24 | 25 to 29 | 30 to 34 | 35 to 39 | 40 and up | | | |
| Under 25 | 1 | 1 | - | - | - | - | - | - | - | - | - | 2 | \$ 45,653 |
| 25 to 29 | 3 | 12 | 1 | - | - | - | - | - | - | - | - | 16 | 46,379 |
| 30 to 34 | 5 | 7 | 10 | 1 | - | - | - | - | - | - | - | 23 | 56,172 |
| 35 to 39 | 1 | 5 | 15 | 9 | - | - | - | - | - | - | - | 30 | 67,670 |
| 40 to 44 | 6 | 11 | 25 | 11 | 3 | 2 | - | - | - | - | - | 58 | 77,523 |
| 45 to 49 | 2 | 8 | 14 | 14 | 8 | 6 | 1 | - | - | - | - | 53 | 76,334 |
| 50 to 54 | - | 7 | 25 | 14 | 12 | 8 | 6 | - | - | - | - | 72 | 76,970 |
| 55 to 59 | - | 8 | 16 | 14 | 5 | 8 | 1 | 1 | 2 | - | - | 55 | 76,782 |
| 60 to 64 | 1 | 6 | 17 | 6 | 4 | - | - | - | - | - | - | 34 | 85,233 |
| 65 to 69 | - | 1 | 1 | - | - | - | - | - | - | - | - | 2 | 98,178 |
| 70 and up | - | - | 1 | - | - | - | 1 | - | - | - | - | 2 | 153,227 |
| Tot Count | 19 | 66 | 125 | 69 | 32 | 24 | 9 | 1 | 2 | - | - | 347 | |
| Avg. Salary | \$ 57,785 | \$ 60,876 | \$ 77,956 | \$ 73,913 | \$ 95,242 | \$ 72,599 | \$ 92,435 | \$ 72,272 | \$ 104,258 | \$ - | \$ - | | \$ 74,533 |



SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013

**APPENDIX A
MEMBERSHIP INFORMATION**

**Table A-5
SDCERS - Airport Authority
Retirees (Includes DROP Participants), Disabled, and Beneficiaries Tabulated by Attained Age/Benefit Effective Date
Total Airport Authority**

| Plan Year | Age | | | | | | | | | | Total |
|--------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-------|
| | Under 50 | 50 to 54 | 55 to 59 | 60 to 64 | 65 to 69 | 70 to 74 | 75 to 79 | 80 to 84 | 85 to 89 | 90 and up | |
| pre-2004 | - | - | - | - | - | - | 1 | - | - | - | 1 |
| 2004 | - | - | - | - | - | 1 | - | - | - | - | 1 |
| 2005 | - | 1 | - | - | 2 | 1 | - | - | - | - | 4 |
| 2006 | - | - | - | 1 | - | - | - | - | - | - | 1 |
| 2007 | - | - | - | - | 1 | 4 | - | - | - | - | 5 |
| 2008 | - | - | - | 3 | 2 | - | - | - | - | - | 5 |
| 2009 | - | - | 1 | 1 | 2 | - | - | - | - | - | 4 |
| 2010 | - | - | 1 | 1 | 4 | - | - | - | - | - | 6 |
| 2011 | - | - | - | 7 | 3 | - | - | - | - | - | 10 |
| 2012 | - | - | 2 | 4 | 2 | - | - | - | - | - | 8 |
| 2013 | - | - | 3 | 2 | 1 | - | - | - | - | - | 6 |
| Total | - | 1 | 7 | 19 | 17 | 6 | 1 | - | - | - | 51 |

Surviving spouses benefit effective date no longer based on participant's original date of retirement.

| | |
|--------------------------------------|-----------|
| Average Age at Retirement/Disability | 60.8 |
| Average Current Age | 64.8 |
| Average Annual Pension | \$ 39,488 |



APPENDIX A
MEMBERSHIP INFORMATION

Data Assumptions and Practices

In preparing our data, we relied on information (some oral and some written) supplied by the SDCERS staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. Our methodology for obtaining the data used for the valuation is based upon the following assumptions and practices:

- Service for Actives and Inactives was calculated using Benefit Service. An adjusted date of hire is retroactively calculated from the valuation date. Purchased Service that has been paid for is included in the Benefit Service field. Purchased Service that has been applied for, but not paid as of the valuation date will be assumed to be paid in full and this service will be reflected in the projected benefit.
- Valuation Salary will be the maximum of “Current Annual Pensionable Salary” and annualized “Average Compensation.”
- For accounts having duplicate records in the Actives and Inactives by Social Security Number the information from the latest payroll date is regarded as most up to date. The other record is treated as out of date and invalid.
- For duplicate records (based on SSN and Benefit Type) in the payee file, records having the same plan and same benefit type but different benefit amounts, we have added those benefit amounts together.
- Records on the provided “Member” file are considered to be Active if they have no “Date of Death,” no “Date of Separation,” do not have a retiree record and they received pay in the last pay period (Last Pay Period = 26) of the current FY.
- Records on the “Member” file are considered to be Inactive if they do not have a “Date of Death,” do not have a retiree record and either have a “Date of Separation” or have a “Last Pay Period” earlier than the last pay period of the current FY.
- Records on the “Payee” file are considered in pay status if their benefit is not suspended.
- Pension Benefit for retirees for each plan was calculated by summing “Monthly Pension,” “Monthly Annuity,” “COLA Annuity,” “Surviving Spouse Annuity,” and “COLA Pension” and subtracting “Non-COLA Adjustments.” The “Non-COLA Adjustments” field is mainly for Qualified Domestic Relation Order purposes. The “Supplement Amount” field is added as an annual benefit (i.e., 13th check) and the “Corbett Supplemental Payment” is annualized for new retirees in the City only. It is assumed the payment is annual for Members already in pay status prior to this valuation.

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**APPENDIX A
MEMBERSHIP INFORMATION**

- Members retiring since the prior valuation date and not having a “Supplement Amount” (13th check) will have their projected “Supplement Amount” (13th check) calculated assuming \$30 multiplied by the “Total Service Credit.”
- Members may retire and receive benefits from multiple Plans (e.g., a City police officer could have also worked for the Airport Authority); we will value each Member’s blended benefit individually. This will result in the counts being slightly higher than actual counts due to people having more than one benefit payable from multiple plans.
- We assume any retiree found in last year’s “Payee” file and not in this year’s file has died without a beneficiary and should be removed from the valuation data.
- We assume all deceased retirees with payments continuing to a beneficiary have already been accounted for in the “Payee” file.
- We exclude any payee receiving \$0.00 from a blended benefit plan.
- We assume that any active Member found in the inactive data last year has returned to work and should be valued as active.
- The Final 415 Regulations were used to calculate the present value of Member benefits over the Internal Revenue Service Code 415 Benefit Limits.

Changes Since Last Valuation

- Members with service in one SDCERS plan who are now active in another SDCERS plan have "frozen service" in the original plan. In prior valuations, Member records associated with frozen service were treated as active, but effective with this valuation they are treated as inactive. This affects the allocation of their total benefit liability between past (actuarial liability) and future (present value of future normal costs) but does not impact the value of the total benefit liability itself.

**APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS**

A. Actuarial Assumptions

1. Investment Return Rate

SDCERS' assets are assumed to earn 7.25% net of both administrative and investment expenses.

2. Inflation Rate

An inflation assumption of 3.3% compounded annually is used for projecting the total annual payroll growth for amortization of the UAL.

3. Interest Credited to Member Contributions

7.25%, compounded annually.

4. Salary Increase Rate

Inflation component: 3.3% (Freezes had been assumed for FYs 2013 and 2014).

The additional merit component:

| Years of Service at Valuation Date | General |
|---|----------------|
| 0 | 5.00% |
| 1 | 4.00% |
| 2 | 3.00% |
| 3 | 2.00% |
| 4 | 1.00% |
| 5+ | 0.50% |

5. Cost-of-Living Increase in Benefits

Assumed to be 2.0% per annum, compounded.

6. COL Annuity Benefit

For active Members, the COL annuity benefit is valued by adding to the liabilities one-sixth of accumulated member contribution accounts and using a load factor of 2.0% for future member contributions.

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7. Member Refunds

All or part of the employee contribution rate is subject to potential “offset” by the employer. That “offset” and the related accumulated interest are not to be refunded to employees at termination. However, such offsets are not directly reflected in either the employee contributions or related refund calculations.

8. Rates of Termination

| Service | General |
|----------------|----------------|
| 0 | 11.00% |
| 1 | 10.00 |
| 2 | 9.00 |
| 3 | 8.00 |
| 4 | 7.00 |
| 5 | 5.50 |
| 6 | 4.50 |
| 7 | 4.50 |
| 8 | 4.00 |
| 9 | 4.00 |
| 10 | 3.00 |
| 11 | 3.00 |
| 12 | 3.00 |
| 13 | 3.00 |
| 14 | 3.00 |
| 15 | 3.00 |
| 16 | 3.00 |
| 17 | 3.00 |
| 18 | 3.00 |
| 19 | 3.00 |
| 20 | 3.00 |
| 21 | 3.00 |
| 22+ | 3.00 |

10% of terminating employees, with 5+ years of service at termination, are assumed to subsequently work for a reciprocal employer and receive 3.8% pay increases per year.

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APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS

9. Rates of Disability

| Table B-3 | |
|---|----------------|
| SDCERS - Airport Authority | |
| Rates of Disability at Selected Ages | |
| Age | General |
| 20 | 0.02% |
| 25 | 0.03 |
| 30 | 0.04 |
| 35 | 0.06 |
| 40 | 0.08 |
| 45 | 0.12 |
| 50 | 0.20 |
| 55 | 0.35 |
| 60 | 0.45 |

60% of the disabilities are assumed to be industrial disability retirements. Non-industrial disability retirement is subject to a service requirement.

10. Rates of Mortality for Active Lives

To reflect improvements in mortality since the date of the tables, the mortality tables have been modified to reflect actual experience through June 30, 2010 and include a projection to 2013.

All active members follow the RP2000 Combined Healthy table (male and female) projected to 2013.

| Table B-4 | | |
|---|-------------|---------------|
| SDCERS - Airport Authority | | |
| Rates of Mortality for Active Lives at Selected Ages | | |
| Age | Male | Female |
| 20 | 0.03% | 0.02% |
| 25 | 0.03 | 0.02 |
| 30 | 0.04 | 0.02 |
| 35 | 0.07 | 0.04 |
| 40 | 0.10 | 0.06 |
| 45 | 0.13 | 0.09 |
| 50 | 0.17 | 0.13 |
| 55 | 0.28 | 0.25 |
| 60 | 0.55 | 0.47 |
| 65 | 1.03 | 0.91 |
| 70 | 1.83 | 1.57 |

All active Member deaths are assumed to not be duty-related.

APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS

11. Rates of Mortality for Retired Healthy Lives

To reflect improvements in mortality since the date of the tables, the mortality tables have been modified to reflect actual experience through June 30, 2010. No modifications have been made to project future mortality improvements. In the next experience study we will examine the mortality experience and consider the projection of future improvement.

All retired healthy participants use the RP2000 Combined Healthy table (male and female).

| Age | Male | Female |
|------------|-------------|---------------|
| 40 | 0.11% | 0.07% |
| 45 | 0.15 | 0.11 |
| 50 | 0.21 | 0.17 |
| 55 | 0.36 | 0.27 |
| 60 | 0.67 | 0.51 |
| 65 | 1.27 | 0.97 |
| 70 | 2.22 | 1.67 |
| 75 | 3.78 | 2.81 |
| 80 | 6.44 | 4.59 |
| 85 | 11.08 | 7.74 |
| 90 | 18.34 | 13.17 |

APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS

12. Rates of Mortality for Retired Disabled Lives

To reflect improvements in mortality since the date of the tables, the mortality tables have been modified to reflect actual experience through June 30, 2010. No modifications have been made to project future mortality improvements. In the next experience study we will examine the mortality experience and consider the projection of future improvement.

The mortality tables used are variations of the CALPERS Disability Tables (male and female):

| Age | Male | Female |
|------------|-------------|---------------|
| 40 | 1.45% | 0.67% |
| 45 | 1.65 | 0.99 |
| 50 | 1.63 | 1.25 |
| 55 | 1.86 | 1.58 |
| 60 | 2.19 | 1.63 |
| 65 | 2.99 | 1.97 |
| 70 | 3.76 | 3.02 |
| 75 | 5.42 | 3.92 |
| 80 | 7.90 | 5.56 |
| 85 | 12.48 | 9.58 |

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APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS

13. The Rates of Retirement

| Table B-7 | | |
|---|----------------------------|------------------------------|
| SDCERS - Airport Authority | | |
| Rates of Retirement by Service Years | | |
| Service | Prior to age 62 | Age 62 or greater |
| 5-9 | -- | 9.0% |
| 10 | -- | 33.3 |
| 11 | -- | 33.3 |
| 12 | -- | 33.3 |
| 13 | -- | 33.3 |
| 14 | -- | 33.3 |
| 15 | -- | 33.3 |
| 16 | -- | 33.3 |
| 17 | -- | 33.3 |
| 18 | -- | 33.3 |
| 19 | -- | 33.3 |
| 20 | 30.0 | 40.5 |
| 21 | 15.0 | 33.3 |
| 22 | 17.5 | 35.1 |
| 23 | 20.0 | 36.9 |
| 24 | 22.5 | 38.7 |
| 25 | 25.0 | 40.5 |
| 26 | 27.5 | 42.3 |
| 27 | 30.0 | 44.1 |
| 28 | 32.5 | 45.9 |
| 29 | 35.0 | 47.7 |
| 30 | 37.5 | 49.5 |
| 31 | 40.0 | 51.3 |
| 32 | 40.0 | 53.1 |
| 33 | 40.0 | 54.9 |
| 34 | 40.0 | 56.7 |
| 35+ | 100.0 | 100.0 |

For vested deferred members, we assume that retirement will occur provided they have at least five years of service on the later of attained age or the earlier of age 62 or age 55 and 20+ years of service.

If the inactive participant is not vested, the liability is the contributions with interest.

**APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS**

14. Family Composite Assumptions

80% of men and 55% of women were assumed married at retirement. A female spouse is assumed to be three years younger than her male spouse.

15. Member Contributions for Spousal Continuance

All active Members contribute towards a 50% survivor continuance. However, Members who are unmarried at retirement may either be refunded that specific part of their contributions, or they may leave such contributions on account and receive an incremental benefit that is the actuarial equivalent of such contributions.

16. Deferred Member Actuarial Accrued Benefit

The benefit was estimated based on information provided by SDCERS staff. The data used to value the estimated deferred benefit were date of birth, date of hire, date of termination, and last pay. Based on the data provided, service credit, highest average salary, and deferred retirement age were estimated. The estimates were used to compute the retirement benefit, upon which the liabilities are based. For those participants without sufficient data or service, accumulated participant contribution balances, with interest, were used as the actuarial accrued liability.

17. DROP Account Balances

For DROP participants still working, the liability for the account balances in the asset information received from SDCERS staff was adjusted to assume average commencement in 2½ years and an interest crediting rate of 1.2%. Thereafter, it was assumed the account balance would be converted to an annuity at an interest rate of 3.3% over an average period of 10 years. The 10-year period was selected to average among the available DROP payment elections, including a lump sum, life expectancy, and 20 years. The liability for pre-2006 DROP account balances still left on account was valued assuming they would be paid out until age 70½, with an interest crediting rate of 1.2%. The liability for the remaining account balances was adjusted based on the DROP annuity rate in effect at the Member's benefit effective date.

These adjustments are applied to the DROP account balance values provided in the financial statements. The account balance liability is allocated to each individual sub-group (e.g., General) based on the total amount of the DROP account balances for that sub-group in the valuation data.

**APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS**

18. Other

The contribution requirements and benefit values of a plan are calculated by applying actuarial assumptions to the benefit provisions and Member information furnished, using the actuarial funding methods described in the following section.

Actual experience of SDCERS will not coincide exactly with assumed experiences, regardless of the choice of the assumptions, the skill of the actuary, or the precision of the many calculations made. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments to the computed contribution rate. From time to time it becomes appropriate to modify one or more of the assumptions to reflect experience trends, but not random year-to-year fluctuations.

19. Changes Since Last Valuation

The following revisions to the economic assumptions were adopted by the SDCERS Board at its November 8, 2013 meeting:

- The assumed investment return was lowered from 7.5% to 7.25%, and
- The inflation assumption used for amortization of the UAL and across the board pay increases was lowered from 3.75% to 3.3%.

The DROP interest crediting and annuity rates used to value the liability for account balances were reduced from 1.9% to 1.2% and from 4.4% to 3.3%, respectively, to reflect the Board's adoption of these rates at its December 2012 meeting.

APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS

B. Actuarial Methods

1. Actuarial Funding Method

The Entry Age Normal funding method was used for active employees, whereby the normal cost rate is computed as the average level annual percent of pay required to fund the retirement benefits for all Members between their dates of hire and assumed dates of retirement. The EAN actuarial liability is the difference between the plan's total present value of future benefits and the present value of future normal costs, calculated for each sub-group (e.g., General). The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets, and is allocated to each sub-group based on its liability.

The unfunded actuarial liability is amortized by annual payments. The payments are determined so that they will be a level percentage of pay, assuming payroll increases 3.3% per year. The UAL is amortized over different closed periods depending on the source of the loss. The entire UAL as of June 30, 2007 is amortized over 14 years. Subsequent gains and losses are amortized over 15 years, changes in assumptions over 30 years, and changes in benefits over 20 years (or period over which benefit changes are paid, if shorter). Funding surplus, if any, is amortized over 30 years. Finally, if necessary, there is an additional UAL cost component to ensure that there is no negative amortization in any year.

2. Asset Valuation Method

For the purposes of determining the Airport Authority's annual required contribution to SDCERS, we use a smoothed actuarial value of assets. The asset smoothing method dampens the volatility in asset values that could occur because of the fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process. Assets are assumed to be used exclusively for the use of retirement benefits and expenses.

The actuarial value of assets each year is equal to 100% of the *expected actuarial value of assets*¹ plus 25% of the difference between the current market value of assets and the expected actuarial value of assets. In no event will the actuarial value of assets ever be less than 80% of the market value of assets nor greater than 120% of the market value of assets.

3. Changes Since Last Valuation

The SDCERS Board adopted a policy of 30-year amortization of funding surplus, if any, at its November 8, 2013 meeting.

The gross normal cost rate is now determined by dividing the sum of the individual normal costs by the total valuation salary, instead of by dividing the total present value of future normal costs by the total present value of future salaries. This change was made to

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**APPENDIX B
ACTUARIAL ASSUMPTIONS AND METHODS**

be consistent with the disclosure requirements of GASB Statements Number 67 and Number 68.

- ¹ The expected actuarial value of assets is equal to the prior year's actuarial value of assets increased with actual contributions made, decreased with actual disbursements made, all items (prior assets, contributions and disbursements) further adjusted with expected investment returns for the year.

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**APPENDIX C
SUMMARY OF PLAN PROVISIONS**

The Airport Authority was spun off from the Unified Port District effective January 1, 2003. Existing liabilities and assets were transferred to the new plan based on an interim valuation dated December 31, 2002. The Airport Authority Plan is created pursuant to San Diego City Charter section 149, which became effective on April 24, 2002, and San Diego Municipal Code Chapter 2, Article 4, section 24.0912 and Division 18. This Plan is effective on January 1, 2003, and nothing in this Plan should be constructed to affect any rights or benefits Airport Authority employees have earned in this Retirement System as of that date.

The California Public Employees' Pension Reform Act (PEPRA) was effective January 1, 2013 and has a significant impact on the plan provisions for most employees hired on or after that date. This summary of plan provisions has not been modified to reflect the provisions of PEPRA, as there were no such members in the June 30, 2013 valuation. The next valuation report will reflect the provisions of PEPRA as well as any other revisions to the plan subsequent to the current valuation date.

1. Membership Requirement

Membership is mandatory upon first day of employment for all full-time Airport employees (§ 0103).*

2. Monthly Salary Base for Benefits

Highest contiguous 26 bi-weekly pay periods (§ 0102), subject to a 10% increase for employees who were both a UPD employee on December 31, 2002 and became an Airport employee on or after January 1, 2003 and were employed by the UPD and contributing to SDCERS on January 1, 2002, if the Member elects such increase in lieu of an increased benefit formula.

3. Service Retirement

Eligibility

Age 62 with five years of service (excludes five year permissible purchased service), or age 55 with 20 years of service (§ 0300).

Benefit

Member choice of: (1) formula in place on December 31, 2001 with 10% increase in Final Average Compensation, (2) "Andrecht" formula effective as of January 1, 2002, or (3) "2.5% at 55" multiplier with a benefit cap of 90% of Final Average Compensation effective April 1, 2004 for Non-Executive General Members. Executive Members receive "3% at 55" multiplier without an increase in Final Average Compensation.

* All "§ " references are to the Airport Authority Plan Document.

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**APPENDIX C
SUMMARY OF PLAN PROVISIONS**

For all employees, there is an additional benefit equal to the annuitized Member COL Annuity contributions at retirement date. In all cases, there is an integration feature which provides for 2/3 of the formula multiplier on the first \$400 of Final Average Compensation.

Member Service Retirement Accrual Factors

| Table C-1 | | | | |
|--|-----------------------|-----------------|----------------------|------------------|
| SDCERS - Airport Authority | | | | |
| Member Service Retirement Accrual Factors | | | | |
| Age | Pre 12/31/2001 | Andrecht | Post 4/1/2004 | Executive |
| 55 | 2.00% | 2.25% | 2.50% | 3.00% |
| 56 | 2.00% | 2.25% | 2.60% | 3.00% |
| 57 | 2.00% | 2.25% | 2.70% | 3.00% |
| 58 | 2.00% | 2.25% | 2.80% | 3.00% |
| 59 | 2.08% | 2.25% | 2.90% | 3.00% |
| 60 | 2.16% | 2.30% | 3.00% | 3.00% |
| 61 | 2.24% | 2.35% | 3.00% | 3.00% |
| 62 | 2.31% | 2.40% | 3.00% | 3.00% |
| 63 | 2.39% | 2.45% | 3.00% | 3.00% |
| 64 | 2.47% | 2.50% | 3.00% | 3.00% |
| 65+ | 2.55% | 2.55% | 3.00% | 3.00% |

| Table C-2 | |
|---|--|
| SDCERS – Airport Authority | |
| For Vested Members who terminated- | --the accrual factors are-- |
| - | |
| January 1, 2003 - present | Pre 12/31/2001 factors above with 10% increase in Final Average Compensation, Andrecht, Post 4/1/2004 or Executive (if applicable) |

Maximum Benefit

Effective April 1, 2004, there is a 90% benefit cap, as a percentage of pay, for non-Executive Members who choose post-4/1/2004 factors. This cap does not apply to the annuitized COL Annuity benefit.

Unmodified Form of Payment

Monthly payments continued for the life of the Member, with 50% continuance to the eligible spouse, domestic partner, or dependent child under 21 years of age upon Member's

**APPENDIX C
SUMMARY OF PLAN PROVISIONS**

death. If there is no eligible spouse, the Member may receive either a lump sum payment equal to the accumulated surviving spouse contributions or an actuarially equivalent annuity.

Note: Airport Authority employees participate in Social Security.

4. Non-Industrial Disability

Eligibility

Ten years of service. (§ 0502)

Benefit

Greater of 1.5% per year of service multiplied by final compensation, one-third of final compensation, or the earned service retirement benefit, if eligible. (§ 0503)

5. Industrial Disability

Eligibility

No age or service requirement (§ 0500).

Benefit

Greater of one-third of final compensation, or the earned service retirement benefit, if eligible.
(§ 0501)

6. Non-Industrial Death Before Eligible to Retire

Refund of employee contributions with interest plus one month's salary for each completed year of service to a maximum of six months salary. (§ 0701)

7. Non-Industrial Death After Eligible to Retire for Service

50% of earned benefit payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age. (§ 0703)

8. Industrial Death

50% of the final average compensation preceding death, payable to eligible surviving spouse, domestic partner or dependent child under 21 years of age. (§ 0704)

**APPENDIX C
SUMMARY OF PLAN PROVISIONS**

9. Death After Retirement

Continuance to surviving beneficiary depending on benefit selection made at retirement.

\$2,000 payable in lump sum to the beneficiary or the estate of the retiree. (§ 0600, 0708)

10. Withdrawal Benefits

Less than five years of service

Refund of accumulated employee contributions with interest, or may keep deposits with SDCERS and earn additional interest, and use service with a reciprocal system to establish eligibility for earned benefits upon concurrent retirement from reciprocal system. (§0205, 0401)

Five or more years of service

If contributions left on deposit, entitled to earned benefits, commencing any time after eligible to retire. (§0205)

11. Post-retirement Cost-of-Living Benefit

Based on changes in Consumer Price Index, to a maximum of 2% per year. (§ 1301)

12. COL Annuity

Actuarial equivalent of accumulated contributions in cost-of-living annuity account at time of retirement. (§ 0300)

**SDCERS-AIRPORT AUTHORITY
ACTUARIAL VALUATION AS OF JUNE 30, 2013**

**APPENDIX C
SUMMARY OF PLAN PROVISIONS**

13. Member Contributions

Vary by age at time of entrance into the system (§ 0200). While a significant portion of these contributions may be “offset,” such offsets are not directly reflected in either the employee contributions or related refund calculations. Rates include cost of providing spouse’s continuance, cost of providing COL Annuity, and cost of funding final one-year average in lieu of final three-year average (§ 0102, 0200, 0201).

| Entry Age | First \$400/Mo. | Over \$400/Mo. |
|-----------|-----------------|----------------|
| 20 | 5.52% | 8.28% |
| 21 | 5.59 | 8.38 |
| 22 | 5.66 | 8.49 |
| 23 | 5.73 | 8.60 |
| 24 | 5.80 | 8.70 |
| 25 | 5.89 | 8.83 |
| 26 | 5.97 | 8.95 |
| 27 | 6.04 | 9.06 |
| 28 | 6.12 | 9.18 |
| 29 | 6.20 | 9.30 |
| 30 | 6.28 | 9.42 |
| 31 | 6.37 | 9.55 |
| 32 | 6.45 | 9.67 |
| 33 | 6.53 | 9.79 |
| 34 | 6.61 | 9.91 |
| 35 | 6.70 | 10.05 |
| 36 | 6.79 | 10.18 |
| 37 | 6.88 | 10.32 |
| 38 | 6.97 | 10.45 |
| 39 | 7.05 | 10.58 |
| 40 | 7.15 | 10.72 |
| 41 | 7.24 | 10.86 |
| 42 | 7.33 | 10.99 |
| 43 | 7.42 | 11.13 |
| 44 | 7.52 | 11.28 |
| 45 | 7.61 | 11.42 |
| 46 | 7.71 | 11.56 |
| 47 | 7.81 | 11.71 |
| 48 | 7.91 | 11.86 |
| 49 | 8.01 | 12.01 |
| 50 | 8.10 | 12.15 |
| 51 | 8.21 | 12.32 |
| 52 | 8.31 | 12.47 |
| 53 | 8.42 | 12.63 |
| 54 | 8.53 | 12.79 |
| 55 | 8.63 | 12.95 |
| 56 | 8.74 | 13.11 |
| 57 | 8.87 | 13.31 |

¹ Rate = Normal Cost + Cost of Living Rate

² Non-Integrated Members will follow the “Over \$400/month” rate

**APPENDIX C
SUMMARY OF PLAN PROVISIONS**

Interest: 8.00%
Salary: 5.00%
Mortality: 83 Group Annuity Mortality (GAM) male
(Males set back 2 years, Females set back 8 years)

Changes to the salary scale and mortality table effective with the June 30, 1994 valuation were applied to the then existing Member rates.

14. Internal Revenue Code Compliance

Benefits provided by SDCERS' Trust Fund are subject to the limitations set forth in Section 415 in accordance with the "grandfather" election in Section 415(b)(10) of the Internal Revenue Code.

As of the June 30, 2006 valuation, active participants' benefit payments were limited by Section 415 of the Internal Revenue Code. As of the June 30, 2007 valuation, all benefit payments were limited by Section 415 of the Internal Revenue Code.

15. Deferred Retirement Option Plan

Effective April 1, 1997, a deferred retirement option plan (DROP) was created and offered to Members as an alternative method of benefit accrual (§1200). Members eligible for service retirement are eligible to participate in DROP, but only those hired before October 3, 2006 may enter the program (§1201).

A participant in DROP may leave DROP at any time before the end of his or her designated DROP participation period by voluntarily leaving Airport Authority employment (§1202). The maximum DROP participation period is 60 months (§1201).

A DROP participation account is a nominal account established with the Retirement System, which is credited with the following amounts (§1203):

- The Member's monthly service retirement allowance, credited monthly, calculated at the date of DROP entry and increased each year by a cost-of-living adjustment.
- The Member's supplemental 13th check benefit, if applicable, credited annually.
- 3.05% of base compensation, payable by the Airport Authority and credited bi-weekly.
- 3.05% of base compensation, payable by the Member and credited bi-weekly.
- Interest on the above amounts, as determined by the Board.

When a Member leaves DROP and Airport Authority employment, they begin to collect their monthly service retirement allowance, their supplemental 13th check benefit (if applicable), and the amounts credited to their DROP participation account, payable as a single lump sum distribution, as a 240-month annuity with equal payments, or any other form approved by the Board and subject to applicable provisions of the Internal Revenue Code (§1206).

APPENDIX C
SUMMARY OF PLAN PROVISIONS

DROP is not intended to jeopardize the tax-qualified status of the retirement system under the rules and regulations of the Internal Revenue Service. Benefits provided under this division are subject to the limitations of Section 415 of the Internal Revenue Code relating to the amount of benefits that can be paid (§1207).

16. Blended Benefit with Participating Agencies

Members may retire and receive benefits from multiple Plans (e.g., an Airport Authority employee could have also worked for the Unified Port District).

17. Changes Since Last Valuation

The California Public Employees' Pension Reform Act (PEPRA) was effective January 1, 2013 and has a significant impact on the plan provisions for most employees hired on or after that date. This summary of plan provisions has not been modified to reflect the provisions of PEPRA, as there were no such members in the June 30, 2013 valuation. The next valuation report will reflect the provisions of PEPRA as well as any other revisions to the plan subsequent to the current valuation date.

Note: The summary of major plan provisions is designed to outline principal plan benefits. If the SDCERS staff should find the plan summary not in accordance with the actual provisions, the actuary should immediately be alerted so the proper provisions are valued.

**APPENDIX D
GLOSSARY OF TERMS**

1. Actuarial Liability

The Actuarial Liability is the difference between the present value of all future system benefits and the actuarial value of future normal costs. This is also referred to by some actuaries as “accrued liability” or “actuarial accrued liability.”

2. Actuarial Assumptions

Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Actuarial assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

3. Accrued Service

Service credited under the system which was rendered before the date of the actuarial valuation.

4. Actuarial Equivalent

A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

5. Actuarial Cost Method

A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement system benefit between future normal cost and actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”

6. Actuarial Gain/(Loss)

The difference between actual experience and actuarial assumption anticipated experience during the period between two actuarial valuation dates.

7. Actuarial Present Value

The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment.

8. Actuarially Determined Contribution (ADC)

Contribution determined each year based on the SDCERS Board’s adopted funding policy. The term also exists in GASB 67 and 68 as a contribution determined by the actuary in accordance with Actuarial Standards of Practice, but no further guidance is provided.

**APPENDIX D
GLOSSARY OF TERMS**

9. Amortization

Paying off an interest-discounted amount with periodic payments of interest and principal—as opposed to paying off with lump sum payment.

10. Annual Required Contribution (ARC) under GASB 25

The Governmental Accounting Standards Board (GASB) Statement Number 25 defines the Plan Sponsor’s “Annual Required Contribution” (ARC) as the employer’s periodic required contributions to a defined benefit plan, calculated in accordance with the parameters outlined in Statement Number 25. Starting in FY 2014, GASB Statement Number 67, which does not contain the concept of an ARC, will replace Statement Number 25 for public pension plan accounting and financial reporting.

11. Normal Cost

The actuarial present value of retirement system benefits allocated to the current year by the actuarial funding method.

12. Set Back/Set Forward

Set back is a period of years that a standard published table (i.e., mortality) is referenced backwards in age. For instance, if the set back period is two years and the participant’s age is currently 40, then the table value for age 38 is used from the standard published table. It is the opposite for set forward. A system would use set backs or set forwards to compensate for mortality experience in their work force.

13. Unfunded Actuarial Liability (UAL)

The difference between actuarial liability and the actuarial value of assets.

Most retirement systems have unfunded actuarial liability. They arise each time new benefits are added and each time an actuarial loss is realized.

The existence of unfunded actuarial liability is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial liability does not represent a debt that is payable today. What is important is the ability to amortize the unfunded actuarial accrued liability, and the trend in its amount (after due allowance for devaluation of the dollar).

Presentation to the
Executive and Finance Committee
San Diego County Regional Airport Authority

June 30, 2013

Investment Returns
& Actuarial Valuation

February 24, 2014

Mark A. Hovey, Chief Executive Officer; SDCERS

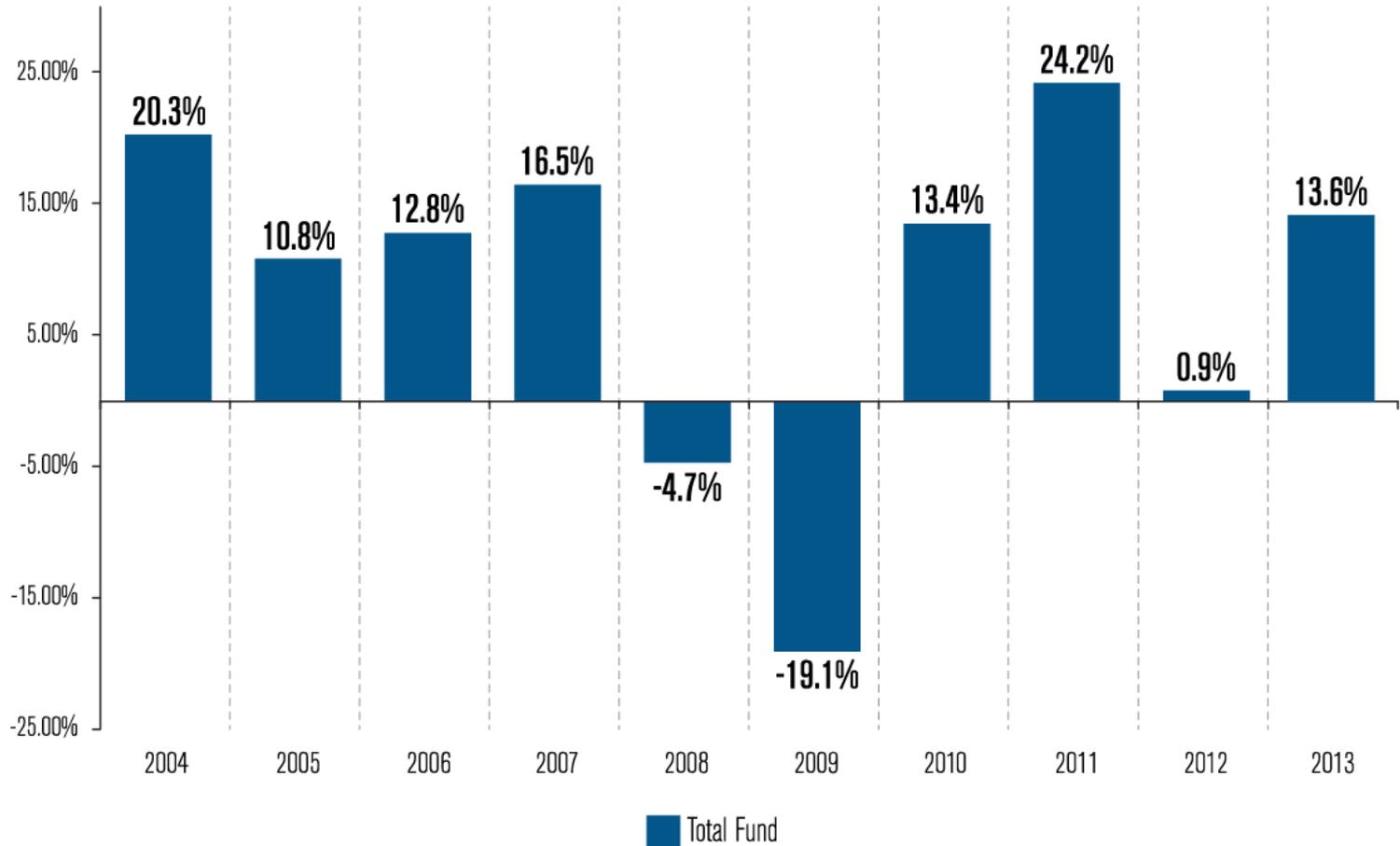
Liza Chrisafi, Chief Investment Officer; SDCERS

Preface: With the exception of slides 2, 3, and 4, the slides that follow are excerpts from Cheiron's presentation to SDCERS' Board on January 10, 2014. The charts on slides 2-4 were prepared by SDCERS and not part of the Cheiron January 10 presentation.



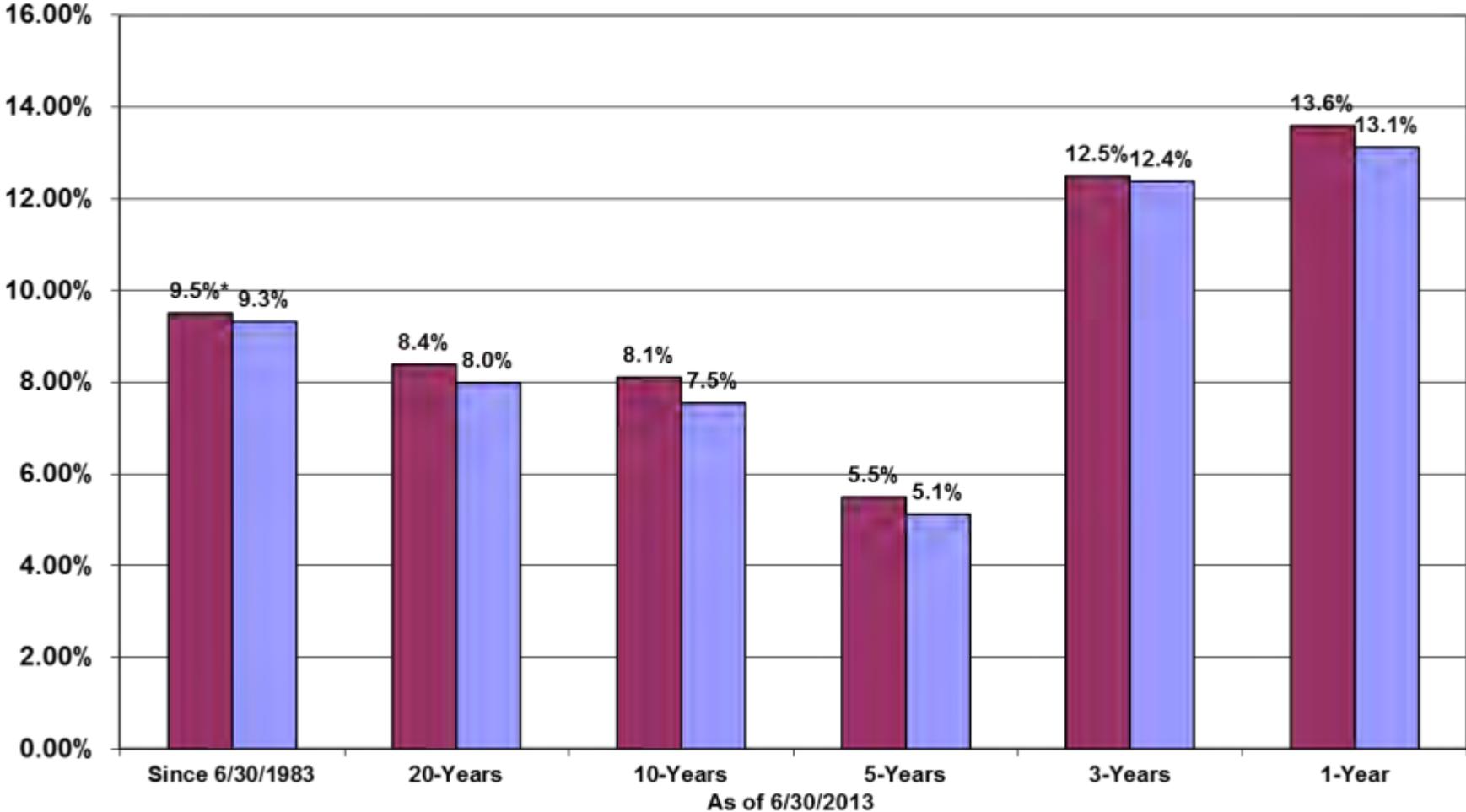
Historical Investment Performance

period ending June 30





Total Fund Returns (Fiscal Year)

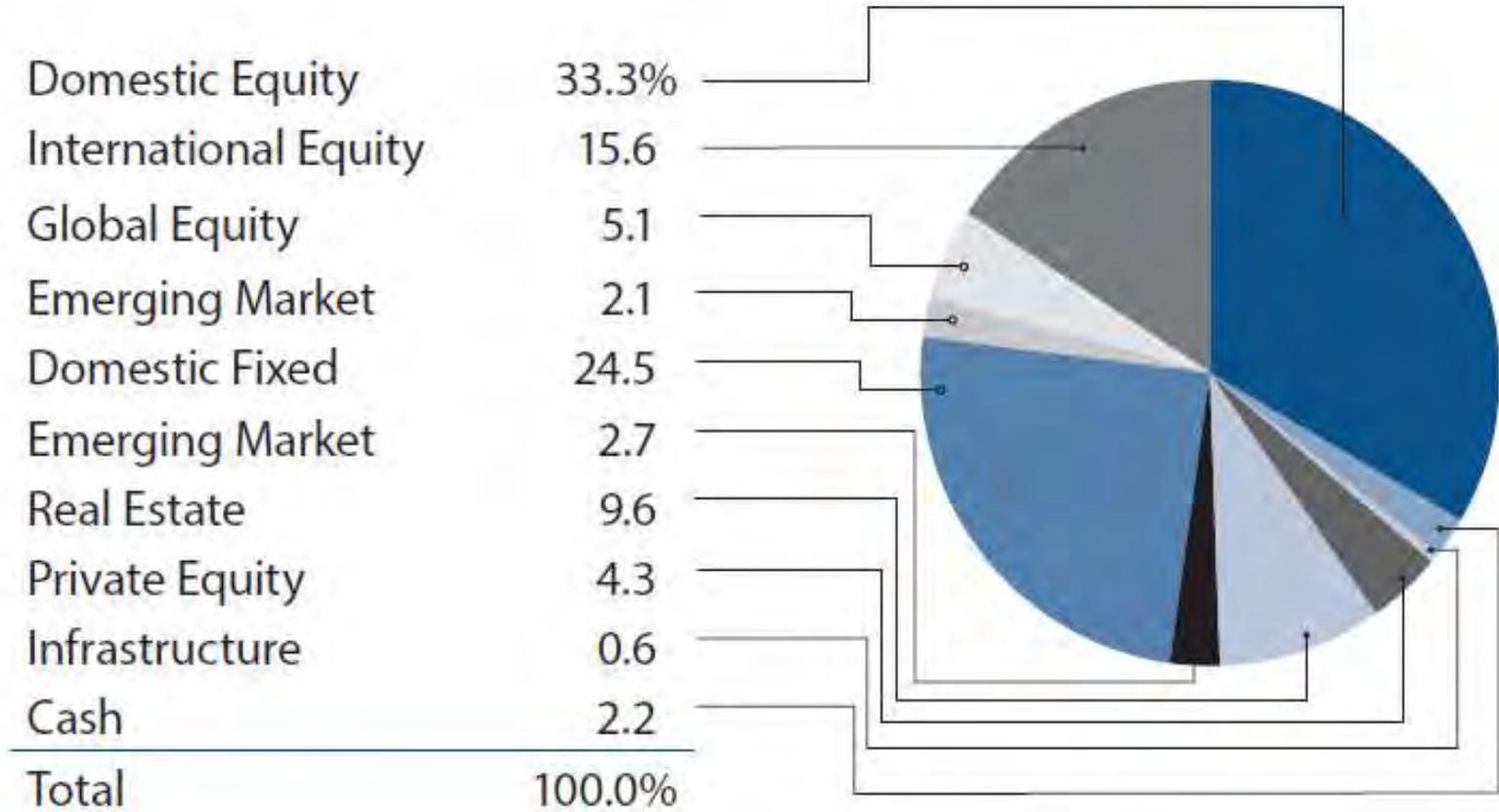


* All time-weighted returns estimated by Cheiron

■ Time-Weighted Return ■ Dollar-Weighted Return

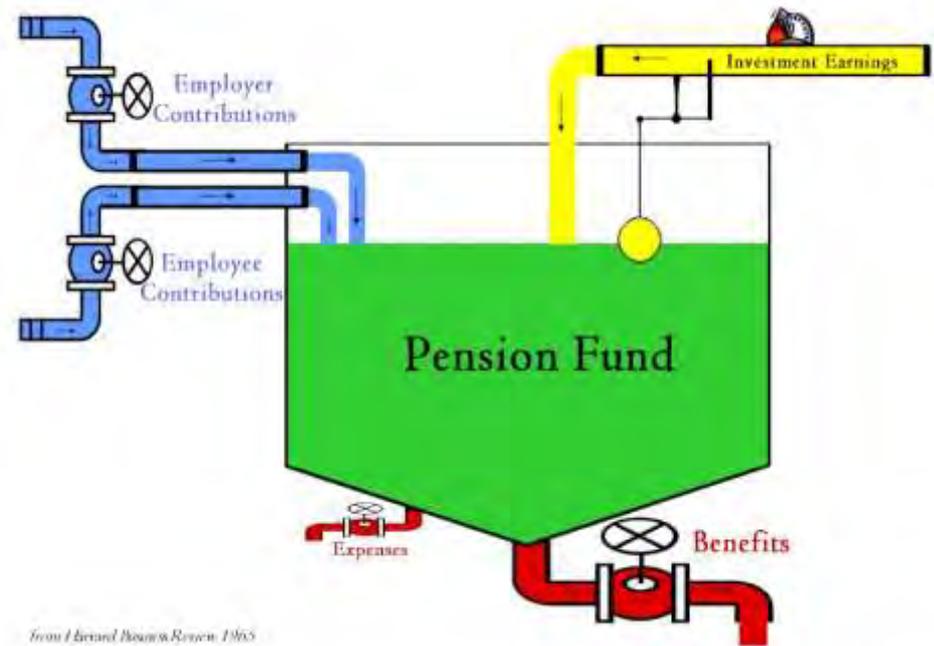


Actual Asset Allocation *As of June 30, 2013*



The Actuarial Valuation Process

1. Collect data
 - Participants
 - Plan provisions
 - Financial
2. Make assumptions
 - Demographic
 - Economic
3. Project all future benefit payments
4. Determine a present value = tank
5. Compare to assets
6. Calculate employer contribution





Key Results

Table I-1
SDCERS - Airport Authority

| | Valuation as of: | June 30, 2013 | June 30, 2012 |
|---------------------------------------|-------------------------|-------------------------|-------------------------|
| Unfunded Actuarial Liability | \$ | 7,583,685 | \$ 1,432,241 |
| Funding Ratio | | 93.4% | 98.5% |
| Airport Contribution Rate | | 14.33% | 11.90% |
| | | Fiscal Year 2015 | Fiscal Year 2014 |
| Actuarially Determined Contribution | | | |
| -if paid at the beginning of the year | \$ | 3,832,983 | \$ 2,904,457 |
| -if paid throughout the year | \$ | 3,969,498 | \$ 3,011,405 |

Changes Since Last Valuation

Changes in UAL and ADC

| | UAL | ADC |
|---|------------------|------------------|
| 1. Value at June 30, 2012 | \$ 1,432,241 | \$ 2,904,457 |
| 2. Expected Value at June 30, 2013* | 2,896,401 | 3,049,453 |
| 3. Actual Value at June 30, 2013 | <u>7,583,685</u> | <u>3,832,983</u> |
| 4. (Favorable)/Unfavorable experience (3 - 2) | \$ 4,687,284 | \$ 783,531 |

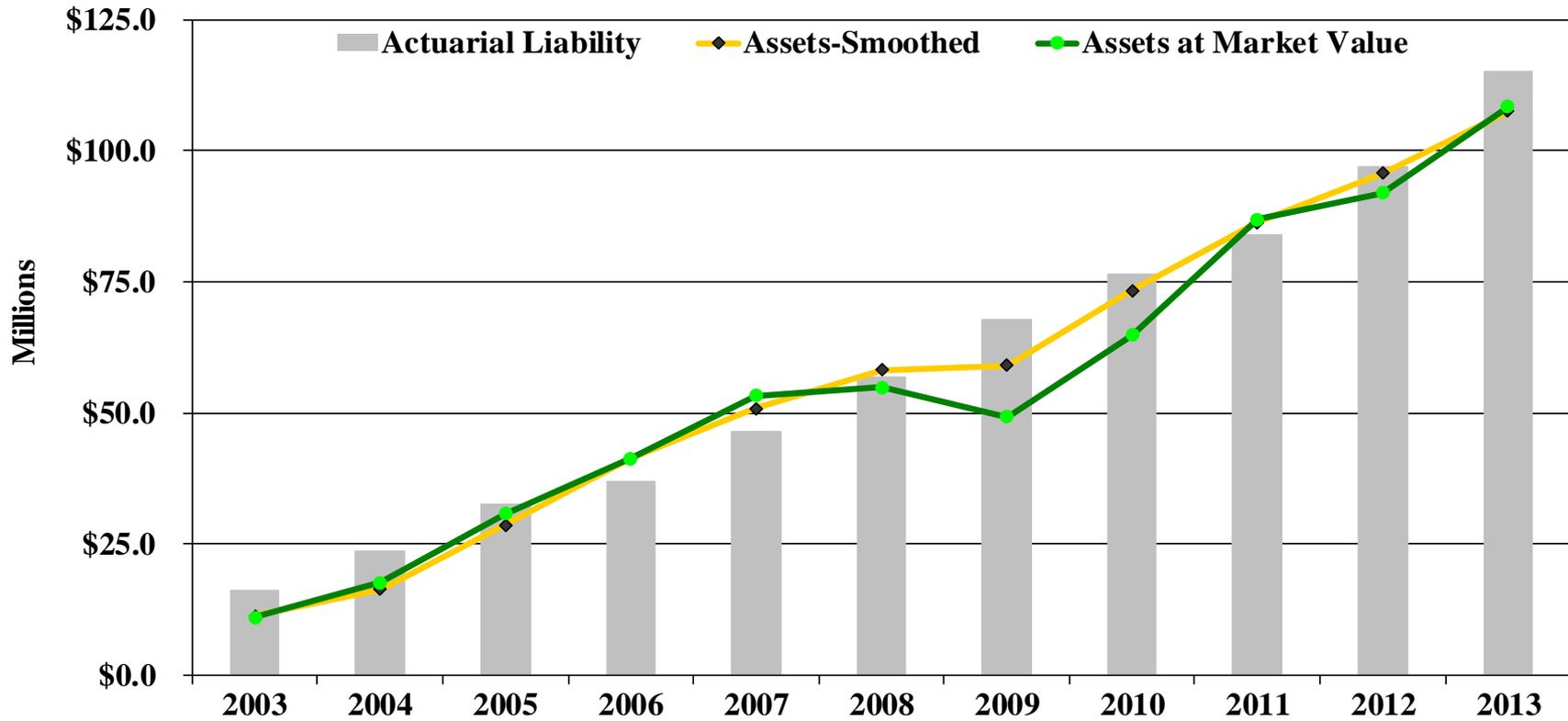
Breakdown of Experience

| | UAL | ADC |
|---|-----------------|----------------|
| 1. Actuarial investment experience different than projected | \$ (1,336,790) | \$ (122,675) |
| 2. Liability experience | 4,308,779 | 628,817 |
| 3. Reduction in discount rate and pay inflation assumption | 1,620,447 | 126,536 |
| 4. Method changes | 87,000 | 201,206 |
| 5. Employee contributions paid in excess of expected | 76,666 | 7,036 |
| 6. Decrease in negative amortization cost component | N/A | (53,444) |
| 7. Other Misc (includes purchased service) | <u>(68,819)</u> | <u>(3,944)</u> |
| 8. Total change: (sum 1 thru 7) | \$ 4,687,284 | \$ 783,531 |

* Includes projected phase-in of asset gains or losses



Historical Trends Assets and Liabilities



Funding Ratio
UAL (millions) *

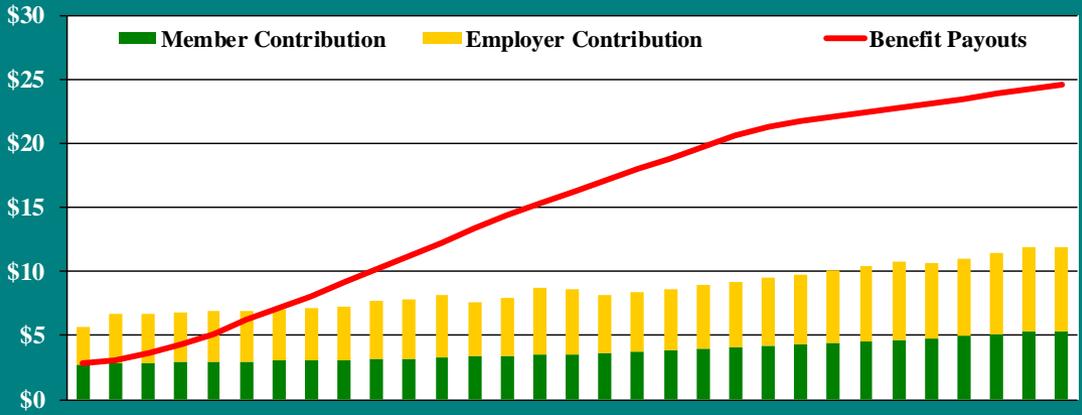
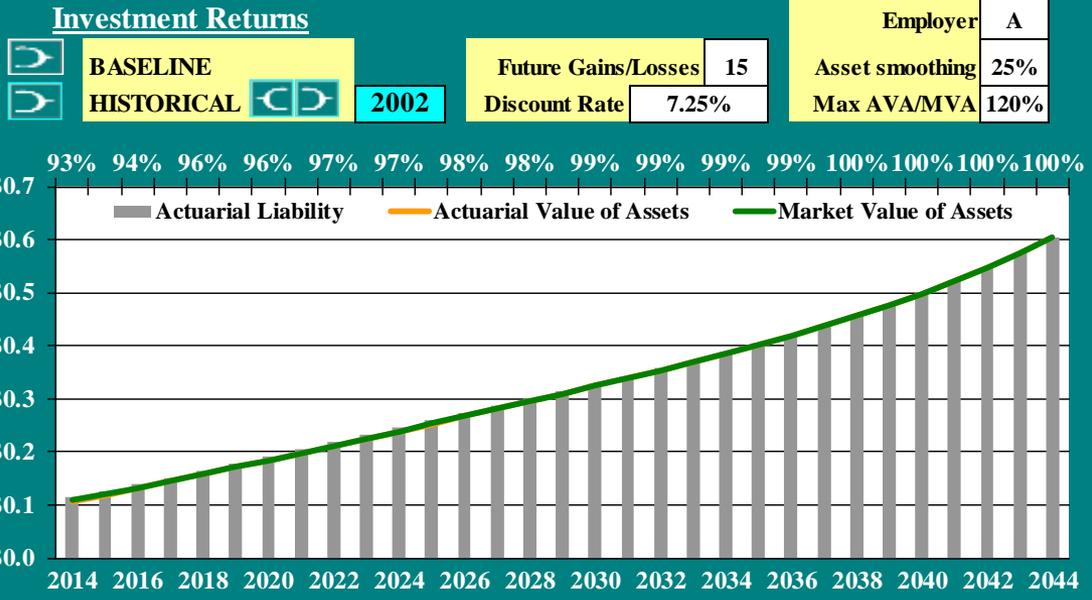
| | | | | | | | | | | |
|--------|--------|--------|----------|----------|----------|--------|--------|----------|--------|--------|
| 68.4% | 68.8% | 87.6% | 111.7% | 109.0% | 102.3% | 86.9% | 96.0% | 102.7% | 98.5% | 93.4% |
| \$ 5.1 | \$ 7.4 | \$ 4.1 | \$ (4.3) | \$ (4.2) | \$ (1.3) | \$ 8.9 | \$ 3.0 | \$ (2.3) | \$ 1.4 | \$ 7.6 |



Projections

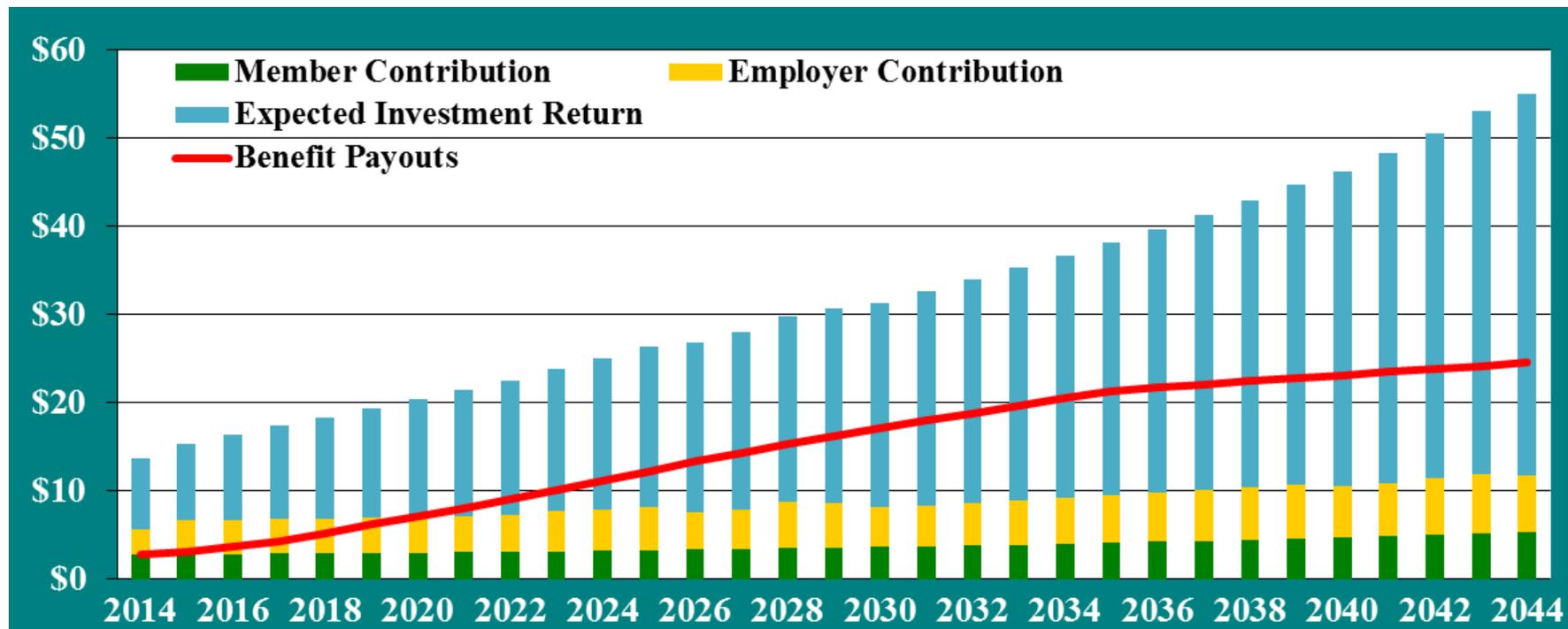
| CHEIRON | | (mill) | (mill) |
|---------|-------|--------|---------|
| FYE | | ADC | UAL |
| 2014 | 7.25% | \$ 2.9 | \$ 1.40 |
| 2015 | 7.25% | \$ 3.8 | \$ 7.58 |
| 2016 | 7.25% | \$ 3.9 | \$ 7.91 |
| 2017 | 7.25% | \$ 3.9 | \$ 7.72 |
| 2018 | 7.25% | \$ 3.9 | \$ 7.55 |
| 2019 | 7.25% | \$ 4.0 | \$ 7.42 |
| 2020 | 7.25% | \$ 4.0 | \$ 7.31 |
| 2021 | 7.25% | \$ 4.1 | \$ 7.22 |
| 2022 | 7.25% | \$ 4.1 | \$ 7.14 |
| 2023 | 7.25% | \$ 4.5 | \$ 7.08 |
| 2024 | 7.25% | \$ 4.6 | \$ 7.04 |
| 2025 | 7.25% | \$ 4.9 | \$ 6.65 |
| 2026 | 7.25% | \$ 4.3 | \$ 6.22 |
| 2027 | 7.25% | \$ 4.5 | \$ 5.51 |
| 2028 | 7.25% | \$ 5.3 | \$ 5.49 |
| 2029 | 7.25% | \$ 5.0 | \$ 5.31 |
| 2030 | 7.25% | \$ 4.5 | \$ 4.43 |
| 2031 | 7.25% | \$ 4.7 | \$ 3.84 |
| 2032 | 7.25% | \$ 4.8 | \$ 3.84 |
| 2033 | 7.25% | \$ 5.0 | \$ 3.78 |
| 2034 | 7.25% | \$ 5.2 | \$ 3.67 |
| 2035 | 7.25% | \$ 5.3 | \$ 3.50 |
| 2036 | 7.25% | \$ 5.5 | \$ 3.28 |
| 2037 | 7.25% | \$ 5.7 | \$ 2.99 |
| 2038 | 7.25% | \$ 5.9 | \$ 2.65 |
| 2039 | 7.25% | \$ 6.1 | \$ 2.24 |
| 2040 | 7.25% | \$ 5.8 | \$ 1.76 |
| 2041 | 7.25% | \$ 6.0 | \$ 1.22 |
| 2042 | 7.25% | \$ 6.3 | \$ 1.09 |
| 2043 | 7.25% | \$ 6.6 | \$ 0.94 |

FYE 7.25% = average return





SDCERS Projections





Discussion

Revised 2/20/14



**SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
EXECUTIVE COMMITTEE**

Item No.
7

Meeting Date: **FEBRUARY 24, 2014**

Subject:

Pre-Approval of Travel Requests and Approval of Business and Travel Expense Reimbursement Requests for Board Members, the President/CEO, the Chief Auditor and General Counsel

Recommendation:

Pre-approve Travel Requests and Approve Business and Travel Expense Reimbursement Requests.

Background/Justification:

Authority Policies 3.30 (2)(b) and (4)(b) require that business expenses reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting.

Authority Policy 3.40 (2)(b) and (3)(b) require that travel expense reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting.

The attached reports are being presented to comply with the requirements of Policies 3.30 and 3.40.

Fiscal Impact:

Funds for Business and Travel expenses are included in the FY 2014 Budget.

Environmental Review:

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

Page 2 of 2

Application of Inclusionary Policies:

Not applicable

Prepared by:

TONY RUSSELL
DIRECTOR, CORPORATE SERVICES/AUTHORITY CLERK

TRAVEL REQUESTS

ROBERT GLEASON

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUT-OF-TOWN TRAVEL REQUEST**

GENERAL INSTRUCTIONS:

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

1. TRAVELER:

Travelers Name: Robert H. Gleason, Board Chair Dept: 2

Position: Board Member President/CEO Gen. Counsel Chief Auditor

All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 1/30/14 **PLANNED DATE OF DEPARTURE/RETURN:** 2/19/14 / 2/20/14

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip— continue on extra sheets of paper as necessary):

Destination: Redmond, Washington

Purpose: Multi-agency collaboration re treating San Diego's "City as a System"

Explanation: Leading organizations from government, business, education and nonprofit are maximizing synergies to drive existing energy programs forward, identify new opportunities, embrace additional collaborations, and move the San Diego region beyond today's boundaries of sustainability. Includes tour of Microsoft's Energy Management and Control Center and joins delegations from Carnegie Mellon Univ and the Philadelphia Navy Yard

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:

- AIRFARE \$ 310
- OTHER TRANSPORTATION (Taxi, Train, Car Rental) \$ 100

B. LODGING \$ \$180 (\$152 plus taxes)

C. MEALS \$ _____

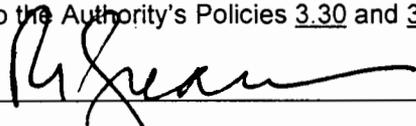
D. SEMINAR AND CONFERENCE FEES \$ _____

E. ENTERTAINMENT (If applicable) \$ _____

F. OTHER INCIDENTAL EXPENSES \$ _____

TOTAL PROJECTED TRAVEL EXPENSE \$ \$590

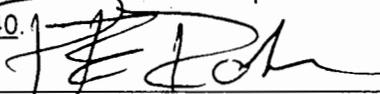
CERTIFICATION BY TRAVELER By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature:  Date: 2.3.14

CERTIFICATION BY ADMINISTRATOR (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

By my signature below, I certify the following:

1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature:  Date: 2/6/14

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, _____, hereby certify that this document was approved
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)

by the Executive Committee at its _____ meeting.

(Leave blank and we will insert the meeting date.)

You are invited to participate in a
briefing and demonstration of

Microsoft's Energy Management and Control Center

See in action what a smart city can be today

San Diego is preparing to demonstrate how a city can promote sustainability at previously unobtained scale. The goal is to demonstrate how treating the "City as a System" achieves tremendous savings in energy and other resources. We will see how Microsoft and OS/soft platforms make this vision realizable today.

We will tour Microsoft's future energy management and control center and join the hosts and the delegation from Carnegie Mellon University and the Philadelphia Navy Yard to for a dinner meeting to discuss possible future collaborations.

Schedule:

February 19 – "Art of the Possible"

10:30a – Arrival into SEA airport

Transfer to Microsoft Redmond Campus

11:30a-12:30p – Welcome Luncheon

WHEN:

February 19-20, 2014

WHERE:

Microsoft Campus
Redmond, WA.

*Departing from and
returning to San Diego, CA*

*For information about travel
arrangements, please
contact Martha
Carver Luick.*

Click to RSVP

Collaborators:

12:30-1:30p – Executive Briefing Center

- Welcome
- Vision Discussion
- CityNext – Joel Cherkis, General Manager, Microsoft

1:30-3p – Microsoft Real Estate Operations Center

3:30-5p – Executive Briefing Center

- Seattle 2030 District – Brian Geller, Executive Director
- Pittsburgh Energy Reduction – Bertrand Lasternas, Carnegie Mellon University

5-6p – Discussion – City as a System

Transfer to Hotel

7p – Group Dinner and Executive Discussions

February 20 – “San Diego as a World Class Leader”

7:30a *Transfer to Microsoft Executive Briefing Center*

8-8:30a – Recap of the “Art of the Possible”

8:30-9:30a – Achieving “San Diego as a System”

- Leveraging Cloud Technologies as Key Enabler
- Demonstration using San Diego data (2013 Pilot Participants)

9:30-10a – Break

10-11a – Microsoft/OSIsoft Proposal to San Diego

11a-12p – Executive Collaboration, Wrap Up and

Actionable Deliverables

12p – Adjourn and *Transfer to SEA airport*

Smart City San Diego is a bold, multi-year collaboration combining the resources of the City of San Diego, San Diego Gas & Electric, GE, UC San Diego, and CleanTECH San Diego. Together, these leading organizations from government, business, education, and nonprofit are maximizing synergies to drive existing energy programs forward, identify new opportunities, embrace additional collaborators, and move the San Diego region beyond today's boundaries of sustainability.



THELLA F. BOWENS

Revised

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUT-OF-TOWN TRAVEL REQUEST**

GENERAL INSTRUCTIONS:

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

1. TRAVELER:

Travelers Name: Thella F. Bowers Dept: Exec Office BU6

Position: Board Member President/CEO Gen. Counsel Chief Auditor

All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 12/03/13 PLANNED DATE OF DEPARTURE/RETURN: 12/24/13 / 1/23/14

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip-- continue on extra sheets of paper as necessary):

Destination: New York, NY

Purpose: Tour of JFK's Delta Terminal Passport Control Kiosks and ET Operations

Explanation:

** travel was rescheduled to January 21-23, 2014 same location/purpose*

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:

- AIRFARE \$ 700.00
- OTHER TRANSPORTATION (Taxi, Train, Car Rental) \$ 150.00

B. LODGING \$ 800.00

C. MEALS \$ 200.00

D. SEMINAR AND CONFERENCE FEES \$

E. ENTERTAINMENT (If applicable) \$

F. OTHER INCIDENTAL EXPENSES \$

TOTAL PROJECTED TRAVEL EXPENSE \$ 1850.00

CERTIFICATION BY TRAVELER By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature: *Thella F. Bowers* Date: 3 Dec 2013

CERTIFICATION BY ADMINISTRATOR (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

By my signature below, I certify the following:

1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: *[Signature]* Date: 12-3-13

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, _____, hereby certify that this document was approved
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)
by the Executive Committee at its _____ meeting.
(Leave blank and we will insert the meeting date.)

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUT-OF-TOWN TRAVEL REQUEST**

GENERAL INSTRUCTIONS:

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

1. TRAVELER:

Travelers Name: Thella F. Bowens Dept: Executive Office
BU6

Position: Board Member President/CEO Gen. Counsel Chief Auditor
 All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 02/14/14 **PLANNED DATE OF DEPARTURE/RETURN:** 03/15/14 / 03/15/14

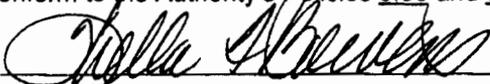
3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip— continue on extra sheets of paper as necessary):

Destination: Santa Ana, CA Purpose: Attend Tesla Awards Honoring Linden Blue
Explanation: Attend Tesla Awards Honroing Linden Blue on 3/15/14 at Lyon Air Museum, Santa Ana, CA

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

| | |
|--|------------------|
| A. TRANSPORTATION COSTS: | |
| • AIRFARE | \$ _____ |
| • OTHER TRANSPORTATION (Taxi, Train, Car Rental) | \$ <u>150.00</u> |
| B. LODGING | \$ _____ |
| C. MEALS | \$ _____ |
| D. SEMINAR AND CONFERENCE FEES | \$ <u>500.00</u> |
| E. ENTERTAINMENT (If applicable) | \$ _____ |
| F. OTHER INCIDENTAL EXPENSES | \$ _____ |
| TOTAL PROJECTED TRAVEL EXPENSE | <u>\$ 650.00</u> |

CERTIFICATION BY TRAVELER By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature:  Date: 2/14/14

CERTIFICATION BY ADMINISTRATOR (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

By my signature below, I certify the following:

- 1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
- 2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
- 3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: _____ Date: _____

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, _____, hereby certify that this document was approved
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)
by the Executive Committee at its _____ meeting.
(Leave blank and we will insert the meeting date.)

EXPENSE REPORTS

THELLA F. BOWENS

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
TRAVEL EXPENSE REPORT**

(To be completed within 30 days from travel return date)

TRAVELER: Thella F. Bowens DEPT. NAME & NO. Executive Office BU6
 DEPARTURE DATE: 11/1/2013 RETURN DATE: 11/4/2013 REPORT DUE: 12/4/13
 DESTINATION: Montevideo, Uruguay

Please refer to the Authority Travel and Lodging Expense Reimbursement Policy, Article 3, Part 3.4, Section 3.40, outlining appropriate reimbursable expenses and approvals. Please attach all required supporting documentation. All receipts must be detailed, (credit card receipts do not provide sufficient detail). Any special items should be explained in the space provided below.

| | Authority Expenses (Prepaid by Authority) | Employee Expenses | | | | | | | TOTALS |
|---|--|-------------------|-------------|-------------|-------------|-------------|---------------|---------------|-----------------|
| | | SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY | |
| | | 11/3/14 | 11/4/14 | | | | 11/1/14 | 11/2/14 | |
| Air Fare, Railroad, Bus (attach copy of itinerary w/charges) | 5,859.90 | | | | | | | | 0.00 |
| Conference Fees (provide copy of flyer/registration expenses) | 350.00 | | | | | | | | 0.00 |
| Rental Car* | | | | | | | | | 0.00 |
| Gas and Oil* | | | | | | | | | 0.00 |
| Garage/Parking* | | | | | | | | | 0.00 |
| Mileage - attach mileage form* | | | | | | | | | 0.00 |
| Taxi and/or Shuttle Fare (include tips pd.)* | | 28.48 | | | | | | | 28.48 |
| Hotel* | | 395.00 | | | | 395.00 | 395.00 | | 1,185.00 |
| Telephone, Internet and Fax* | | | | | | | | | 0.00 |
| Laundry* | | | | | | | | | 0.00 |
| Tips - separately paid (maids, bellhop, other hotel srvs.) | | | | | | | | | 0.00 |
| Meals (include tips pd.) | Breakfast* | | | | | | | | 0.00 |
| | Lunch* | | | | | | | | 0.00 |
| | Dinner* | | | | | | | 41.65 | 41.65 |
| | Other Meals* | | | | | | | | 0.00 |
| <i>Alcohol is a non-reimbursable expense</i> | | | | | | | | | |
| Hospitality ¹ * | | | | | | | | | 0.00 |
| Miscellaneous: Baggage Fees | | | | | | | | | 0.00 |
| | | | | | | | | | 0.00 |
| | | | | | | | | | 0.00 |
| *Provide detailed receipts | | | | | | | | | 0.00 |
| Total Expenses prepaid by Authority | 6,209.90 | 423.48 | 0.00 | 0.00 | 0.00 | 0.00 | 395.00 | 436.65 | 1,255.13 |

| | | |
|--|---|-----------------|
| Explanation: Change return to November 4 - \$300. | Total Expenses Prepaid by Authority | 6,209.90 |
| | Total Expenses Incurred by Employee (including cash advances) | 1,255.13 |
| | Grand Trip Total | 7,465.03 |
| | Less Cash Advance (attach copy of Authority ck) | |
| | Less Expenses Prepaid by Authority | 6,209.90 |
| | Due Traveler (positive amount) ² | |
| | Due Authority (negative amount)³ | 1,255.13 |
| <i>Note: Send this report to Accounting even if the amount is \$0.</i> | | |

¹ Give names and business affiliations of any persons whose meals were paid by traveler.
² Prepare Check Request
³ Attach personal check payable to SDCRAA

I as traveler or administrator acknowledge that I have read, understand and agree to Authority policies 3.40 - Travel and Lodging Expense Reimbursement Policy⁴ and 3.30 - Business Expense Reimbursement Policy⁵ and that any purchases/claims that are not allowed will be my responsibility. I further certify that this report of travel expenses were incurred in connection with official Authority business and is true and correct.

⁴ Travel and Lodging Expense Reimbursement Policy 3.40

⁵ Business Expense Reimbursement Policy 3.30

Prepared By: Amy Caldera
 Traveler Signature: Thella F. Bowens
 Approved By: _____

Ext.: 2445
 Date: 10/31/13
 Date: _____

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE (To be certified if used by President/CEO, Gen. Counsel, or Chief Auditor)

I, _____ hereby certify that this document was approved by the Executive Committee at its _____ meeting.

(Please leave blank. Whoever clerk's the meeting will insert their name and title.)
 (Leave blank and we will insert the meeting date.)

Failure to attach required documentation will result in the delay of processing reimbursement. If you have any questions, please see your department Administrative Assistant or call Accounting at ext. 2806.

→ Corporate 8/7 4:3

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUT-OF-TOWN TRAVEL REQUEST**

GENERAL INSTRUCTIONS:

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

1. TRAVELER:

Travelers Name: Thella F. Bowens Dept: Exec Office BU6
 Position: Board Member President/CEO Gen. Counsel Chief Auditor
 All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 08/05/13 PLANNED DATE OF DEPARTURE/RETURN: 10/31/13 / 11/05/13

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip— continue on extra sheets of paper as necessary):

Destination: Montevideo, Uruguay Purpose: ACI World Governing Board and ACI-LAC Annual Conference
 Explanation: _____

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

| | |
|--|-------------------|
| A. TRANSPORTATION COSTS: | |
| • AIRFARE | \$ 4500.00 |
| • OTHER TRANSPORTATION (Taxi, Train, Car Rental) | \$ 150.00 |
| B. LODGING | \$ 1975.00 |
| C. MEALS | \$ 250.00 |
| D. SEMINAR AND CONFERENCE FEES | \$ 350.00 |
| E. ENTERTAINMENT (If applicable) | \$ |
| F. OTHER INCIDENTAL EXPENSES | \$ 150.00 |
| TOTAL PROJECTED TRAVEL EXPENSE | \$ 7375.00 |

CERTIFICATION BY TRAVELER By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature: Thella F. Bowens Date: 5 Aug 2013

CERTIFICATION BY ADMINISTRATOR (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

By my signature below, I certify the following:

1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: _____ Date: _____

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, Tony R. Russell, Authority clerk, hereby certify that this document was approved
 (Please leave blank. Whoever clerk's the meeting will insert their name and title.)
 by the Executive Committee at its 8/26/13 meeting.
 (Leave blank and we will insert the meeting date.)

Transaction Date: 11/04/2013 Mon
Transaction Description: SOFITEL HOTEL MONTEVIDEO
Arrival Date Departure Date
11/04/13 11/05/13
00000000
Amount \$: 1185⁰² 1,192.38 ✓
Doing Business As: SOFITEL HOTEL
Merchant Address: AROCENA ESQ SAEZ ENTRADA DE PERS6451
MONTEVIDEO
11500
URUGUAY
Reference Number: 320133090483470664
Category: Travel- Lodging

**RECEIPTS FROM TRAVEL TO Montevideo, Uruguay
October 31 - November 6, 2013—THELLA F. BOWENS**

PABLO FERREIRA LTDA.



Mercado del Puerto
Montevideo - Uruguay

P. Castellano 1553
Tel.: 2916-4737
Montevideo

R.U.T. 215014120012
CONTADO A

Nº 059384

| DIA | MES | AÑO |
|-----|-----|------|
| 02 | 11 | 2013 |

| R. U. T. COMPRADOR | C. FINAL |
|--------------------|----------|
| | X |

Nº **MOZO SANTIAGO MESA 31**

| CANTIDAD | DESCRIPCIÓN | PRECIO | IMPORTE |
|--------------|------------------------------------|----------------|----------------|
| 1 | brochete pollo | 330 | 330 |
| 1 | vegetales a la parrilla | 230 | 230 |
| 2 | agua s/gas | 65 | 65 |

SUBTOTAL GRABADO ⁶²⁵ 2652.00
 SUBTOTAL EXENTO 328.00
 IVA 22% 135.50 589.00
TOTAL 762.50 3558.00

625,00
 137,50 IVA 22%
 762.50 x .04679 = 35.68

I.V.A. AL DIA
 Mundo Gráfico s.r.l. - Tel: 2929 0277
 R.U.T. 21 63 5514 0011 - O.T. 1466
 CONSTANCIA 83 13 01 80192 - 02/13
 CONTADO SERIE A 056.001 al A 061.000 x 2 vias
 IMPRENTA AUTORIZADA

Fecha de Vencimiento
26 / 02 / 2015

VIA 1: CLIENTE

TAXI Telefonos: Nº 4450
 2604 0323
 2604 0188
 2604 0187 Fecha 3 / 11 / 13
 Ida Vuelta Coche Nº 11
 Compañía
 Entregado por
 Destino So Fitel Hab. Nº
 Hotel
 Nombre pasajero
 Traer hora Fecha / /
 Precio \$ 600-
 Gasto aeroportuario: \$ 50.-
 Tarifaciones

exchange rate .04679
 762,50
 35.68 + tip = 41.65
 11/2 dinner
 ACI and ACI-LAC
 Boards dinner

exchange rate
 .047460
 11/3
 * hotel to
 welcome
 reception - MVD Airport Terrace
\$28.48

Transaction Date: 11/02/2013 Sat
Transaction Description: REST EL PEREGRINO MONTEVIDEO
RESTAURANT
Amount \$: 41.65
Foreign Spend Amount: 890,00Pesos Uruguayos
Doing Business As: REST EL PEREGRINO
Merchant Address: PEREZ CASTELLANO 1553
MONTEVIDEO
11000
URUGUAY
Reference Number: 320133060442950627
Category: Restaurant- Restaurant



TRAVELTRUST SCRIPPS RANCH
Phone: 1-800-792-4662

Electronic Invoice

Prepared For:
BOWENS/THELLA

| | |
|--------------------|-------------|
| SALES PERSON | E4 |
| INVOICE NUMBER | 1206960 |
| INVOICE ISSUE DATE | 10 Sep 2013 |
| RECORD LOCATOR | GKPHAQ |
| CUSTOMER NUMBER | 0000SDCRAA |

Client Address

SAN DIEGO COUNTY REG AIRPORT AUTHORITY
PO BOX 82776
SAN DIEGO CA 92138-2776

Notes

YOUR UNITED ETICKET CONFIRMATION IS ** JBC664 **
YOUR TAM ETICKET CONFIRMATION IS ** YQ79NI **

-----INVOICE/ITINERARY ACCOUNTING DOCUMENT-----
*****TICKETLESS TRAVEL INSTRUCTIONS*****

THIS IS AN E-TICKET RESERVATION.
A GOVERNMENT ISSUED PHOTO ID IS NEEDED AT CHECK IN
A PORTION OF THIS TRIP MAY BE REFUNDABLE. PLEASE RETURN
UNUSED PORTIONS TO TRAVELTRUST FOR POSSIBLE REFUND.

*****TSA GUIDANCE FOR PASSENGERS*****
PLEASE ALLOW EXTRA TIME FOR SCREENING AND BOARDING
INTERNATIONAL-MINIMUM 3 HOUR CHECK-IN PRIOR TO DEPARTURE
DOMESTIC-MINIMUM 2 HOUR CHECK-IN PRIOR TO DEPARTURE
FOR ADDITIONAL SECURITY INFORMATION VISIT WWW.TSA.GOV

FOR TRAVEL TO URUGUAY
A US CITIZEN MUST HAVE A VALID PASSPORT
YOU CANNOT TRAVEL OUT OF THE UNITED STATES IF YOUR U.S.
PASSPORT EXPIRES WITHIN 6 MONTHS OF YOUR DEPARTURE DATE

FOR EMERGENCY AFTERHOURS SERVICE
WHILE IN URUGUAY
PLEASE CALL 00-800-7373-7882
THERE IS A MINIMUM 25USD CHARGE PER CALL
IF INTL AFTERHOUR NUMBER DOES NOT WORK
DIAL DIRECT OR COLLECT 201-221-4462

YOUR INTERNATIONAL TRAVEL MAY REQUIRE VACCINATIONS
PLEASE CHECK WWW.CDC.GOV FOR LATEST REQUIREMENTS

INTER-EUROPE FARES MAY REQUIRE REISSUANCE AT TIME OF CANCELLATION
CONTACT THE AIRLINE OR TRAVELTRUST PRIOR TO CANCELLATION

* original schedule
* changed return date
\$300⁰⁰

DATE: Thu, Oct 31

Flight: UNITED AIRLINES 1586

| | | | |
|--------------------|-------------------------|------------------|-------------------|
| From | SAN DIEGO, CA | Departs | 12:30pm |
| To | HOUSTON GEO BUSH, TX | Arrives | 5:44pm |
| Departure Terminal | 2 | Arrival Terminal | C |
| Duration | 03hr(s) :14min(s) | Class | BUSINESS/BUSFIRST |
| Type | BOEING 737-800 JET | Meal | Lunch |
| Stop(s) | Non Stop | | |
| Seat(s) Details | BOWENS/THELLA | Seat(s) - 03B | UA - XXXXXX 58 |

DATE: Thu, Oct 31

Flight: UNITED AIRLINES 979

| | | | |
|--------------------|------------------------------|------------------|-------------------|
| From | HOUSTON GEO BUSH, TX | Departs | 9:10pm |
| To | SAO PAULO GUARULH, BRAZIL | Arrives | 10:15am |
| Departure Terminal | C | Arrival Terminal | 1 |
| Duration | 10hr(s) :05min(s) | Class | BUSINESS/BUSFIRST |
| Type | BOEING 767 JET | Meal | Dinner |
| Stop(s) | Non Stop | | |
| Seat(s) Details | BOWENS/THELLA | Seat(s) - 07C | UA - XXXXXX 58 |

DATE: Fri, Nov 01**Flight: TAM LINHAS AEREAS S.A. 8040**

| | | | |
|--------------------|------------------------------|---------------|-------------------------|
| From | SAO PAULO GUARULH, BRAZIL | Departs | 12:25pm |
| To | MONTEVIDEO, URUGUAY | Arrives | 3:00pm |
| Departure Terminal | 1 | | |
| Duration | 02hr(s) :35min(s) | Class | BUSINESS CLASS CABIN |
| Type | AIRBUS INDUSTRIE A320 JET | Meal | Breakfast |
| Stop(s) | Non Stop | | |
| Seat(s) Details | BOWENS/THELLA | Seat(s) - 02C | |

DATE: Tue, Nov 05**Flight: TAM LINHAS AEREAS S.A. 8041**

| | | | |
|-----------------|------------------------------|------------------|-------------------------|
| From | MONTEVIDEO, URUGUAY | Departs | 5:35pm |
| To | SAO PAULO GUARULH, BRAZIL | Arrives | 8:00pm |
| | | Arrival Terminal | 1 |
| Duration | 02hr(s) :25min(s) | Class | BUSINESS CLASS CABIN |
| Type | AIRBUS INDUSTRIE A320 JET | Meal | Snack |
| Stop(s) | Non Stop | | |
| Seat(s) Details | BOWENS/THELLA | Seat(s) - 02D | |

DATE: Tue, Nov 05**Flight: UNITED AIRLINES 978**

| | | | |
|--------------------|------------------------------|------------------|-------------------|
| From | SAO PAULO GUARULH, BRAZIL | Departs | 11:35pm |
| To | HOUSTON GEO BUSH, TX | Arrives | 5:45am |
| Departure Terminal | 1 | Arrival Terminal | E |
| Duration | 10hr(s) :10min(s) | Class | BUSINESS/BUSFIRST |
| Type | BOEING 767 JET | Meal | Dinner |
| Stop(s) | Non Stop | | |
| Seat(s) Details | BOWENS/THELLA | Seat(s) - 07C | UA - XXXXXX 58 |

DATE: Wed, Nov 06**Flight: UNITED AIRLINES 522**

| | | | |
|--------------------|--------------------------|------------------|-------------------|
| From | HOUSTON GEO BUSH, TX | Departs | 9:14am |
| To | SAN DIEGO, CA | Arrives | 10:46am |
| Departure Terminal | C | Arrival Terminal | 2 |
| Duration | 03hr(s) :32min(s) | Class | BUSINESS/BUSFIRST |
| Type | AIRBUS INDUSTRIE A320 | Meal | Breakfast |

Stop(s) JET
 Non Stop
 Seat(s) Details BOWENS/THELLA Seat(s) - 02E UA - XXXXXX 58

DATE: Mon, May 05

Others

RESERVATION
 RETAINED FOR
 180 DAYS

Ticket Information

| | | | | | |
|----------------------|---------------|-------------------|---------------------|--------------------------------|----------------|
| Ticket Number | UA 7305012043 | Passenger | BOWENS THELLA | | |
| | | Billed to: | AX XXXXXXXXXXXX1012 | USD | * 5,494.90 |
| Service Fee | XD 0594062978 | Passenger | BOWENS THELLA | | |
| | | Billed to: | AX XXXXXXXXXXXX1012 | USD | * 40.00 |
| | | | | SubTotal | USD 5,534.90 |
| | | | | Net Credit Card Billing | * USD 5,534.90 |
| | | | | Total Amount Due | USD 0.00 |

TRAVELTRUST IS OPEN MONDAY - FRIDAY FROM 5AM-530PM PST
 AND SATURDAY FROM 9AM-1PM PST - 760-635-1700.
 FOR EMERGENCY AFTERHOURS SERVICE IN THE US
 PLEASE CALL 888-221-8062 AND USE YOUR VIT CODE - S7NS0
 PLEASE NOTE THIS IS OUR NEW EMERGENCY NUMBER
 EACH EMERGENCY CALL IS BILLABLE AT A MINIMUM 25.00
 THANK YOU FOR CHOOSING TRAVELTRUST...SCOTT MACKERLEY

Your travel arranger provides the information contained in this document. If you have any questions about the content, please contact your travel arranger. For Credit Card Service fees, please see eTicket receipt for total charges.



374 North Coast Highway 101 - Suite F | Encinitas, CA. 92024 | 760-635-1700 | 800-792-4662

Matt Harris
 San Diego County Reg. Airport Authority
 PO Box 82776
 San Diego CA 92138-2776
 Phone: +1 (619) 400-2542
 Fax: +1 (619) 400-2541

Sale Invoice No: 1208010
 Date Issued: 10/30/2013
 Agent: SMackerley

| Traveler | Department | Depart Date | Return Date | Remarks | Total Fare |
|----------------|------------------|-----------------|-------------|------------------------|-------------------------|
| Type | Ticket/Conf No | Airline/Vendor | A/L | Flight | Arrive |
| From | To | Flight | Depart | | |
| Bowens/Thella | | 10/30/2013 | | | |
| Misc Serv Fee | 0595873317 | ARC | | | 25.00 |
| | | | | | <i>Travel trust fee</i> |
| Bowens/Thella | | 10/31/2013 | 11/5/2013 | | |
| Intl Air | 7313835465-466 | United Airlines | | | 300.00 |
| | Exch: 7305012043 | | | | <i>change fee</i> |
| SAN San Diego | IAH Houston | 1586 | UA | 10/31/2013 12:30:00 PM | 10/31/2013 5:44:00 PM |
| IAH Houston | GRU Sao Paulo | 979 | UA | 10/31/2013 9:10:00 PM | 11/1/2013 10:15:00 AM |
| GRU Sao Paulo | MVD Montevideo | 8040 | JJ | 11/1/2013 12:25:00 PM | 11/1/2013 3:00:00 PM |
| MVD Montevideo | GRU Sao Paulo | 717 | PZ | 11/4/2013 5:15:00 PM | 11/4/2013 7:40:00 PM |
| GRU Sao Paulo | IAH Houston | 978 | UA | 11/4/2013 11:35:00 PM | 11/5/2013 5:45:00 AM |
| IAH Houston | SAN San Diego | 544 | UA | 11/5/2013 9:14:00 AM | 11/5/2013 10:40:00 AM |

Payments Applied To This Invoice

| | | | | |
|-----------------|----------|------------|-----------------------|----------------|
| AX 37-XXXX-1012 | Received | 10/30/2013 | Pymt For Inv #1208010 | -300.00 |
| AX 37-XXXX-1012 | Received | 10/30/2013 | Pymt For Inv #1208010 | -25.00 |
| | | | | -325.00 |

Invoice Total: 325.00
 Payment Total: -325.00
 Balance Due: 0.00



REGISTRATION FORM

DELEGATE INFORMATION

Surname (Dr. / Mr. (Ms.) Mrs.) Bowens First Name Thelka
 Company SDCRAA Job Title President / CEO
 Address 3225 N. Harbor Drive
 City/Postal Code San Diego 92101 Country USA
 Telephone 619 400 2444 Fax 619 400 2448 E-mail tbowens@san.org

REGISTRATION FEE

| | Before October 1st | After October 1st | NO CHARGE | |
|----------------------|---|---|--|---|
| ACI Member | <input checked="" type="checkbox"/> US \$ 350 | <input checked="" type="checkbox"/> US \$ 500 | Exhibitor: <input type="checkbox"/> 1st Representative | <input type="checkbox"/> 2nd Representative |
| Accompanying Person | <input type="checkbox"/> US \$ 150 | <input type="checkbox"/> US \$ 150 | | |
| New ACI-LAC Members* | <input type="checkbox"/> US \$ 350 | <input type="checkbox"/> US \$ 350 | <input type="checkbox"/> Speaker | <input type="checkbox"/> Media |
| Non Member | <input type="checkbox"/> US \$ 650 | <input type="checkbox"/> US \$ 850 | <input type="checkbox"/> Sponsor | <input type="checkbox"/> Media |
| Events to attend | <input checked="" type="checkbox"/> Opening reception | | <input checked="" type="checkbox"/> Gala Dinner | |
| | | | <input type="checkbox"/> Accompanying person program | |

****Refers to New Airports Members who complete the affiliation process prior to the date of the event.**

METHOD OF PAYMENT

CREDIT CARD: VISA MASTERCARD
 Name as it appears on the card: [REDACTED]
 Credit Card Number: [REDACTED]
 Street Address billing: P.O. Box 82776 SD, CA 92188-2776
 Phone number: 619 400 2445 Fax number: 619 400 2448
 Expiration Date: [REDACTED] Signature: [Signature]

BANK TRANSFER: Airports Council International Latin American and Caribbean
 UBS, Geneva, Switzerland
 Account No. 0240-368984.61P
 IBAN CH03 0024 0240 3689 8461P
 Swift Address UBSWCHZH12A

Your registration may be transferred to another person at no charge, subject to writing notification to the organizer, at least a week prior to the event

FLIGHT DETAILS

Arrival Date 11-01 Time 3pm Airline TAM LINHAS AEREAS Flight 8040
 Departure Date 11-06 Time 11:35pm Airline ~~BO 7000~~ Same Flight ~~415~~ 8041

FOR MORE INFORMATION PLEASE CONTACT: LORENA SALGADO - Tel.: 593 2 294 4900 Ext. 2461 - E-mail: asistente@aci-lac.aero

FOR HOTEL OPTIONS PLEASE VISIT OUR WEBSITE:
www.aci-lac.aero

BRET LOBNER

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
TRAVEL EXPENSE REPORT**

(To be completed within 30 days from travel return date)

TRAVELER: Bretton Lobner DEPT. NAME & NO. General Counsel
 DEPARTURE DATE: 1/16/2014 RETURN DATE: 1/18/2014 REPORT DUE: 2/17/14
 DESTINATION: Miami, FL

Please refer to the Authority Travel and Lodging Expense Reimbursement Policy, Article 3, Part 3.4, Section 3.40, outlining appropriate reimbursable expenses and approvals. Please attach all required supporting documentation. All receipts must be detailed, (credit card receipts do not provide sufficient detail). Any special items should be explained in the space provided below.

| | Authority Expenses (Prepaid by Authority) | Employee Expenses | | | | | | | TOTALS |
|---|--|-------------------|-------------|-------------|-------------|---------------------|-------------------|---------------------|---------------|
| | | SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY 1/16/14 | FRIDAY 1/17/14 | SATURDAY 1/18/14 | |
| Air Fare, Railroad, Bus (attach copy of itinerary w/charges) | 571.00 | | | | | | | | 0.00 |
| Conference Fees (provide copy of flyer/registration expenses) | | | | | | | | | 0.00 |
| Rental Car* | | | | | | | | | 0.00 |
| Gas and Oil* | | | | | | | | | 0.00 |
| Garage/Parking* | | | | | | | | | 0.00 |
| Mileage - attach mileage form* | | | | | | | | | 0.00 |
| Taxi and/or Shuttle Fare (include tips pd.)* | | | | | 39.00 | | 39.00 | | 78.00 |
| Hotel* | | | | | 275.72 | 275.72 | | | 551.44 |
| Telephone, Internet and Fax* | | | | | | | | | 0.00 |
| Laundry* | | | | | | | | | 0.00 |
| Tips - separately paid (maids, bellhop, other hotel svcs.) | | | | | | | | | 0.00 |
| Meals (include tips pd.) | | | | | 4.90 | | 15.00 | | 19.90 |
| Breakfast* | | | | | | | | | |
| Lunch* | | | | | 12.44 | | | | 12.44 |
| Dinner* | | | | | 49.00 | 49.00 | | | 98.00 |
| Other Meals* | | | | | | | | | 0.00 |
| <i>Alcohol is a non-reimbursable expense</i> | | | | | | | | | |
| Hospitality ¹ * | | | | | | | | | 0.00 |
| Miscellaneous: Travel trust fee | 30.00 | | | | | | | | 0.00 |
| Luggage fee | | | | | | | | | 0.00 |
| *Provide detailed receipts | | | | | | | | | 0.00 |
| Total Expenses prepaid by Authority | 601.00 | 0.00 | 0.00 | 0.00 | 0.00 | 381.06 | 324.72 | 54.00 | 759.78 |

| | | |
|--|--|-----------------|
| Explanation: | Total Expenses Prepaid by Authority | 601.00 |
| | Total Expenses Pd. by Employee (including cash advances) | 759.78 |
| | Grand Trip Total | 1,360.78 |
| | Less Cash Advance (attach copy of Authority ck) | |
| | Less Expenses Prepaid by Authority | 601.00 |
| | Due Traveler (positive amount)² | |
| | Due Authority (negative amount)³ | 759.78 |
| <i>Note: Send this report to Accounting even if the amount is \$0.</i> | | |

I as traveler or administrator acknowledge that I have read, understand and agree to Authority policies 3.40 - Travel and Lodging Expense Reimbursement Policy⁴ and 3.30 - Business Expense Reimbursement Policy⁵ and that any purchases/claims that are not allowed will be my responsibility. I further certify that this report of travel expenses were incurred in connection with official Authority business and is true and correct.

Travel and Lodging Expense Reimbursement Policy 3.40
 Business Expense Reimbursement Policy 3.30
 Prepared By: Kendy Rios Ext.: x2424
 Traveler Signature: *Bretton Lobner* Date: 2-11-14
 Approved By: _____ Date: _____

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE (To be certified if used by President/CEO, Gen. Counsel, or Chief Auditor)
 I, _____ hereby certify that this document was approved by the Executive Committee at its _____ meeting.
 (Please leave blank. Whoever clerk's the meeting will insert their name and title.)
 (Leave blank and we will insert the meeting date.)
 Failure to attach required documentation will result in the delay of processing reimbursement. If you have any questions, please see your department Administrative Assistant or call Accounting at ext. 2806.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUT-OF-TOWN TRAVEL REQUEST

GENERAL INSTRUCTIONS:

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

1. TRAVELER:

Travelers Name: Breton K. Lobner Dept: 15
Position: Board Member President/CEO Gen. Counsel Chief Auditor
 All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 1-4-2014 PLANNED DATE OF DEPARTURE/RETURN: 1/16/2014 / 1/18/2014

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip- continue on extra sheets of paper as necessary):

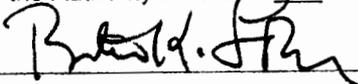
Destination: Miami, FL Purpose: 2014 Legal Steering Group Meeting
Explanation: Meeting of ACI-NA Legal Affairs Steering Group

4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES

A. TRANSPORTATION COSTS:

| | |
|--|------------------|
| • AIRFARE | \$ <u>600.00</u> |
| • OTHER TRANSPORTATION (Taxi, Train, Car Rental) | \$ _____ |
| B. LODGING | \$ <u>460.00</u> |
| C. MEALS | \$ <u>100.00</u> |
| D. SEMINAR AND CONFERENCE FEES | \$ _____ |
| E. ENTERTAINMENT (If applicable) | \$ _____ |
| F. OTHER INCIDENTAL EXPENSES | \$ _____ |
| TOTAL PROJECTED TRAVEL EXPENSE | \$ _____ |

CERTIFICATION BY TRAVELER By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature:  Date: 1-3-14

CERTIFICATION BY ADMINISTRATOR (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

By my signature below, I certify the following:

1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: _____ Date: _____

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, Tony R. Russell, Authority Clerk, hereby certify that this document was approved
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)
by the Executive Committee at its 1/29/14 meeting.
(Leave blank and we will insert the meeting date.)



TRAVELTRUST CORPORATION
 Phone: 1-760-635-1700
 CHERYL@TRAVELTRUST.COM

Flight

Electronic Invoice

Prepared For:
 LOBNER/BRETON

Ref: DEPT 15

| | |
|--------------------|-------------|
| SALES PERSON | CH |
| INVOICE NUMBER | 5293462 |
| INVOICE ISSUE DATE | 03 Jan 2014 |
| RECORD LOCATOR | ZFXKZT |
| CUSTOMER NUMBER | 0000SDCRAA |

Client Address

SAN DIEGO COUNTY REG AIRPORT AUTHORITY
 PO BOX 82776
 SAN DIEGO CA 92138-2776

Notes

PLEASE CHECK NEW CARRY-ON RESTRICTIONS DIRECT WITH
 YOUR CARRIER OR CALL TRAVELTRUST AT 800-792-4662

-----INVOICE/ITINERARY ACCOUNTING DOCUMENT-----
 *****TICKETLESS TRAVEL INSTRUCTIONS*****

THIS IS AN E-TICKET RESERVATION
 A GOVERNMENT ISSUED PHOTO ID IS NEEDED AT CHECK IN
 THIS TICKET IS NON-REFUNDABLE AND MUST BE USED FOR
 THE FLIGHTS BOOKED. IF THE RESERVATION IS NOT USED
 OR CANCELLED BEFORE THE DEPARTURE OF YOUR FLIGHTS
 IT MAY HAVE NO VALUE. CONTACT TRAVELTRUST BEFORE
 YOUR OUTBOUND FLIGHT IF CHANGE IS NECESSARY.

34

*****TSA GUIDANCE FOR PASSENGERS*****
 PLEASE ALLOW EXTRA TIME FOR SCREENING AND BOARDING
 INTERNATIONAL-MINIMUM 3 HOUR CHECK-IN PRIOR TO DEPARTURE
 DOMESTIC-MINIMUM 2 HOUR CHECK-IN PRIOR TO DEPARTURE
 FOR ADDITIONAL SECURITY INFORMATION VISIT WWW.TSA.GOV

DATE: Thu, Jan 16

Flight: UNITED AIRLINES 1546

| | | | |
|--------------------|--|------------------|-------------------|
| From | SAN DIEGO, CA | Departs | 6:18am |
| To | HOUSTON GEO BUSH, TX | Arrives | 11:27am |
| Departure Terminal | 2 | Arrival Terminal | C |
| Duration | 03hr(s) :09min(s) | Class | United Economy |
| Type | BOEING 737-900 JET | Meal | Food for Purchase |
| Stop(s) | Non Stop | | |
| Seat(s) Details | LOBNER/BRETON | | UA - XXXXXX 28 |
| Notes | YOUR SEAT WILL BE ASSIGNED AT CHECK IN WE WILL CONTINUE TO MONITOR FOR A SEAT | | |

DATE: Thu, Jan 16

Flight: UNITED AIRLINES 337

| | | | |
|--------------------|-------------------------|---------|-------------------|
| From | HOUSTON GEO BUSH, TX | Departs | 1:54pm |
| To | MIAMI INTERNTL, FL | Arrives | 5:18pm |
| Departure Terminal | C | | |
| Duration | 02hr(s) :24min(s) | Class | United Economy |
| Type | AIRBUS INDUSTRIE | Meal | Food and Beverage |

| | | | |
|-----------------|---------------|---------------|----------------|
| Stop(s) | A320 JET | | for Purchase |
| Seat(s) Details | LOBNER/BRETON | Seat(s) - 23B | UA - XXXXXX 28 |

DATE: Sat, Jan 18

Flight: UNITED AIRLINES 1437

| | | | |
|-----------------|-------------------------|------------------|-----------------------------------|
| From | MIAMI INTERNTL, FL | Departs | 7:45am |
| To | HOUSTON GEO BUSH, TX | Arrives | 9:42am |
| Duration | 02hr(s) :57min(s) | Arrival Terminal | C |
| Type | BOEING 737-900 JET | Class | United Economy |
| Stop(s) | Non Stop | Meal | Food and Beverage for Purchase |
| Seat(s) Details | LOBNER/BRETON | Seat(s) - 38E | UA - XXXXXX 28 |

DATE: Sat, Jan 18

Flight: UNITED AIRLINES 369

| | | | |
|--------------------|------------------------------|------------------|-------------------|
| From | HOUSTON GEO BUSH, TX | Departs | 12:46pm |
| To | SAN DIEGO, CA | Arrives | 2:12pm |
| Departure Terminal | C | Arrival Terminal | 2 |
| Duration | 03hr(s) :26min(s) | Class | United Economy |
| Type | BOEING 757 200 SERIES JET | Meal | Food for Purchase |
| Stop(s) | Non Stop | | |
| Seat(s) Details | LOBNER/BRETON | Seat(s) - 36B | UA - XXXXXX 28 |

DATE: Thu, Jul 17

Others

RESERVATION
RETAINED FOR
180 DAYS

Ticket Information

| | | | | | |
|----------------------|---------------|-------------------|--------------------------------|-------|----------|
| Ticket Number | UA 7371211177 | Passenger | LOBNER BRETON | | |
| | | Billed to: | AX XXXXXXXXXXXX1012 | USD | * 571.00 |
| Service Fee | XD 0615862971 | Passenger | LOBNER BRETON | | |
| | | Billed to: | AX XXXXXXXXXXXX1012 | USD | * 30.00 |
| | | | SubTotal | USD | 601.00 |
| | | | Net Credit Card Billing | * USD | 601.00 |
| | | | Total Amount Due | USD | 0.00 |

TRAVELTRUST IS OPEN MONDAY - FRIDAY FROM 5AM-530PM PST
AND SATURDAY FROM 9AM-1PM PST - 760-635-1700.
FOR EMERGENCY AFTERHOURS SERVICE IN THE US
PLEASE CALL 888-221-6043 AND USE YOUR VIT CODE - SJE72
PLEASE NOTE THIS IS OUR NEW EMERGENCY NUMBER
EACH EMERGENCY CALL IS BILLABLE AT A MINIMUM 25.00
THANK YOU FOR CHOOSING TRAVELTRUST...CHERYL HARLOFF

Your travel arranger provides the information contained in this document. If you have any questions about the content, please contact your travel arranger. For Credit Card Service fees, please see eTicket receipt for total charges.

MARSEILLES HOTEL
 1741 COLLINS AVE.
 MIAMI BEACH, FL 33139



(305) 538-5711
 reservations@gomiamibeach.com
 www.marseilleshotel.com

C/O 01/18/2014 05:36 AM rs

Registered To:
 LOBNER, BRETON

[REDACTED]
 [REDACTED]
 [REDACTED]

[REDACTED]

Room # 415-A
 Conf # 60944
 Arrival 01/16/14
 Departure 01/18/14
 Room Type SDDN-STANDARD
 Guests 2 / 0
 Payment Visa/Master
 Acct XXXX-XXXX-XXXX-[REDACTED]

| Posting | Oper | AcctCo | Description | From | Reference | Amount |
|----------|------|--------|------------------------|------|---------------|-----------|
| 01/16/14 | FS | 7T | GUEST ADV DEP TRANSFER | | | \$275.72- |
| 01/16/14 | FS | 325 | KEY DEPOSIT | | | \$5.00 |
| 01/16/14 | ACL | 100 | ROOM CHRG REVENUE | | | \$229.00 |
| 01/16/14 | ACL | 190 | ROOM SLS TAX (STATE) | | | \$29.77 |
| 01/16/14 | ACL | 310 | RESORT FEE | | | \$15.00 |
| 01/16/14 | ACL | 190 | ROOM SLS TAX (STATE) | | | \$1.95 |
| 01/17/14 | rs | 100 | ROOM CHRG REVENUE | | | \$229.00 |
| 01/17/14 | rs | 190 | ROOM SLS TAX (STATE) | | | \$29.77 |
| 01/17/14 | rs | 310 | RESORT FEE | | | \$15.00 |
| 01/17/14 | rs | 190 | ROOM SLS TAX (STATE) | | | \$1.95 |
| 01/18/14 | rs | 326 | ADJ KEY DEPOSIT | | | \$5.00- |
| 01/18/14 | rs | 625 | PAYMENT VISA/MC | | 5358 - 03120C | \$275.72- |

| | |
|--------------------|---------------|
| Balance Due | \$0.00 |
|--------------------|---------------|

THE UNDERSIGNED GUEST AGREES TO PAY THE AMOUNT INDICATED ON THE BALANCE DUE PORTION OF THIS INVOICE. IF THE CHARGES ARE TO BE BILLED TO A THIRD PARTY, THE UNDERSIGNED AGREES TO BE PERSONALLY LIABLE FOR PAYMENT OF THE CHARGES IN THE EVENT THAT THE INDICATED THIRD PARTY, PERSON, COMPANY OR ASSOCIATION FAILS TO PAY OR ANY PART OR THE FULL AMOUNT OF SUCH CHARGES.

 Signature

1-16
Taxi

FLAMINGO TAXI
PHONE: (305) 599-9999

FARE:
\$ 39

DATE 1/16/14 CAB# _____
FROM Airport
TO Hotel
DRIVER'S NAME [Signature]
COMMENTS: PTRD (305) 375-2460
PASSENGER SIGNATURE _____

1-18
Taxi

CENTRAL CAB

Charge # # 39.00 Date 1-18-14 Cab # _____
Name _____
From Marietta Hotel
To Miami International Airport
Starting Mile _____ Finishing _____
Amount \$ 39.00 Driver's Name [Signature]
Passenger Signature [Signature]
PTRD Complaint (305) 375-2460

1/16
Breakfast

1/16
lunch

HMSHOST
STARBUCKS COFFEE
SAN DIEGO AIRPORT

4774 Josephin

CHK 9262 GST 1
JAN16'14 5:52AM

TO GO

| | |
|------------------|-------|
| 1 COD DARK T | 1.95 |
| 1 LOAF ICD LEMON | 3.10 |
| AIRPORT DISC 10% | 0.51- |
| SUBTOTAL | 4.54 |
| TAX | 0.36 |
| AMOUNT PAID | 4.90 |
| CASH | 5.00 |
| CHANGE | 0.10 |

---4774 Closed JAN16 05:52AM---

THANK YOU FOR YOUR BUSINESS!

TELL US ABOUT YOUR EXPERIENCE

JOE NIKNAM
JOE.NIKNAM@HMSSHOT.COM

SSP America
Real Food Company
Terminal C
IAH Bush International
281-233-7621

442 Tashay F

Chk 8093 Jan16'14 11:51A Gst 0

****TO GO****

| | |
|-------------|-------|
| 1 Hamburger | 11.49 |
| Cash | 20.00 |
| Food | 11.49 |
| Tax | 0.95 |
| Payment | 12.44 |
| Change Due | 7.56 |

FEEDBACK

Dish Up Your Experience.

We appreciate feedback
about your visit.

Please call us 1 877 325 8777

Or email

feedback@foodtravelxperts.com

1/16 -Dinner
Bret's share \$49.⁰⁰

Service Not Included

TRANSACTION RECORD

LOCANDA SIBILLA
833 LINCOLN RD.
305-695-1654

LOCANDA SIBILLA
833 LINCOLN RD.
305-695-1654

THU JANUARY 16, 2014
CHECK #149053-1
TABLE #70

CARD TYPE:MASTERCARD
No. *****9287 EXPI.: ***
ENTRY:SWIPED
Customer : THOMAS ABBOTT
AUTHORIZATION:38304P
STORE #:01
TERMINAL:1
REFERENCE:149053

SALE \$970.10
TIP 160 "
TOTAL 1130.10

THANK YOU
JANUARY 16, 2014 20:51:59
Server's name : L. GIANFRANCO

CUSTOMER COPY

[REDACTED]
1 Side \$6 \$6.00
1 Iced Tea \$3.00

[REDACTED]
1 Tagliata Tuna Grill \$29.00

[REDACTED]
1 tricolore Salad \$9.00

SUB-TOTAL : \$890.00
TAX : \$80.10

TC \$970.10

160.00
SUGGESTED 110% 17.00% \$151.30

Grand Total: 1130.10

Time: 20:51 4 CUSTOMERS

TIP OR GRATUITY NOT INCLUDED

YOU HAVE BEEN SERVED
BY : L. GIANFRANCO

1-17 - Dinner
Bret's share \$ 49

La Lupa di Roma
610 Lincoln Road
Miami Beach, FL 33139
305-532-6657
www.lalupadiroma.com
Jan 17 2014 9:16:28 PM

***** REPRINT *****

*****CLOSED*****

Server: Waiter
Order Name: Table 32
Order: 34895216 Jan 17 2014 7:08:36 PM
Order Type: Dine-In Seats: 2

[REDACTED]

| | |
|----------------------|------------|
| 1 - Maroccan soup | 11.00 |
| [REDACTED] | [REDACTED] |
| 1 - Hibiscus Risotto | 28.00 |
| [REDACTED] | [REDACTED] |
| 1 - Coffee | 3.50 |
| 1 - Tiramisu | 9.00 |
| [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] |
| 1 - GI Porto | 8.00 |
| [REDACTED] | [REDACTED] |

| | |
|---------------------------|--------|
| Sub Total: | 550.00 |
| Florida Sales (9.00%): | 49.51 |
| Gratuity: | 93.50 |
| Total: | 693.01 |
| Amt. Paid: | 693.01 |
| Amt. Due: | 0.00 |

1-18 Breakfast
Bret's share \$ 15.00

SSP America
Le Grand Comptoir
Terminal C
IAH Bush International
281-233-7621

SSP America
Le Grand Comptoir
Terminal C
IAH Bush International
281-233-7621

539 Jose L

Date: Jan18'14 10:30AM
Card Type: Amex
Acct #: XXXXXXXXXXX4195
Card Entry: SWIPED
Trans Type: PURCHASE
Trans Key: EIE009699229150
Auth Code: 185303
Check: 6062
Table: 110/1
Server: 539 Jose L

Tb1 110/1 Chk 6062 Gst 1
Jan18'14 10:03AM
*** Reprint ***

Eat In
1 NY Breakfast 10.00
[REDACTED] [REDACTED]
Subtotal 22.00
Tax 1.82
10:03AM Total 23.82

Subtotal: 23.82

Tip: 3.50

Total: 27.32

BKC

Signature
** Liability Not Included **
I agree to pay above total
according to my card issuer
agreement.
*** Customer Copy ***

FEEDBACK
Dish Up Your Experience.

We appreciate feedback
about your visit.
Please call us 1 877 325 8777
Or email
feedback@foodtravelexperts.com

AGENDA

MEETING OF ACI-NA LEGAL AFFAIRS STEERING GROUP

Marseilles Hotel, Boardroom

1741 Collins Avenue

Miami Beach, Florida 33139

Friday, January 17, 2014

9:00 a.m. – 4:00 p.m.

Greetings from In-coming Chair, Robert Watson

Greetings from In-coming Vice-Chair, Nancy McNair

- I. Legislative/Regulatory Update – Debby McElroy, ACI-NA Interim President
- II. Spring 2014 Joint Conference Agenda----(see the preliminary agenda attached)
 - a. Joint Sessions Tues – Wed – April 8-9, 2014 - outstanding issues, concerns, speaker needs, etc.
 - b. Planning for Legal Affairs Sessions – Monday April 7, 2014
 - i. FAA, TSA, and Litigation Update Sessions
 - ii. Other Possible Session Topics (from members and prior meetings)
 1. Car Rental issues
 2. E-Discovery and Records Retention Policies for electronic records
 3. Passenger liability and interplay of state, federal, and int'l law – Vumbaca v. Terminal One 859 F.Supp.2d 343
 4. Other
 - iii. Process/Presentation Ideas – room set up, voting tools, keynote speaker, other.
 - c. Select Date and Time for April Steering Group meeting in Dallas
- III. Old Business
 - a. Pending Litigation - updates
 - b. Joint Working Group updates
 - i. FAA Amendments to Rates and Charges Policy
 - ii. FAA Incentives Guidebook
 - c. TSA/ACI-NA Legal Working Group – renew conference calls? Topics?
 - d. Liaisons from Legal Affairs to Industry Groups
 - ABA Air and Space Law Forum (Bret Lobner, Louisa Goldstein) Sept. 27-28, 2013 Annual Meeting, February 21, 2014 Update Conference
 - Transportation Research Board Annual Meeting, January 12-16, 2014.

- **ACRP Legal Research Panel: Tim Karaskiewicz, E. Lee Thomson, and Tom Anderson**
 - **Federal Bar Association Transportation and Transportation Security Law Section (_____)**
 - **AMAC (_____)**
- e. Liaisons from Legal Affairs to ACI-NA Committees**
- **Business Diversity (TBD)**
 - **Environmental Affairs Committee (Bret Lobner)**
 - **Finance Committee (Emily Neuberger)**
 - **Insurance and Risk Management Committee (Tim Karaskiewicz and Nancy McNair)**
 - **ASSIST-Sustainability Working Group (Tim Karaskiewicz)**
 - **Safety and Security (Lee Thomson)**
 - **Government Affairs (Jeff Letwin)**
 - **Human Resources (Carlene McIntyre)**
- f. Pending Litigation Updates**

IV. New Business: Additional Issues for Consideration by the Steering Group

- a. ACI-NA and AAAE collaboration efforts– update**
- b. Nick Yost Proposal To ACI-NA Regarding FAA's Use of ALP to Insist on NEPA Compliance When No Federal Action is Involved (Bret Lobner)**
- c. TSA – pending issues other than litigation**
- d. FAA Proposal to Clarify Revenue Use Policy on Aviation Fuel Tax Revenues – comments submitted (or to be submitted) by January 21, 2014**
- e. Open Position on the Steering Group**
- f. City selected for the Spring 2015 Legal Affairs Conference?**
- g. Proposed Cities for Consideration for Spring 2016 Conference**
- h. Discussion of possible future Joint Webinars with Finance Committee**

V. Other pending issues of importance

VI. Adjourn

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY



BOARD MEMBERS

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

* EX OFFICIO BOARD MEMBERS

PRESIDENT/CEO
THELLA F. BOWENS

DRAFT

BOARD

AGENDA

Thursday, March 6, 2014
9:00 A.M.

San Diego International Airport
Commuter Terminal – Third Floor

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

***Live webcasts of Authority Board meetings can be accessed at
http://www.san.org/airport_authority/boardmeetings.asp.***

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

Staff Reports and documentation relating to each item of business on the Agenda are on file in Corporate 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 Corporate 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 Corporate Services/Authority Clerk Department with your request at (619) 400-2400 at least three (3) working days prior to the meeting.

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

PRESENTATIONS:

A. RECOGNITION OF BOND TEAM:

Presented by Vernon Evans, Vice President, Finance/Treasurer

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:**
Committee Members: Gleason, Hollingworth, Hubbs, Sessom, Smisek (Chair), Tartre, Van Sambeek
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**
Committee Members: Alvarez, Boland (Chair), Gleason, Hubbs, Robinson
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Committee Members: Boland, Cox, Desmond (Chair), Hubbs, Smisek
- **FINANCE COMMITTEE:**
Committee Members: Alvarez, Cox (Chair), Hubbs, Robinson, Sessom

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Liaison: Smisek, Robinson
- **ART ADVISORY COMMITTEE:**
Committee Member: Gleason

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN FOR SAN DIEGO INTERNATIONAL AIRPORT:**
Liaison: Robinson
- **CALTRANS:**
Liaison: Berman

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

BOARD REPRESENTATIVES (EXTERNAL)

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

CHAIR'S REPORT:

PRESIDENT/CEO'S REPORT:

NON-AGENDA PUBLIC COMMENT:

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

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

CONSENT AGENDA (Items 1-13):

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

1. APPROVAL OF MINUTES:

The Board is requested to approve minutes of prior meetings.

RECOMMENDATION: Approve the minutes of the February 6, 2014, regular meeting.

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

The Board is requested to accept the reports.

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

(Corporate Services: Tony Russell, Director/Authority Clerk)

3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM JANUARY 13, 2014 THROUGH FEBRUARY 9, 2014 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM JANUARY 13, 2014 THROUGH FEBRUARY 9, 2014:

The Board is requested to receive the report.

RECOMMENDATION: Receive the report.

(Procurement: Jana Vargas, Director)

4. MARCH 2014 LEGISLATIVE REPORT:

The Board is requested to approve the report.

RECOMMENDATION: Adopt Resolution No. 2014-_____, approving the March 2014 Legislative Report.

(Inter-Governmental Relations: Michael Kulis, Director)

5. ANNUAL REVIEW AND NOTIFICATION OF BOARD MEMBER WEIGHTED VOTE POINT ALLOCATION AS REQUIRED BY SECTION 170014 OF THE PUBLIC UTILITIES CODE:

The Board is requested to accept the report.

RECOMMENDATION: Accept the report.

(Corporate Services: Tony Russell, Director/Authority Clerk)

6. DISPOSITION OF SURPLUS PROPERTY:

The Board is requested to authorize the disposition of surplus property.

RECOMMENDATION: Adopt Resolution No. 2014-_____, authorizing the Disposition of Surplus Property (Materials and/or Equipment) by; 1) Donating electronic surplus to San Diego Futures Foundation (SDFF), 2) Sale to the highest bidder, and 3) Recycling.

(Procurement: Jana Vargas, Director)

CLAIMS

7. REJECT THE CLAIM OF JENNIFER CAIN:

The Board is requested to reject the claim.

RECOMMENDATION: Adopt Resolution No. 2014-_____, rejecting the claim of Jennifer Cain.

(Legal: Breton Lobner, General Counsel)

8. REJECT THE CLAIM OF TOMAS GONZALES:

The Board is requested to reject the claim.

RECOMMENDATION: Adopt Resolution No. 2014-_____, rejecting the claim of Tomas Gonzales.

(Legal: Breton Lobner, General Counsel)

COMMITTEE RECOMMENDATIONS

9. QUARTERLY AUDIT ACTIVITIES REPORT – FISCAL YEAR 2014 SECOND QUARTER, AND AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:

The Board is requested receive the information.

RECOMMENDATION: The Audit Committee recommends that this item be forward to the Board for information.

(Audit Department: Mark Burchyett, Chief Auditor)

10. REVISION TO THE FISCAL YEAR 2014 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

The Board is requested receive the information.

RECOMMENDATION: The Audit Committee recommends that this item be forward to the Board for information.

(Audit Department: Mark Burchyett, Chief Auditor)

CONTRACTS AND AGREEMENTS

11. AWARD A CONTRACT TO HAZARD CONSTRUCTION CO. TO RELOCATE CELL PHONE LOT AT SAN DIEGO INTERNATIONAL AIRPORT:

The Board is requested to award a contract.

RECOMMENDATION: Adopt Resolution No. 2014-_____,

(Facilities Development: Iraj Ghaemi, Director)

Project number: 104174 Engineer's estimate \$700,000. Bid Opening Date: February 6, 2014

12. AWARD A CONTRACT TO G&G SPECIALTY CONTRACTORS, INC., FOR QUIETER HOME PROGRAM PHASE 7, GROUP 8 (34 NON-HISTORIC UNITS ON 1 RESIDENTIAL PROPERTY LOCATED WEST OF THE AIRPORT):

The Board is requested to award a contract.

RECOMMENDATION: Adopt Resolution No. 2014-____, awarding a contract to G&G Specialty Contractors, Inc., in the amount of \$693,900, for Phase 7, Group 8, Project No. 380708, of the San Diego County Regional Airport Authority's ("Authority's") Quieter Home Program.

(Airport Planning: Keith Wilschetz, Director)

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

13. AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH GENERAL NETWORKS CORPORATION FOR THE PURCHASE AND IMPLEMENTATION OF AN ENTERPRISE CONTENT MANAGEMENT SYSTEM ("ECMS"):

The Board is requested to authorize the agreement.

RECOMMENDATION: Adopt Resolution No. 2014-____, authorizing the President/CEO to negotiate and execute an agreement with General Networks Corporation in an amount not-to-exceed \$1,500,000 for a three (3) year term, with an option for two (2) one-year extensions, which may be exercised at the sole discretion of the President/CEO, for the purchase and implementation of an ECMS.

(Corporate Services: Tony Russell, Director/Authority Clerk)

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

14. RENTAL CAR CENTER BUS PROCUREMENT AND OPERATION CONTRACT APPROVAL:

The Board is requested to approve a contract.

RECOMMENDATION: Adopt Resolution No. 2014-____,

(Operations: Angela Shafer-Payne, Vice President)

15. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE HEATING, VENTILATION, AND AIR CONDITIONING MAINTENANCE AND REPAIR SERVICE AGREEMENT WITH PACIFIC RIM MECHANICAL CONTRACTORS, INC.:

The Board is requested to approve an agreement.

RECOMMENDATION: Adopt Resolution No. 2014-_____, approving and authorizing the President/CEO to execute a Heating, Ventilation and Air Conditioning Maintenance and Repair Service agreement with Pacific Rim Mechanical Contractors, Inc., for a term of three years, with the option for two one-year extensions to be exercised at the discretion of the President/CEO, for a total not-to-exceed amount of \$8,074,308, to provide heating, ventilation and air conditioning maintenance and repair services at San Diego International Airport.
(Facilities Management: Murray Bauer, Director)

16. RESCIND BOARD RESOLUTION 2013-0017; AND APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A SITE LEASE AGREEMENT AND SOLAR POWER PURCHASE AGREEMENT TO FINANCE, DESIGN, INSTALL, OPERATE, AND MAINTAIN A SOLAR PHOTOVOLTAIC GENERATING SYSTEM WITH [COMPANY NAME] AT SAN DIEGO INTERNATIONAL AIRPORT:

The Board is requested to rescind a resolution and approve an agreement.

RECOMMENDATION: Adopt Resolution No. 2014-_____ rescinding Resolution 2013-0017 and approving and authorizing the President/CEO to: (1) execute a site lease agreement with [COMPANY NAME] for the development and installation of a solar photovoltaic ("PV") generating system, for a maximum term of 20 years; and (2) negotiate and execute a solar power purchase agreement with [COMPANY NAME], to finance, design, install, operate, and maintain the solar PV generating system for an amount not to exceed \$[DOLLAR AMOUNT] and a maximum term limit of 20 years, at San Diego International Airport.

(Airport Design & Construction: Bob Bolton, Director)

17. AIRPORT DEVELOPMENT PLAN UPDATE:

The Board is requested to receive the information.

RECOMMENDATION: Receive the update.

(Airport Planning: Keith Wilschetz, Director)

WORKSHOP:

18. UPDATE ON GROUND TRANSPORTATION OPERATIONAL FRAMEWORK:

RECOMMENDATION: Receive the update.

(Operations: Angela Shafer-Payne, Vice President)

CLOSED SESSION:

19. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

Real property negotiations pursuant to Cal. Gov. Code §54954.5(b) and §54956.8:

Property: Salt Plant – 17 acre parcel located at 1470 Bay Boulevard, San Diego

Agency Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer

Negotiating Parties: San Diego Gas & Electric, United States Fish and Wildlife Service, GGTW, LLC (current tenant) and/or other interested parties

Under Negotiation: Sale – terms and conditions

20. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

Real Property negotiations pursuant to Cal. Gov. Code §54954.5(b) and §54956.8:

Property: 2980 Pacific Highway, San Diego, California

Agency Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer and Troy Ann Leech, Director, Aviation & Commercial Business

Negotiating Party: President/CEO, San Diego World Trade Center

Under Negotiation: New or amended lease.

21. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:

(Cal. Gov. Code Section 54956.9(A))

Diego Concession Group, Inc. v. San Diego County Regional Airport Authority
S.D.S.C Case No. 37-2012-00088083-CU-BT-CTL

22. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:

(Cal. Gov. Code §54956.9(A))

Melvin R. McFarlin v. San Diego County Regional Airport Authority, et al.,
San Diego Superior Court Case No. 37-2013-00066152-CU-OE-CTL

23. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

Initiation of litigation pursuant to subdivision (c) of §54956.9: (1 case)

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

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

Number of cases: 1

25. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

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

Number of potential cases: 1

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

REPORT ON CLOSED SESSION:

NON-AGENDA PUBLIC COMMENT:

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GENERAL COUNSEL REPORT:

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

BOARD COMMENT:

ADJOURNMENT:

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

- 1) Persons wishing to address the Board, ALUC, and Committees shall complete a "Request to Speak" form prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to complete a form shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section at the beginning of the agenda is limited to eighteen (18) minutes and is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board. A second Public Comment period is reserved for general public comment later in the meeting for those who could not be heard during the first Public Comment period.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees. Public comment on specific items is limited to twenty (20) minutes – ten (10) minutes for those in favor and ten (10) minutes for those in opposition of an item. Each individual speaker will be allowed three (3) minutes, and applicants and groups will be allowed five (5) minutes.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.
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Additional Meeting Information

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UPCOMING MEETING SCHEDULE

| <i>Date</i> | <i>Day</i> | <i>Time</i> | <i>Meeting Type</i> | <i>Location</i> |
|-------------|------------|-------------|---------------------|-----------------|
| April 3 | Thursday | 9:00 a.m. | Regular | Board Room |
| May 1 | Thursday | 9:00 a.m. | Regular | Board Room |

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

DRAFT **AIRPORT LAND USE COMMISSION** **AGENDA**

Thursday, March 6, 2014
9:00 A.M. or immediately following the
Board Meeting

San Diego International Airport
Commuter Terminal – Third Floor
Board Room
3225 N. Harbor Drive
San Diego, California 92101

***Live webcasts of Authority Board meetings can be accessed at
http://www.san.org/airport_authority/boardmeetings.asp.***

Pursuant to California Public Utilities Code §§ 21670-21679.5, the Airport Land Use Commission ("Commission") is responsible for coordinating the airport planning of public agencies within San Diego County. The Commission has the legal responsibility to formulate airport land use compatibility plans ("ALUCPs") that will (a) provide for the orderly growth of each public airport and the areas surrounding the airport within the County and (b) safeguard the general welfare of the inhabitants within the vicinity of each airport and the public in general. Pursuant to §21670.3, the San Diego County Regional Airport Authority serves as the Commission.

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 Commission without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law.

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

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ITEM 9



BOARD
MEMBERS

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

* EX OFFICIO BOARD MEMBERS

PRESIDENT/CEO
THELLA F. BOWENS

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

NON-AGENDA PUBLIC COMMENT:

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CONSENT AGENDA (Items 1-4):

The Consent Agenda contains items that are routine in nature and non-controversial. It also contains consistency determinations that have been deemed consistent or conditionally consistent. The matters listed under 'Consent Agenda' may be approved by one motion. Any Commission Member may remove an item for separate consideration. Items so removed will be heard before the scheduled New Business items, unless otherwise directed by the Chair.

1. APPROVAL OF MINUTES:

The Commission is requested to approve minutes of prior Commission meetings.
RECOMMENDATION: Approve the minutes of the February 6, 2014, regular meeting.

CONSISTENCY DETERMINATIONS

2. CONSISTENCY DETERMINATION – REPORT OF LAND USE ACTIONS DETERMINED TO BE CONSISTENT WITH AIRPORT LAND USE COMPATIBILITY PLANS:

The Commission is requested to receive a report of land use actions determined by staff to be consistent with their respective Airport Land Use Compatibility Plans.

RECOMMENDATION: Receive the report.

(Airport Planning: Angela Jamison, Manager)

3. CONSISTENCY DETERMINATION – SAN DIEGO INTERNATIONAL AIRPORT - AIRPORT LAND USE COMPATIBILITY PLAN - CONSTRUCTION OF 2 ATTACHED RESIDENTIAL UNITS AT 4945-4947 MUIR AVENUE, CITY OF SAN DIEGO:

The Commission is requested to make a consistency determination on a proposed project in the City of San Diego.

RECOMMENDATION: Adopt Resolution No. 2014-____ ALUC, making the determination that the project is conditionally consistent with the San Diego International Airport - Airport Land Use Compatibility Plan.

(Airport Planning: Angela Jamison, Manager)

4. CONSISTENCY DETERMINATION – SAN DIEGO INTERNATIONAL AIRPORT - AIRPORT LAND USE COMPATIBILITY PLAN – CONSTRUCTION OF A RESIDENTIAL UNIT AT 4655 CASTELAR STREET, CITY OF SAN DIEGO:

The Commission is requested to make a consistency determination on a proposed project in the City of San Diego.

RECOMMENDATION: Adopt Resolution No. 2014-____ ALUC, making the determination that the project is conditionally consistent with the San Diego International Airport - Airport Land Use Compatibility Plan.

(Airport Planning: Angela Jamison, Manager)

PUBLIC HEARINGS: None

OLD BUSINESS:

NEW BUSINESS:

COMMISSION COMMENT:

ADJOURNMENT:

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UPCOMING MEETING SCHEDULE

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|-------------|------------|-------------|---------------------|-----------------|
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| May 1 | Thursday | 9:00 a.m. | Regular | Board Room |